

Hello Alameda!



Info + Insights on Affordable Homeownership in Alameda

Hello Housing is a non-profit organization working on behalf of the City of Alameda to manage their Below Market Rate Homeownership and Down Payment Assistance Programs. Our goal with this newsletter is to provide helpful information and resources that may benefit you and your family and to provide answers to your most Frequently Asked Questions.

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Did you know? As a participant in the City of Alameda's Below Market Rate (BMR) Homeownership Program or Down Payment Assistance (DPA) Program, you join over 100 households in Alameda who own homes through the affordable homeownership programs. As homeowners, you enjoy the benefits of homeownership such as gaining some equity in your home over time instead of paying monthly rent, greater stability in your monthly housing payments and the freedom to make your home just as you'd like it.

Let us know what the BMR or DPA Program has meant you and your family by responding to the question below by September 1st and be entered into a drawing for a \$50 gift certificate to the Alameda Farmer's Market!



Congratulations to New Alameda Homeowners

The Contreras Family joins 18 families who purchased affordable homes through Alameda's Below Market Rate (BMR) Homeownership Program last year. If you recently purchased your home, congratulations and welcome to homeownership!

“Before buying our BMR home, we had been renting a one- bedroom apartment in Alameda. We have lived here for 8 years – we love this community and our two kids have grown up here. We really wanted to stay in Alameda, but weren't sure if that would be possible due to rising housing costs. Because of the BMR Program, we were able to purchase a 3-bedroom home and our mortgage payment is almost the same as what we were paying in rent. We never thought it would possible to one day afford to buy a home in Alameda, but the BMR Program made that possible.”

–ALFONSO AND ELIANA, ALAMEDA HOMEOWNERS



How has being a homeowner in Alameda changed your life?

Send your answer* to hello@hellohousing.org by September 1, 2017 and be entered into a drawing for a \$50 gift certificate to the Alameda Farmer's Market.

*ANSWERS MUST BE A MINIMUM OF 25 WORDS TO QUALIFY!



Have questions? We have answers! Please email Sarah at sarah@hellohousing.org or call (415) 863-3036 x103. We'd love to hear from you.

Frequently Asked Questions

about the BMR Program

How much can I sell my home for?

Depending on the market conditions, your sales price will be limited by either (1) the resale price as defined in the agreement made between you and the City of Alameda at the time you purchased the home or (2) be limited by how much an eligible buyer is willing and able to pay for your home. The formula used to calculate the Eligible Buyer Purchase Price for your home depends on the specific affordability agreement you signed when you purchased your home. Please contact Hello Housing if you would like to know the current Below Market Rate value of your home or if you are considering selling your home.

What is the process to sell my home?

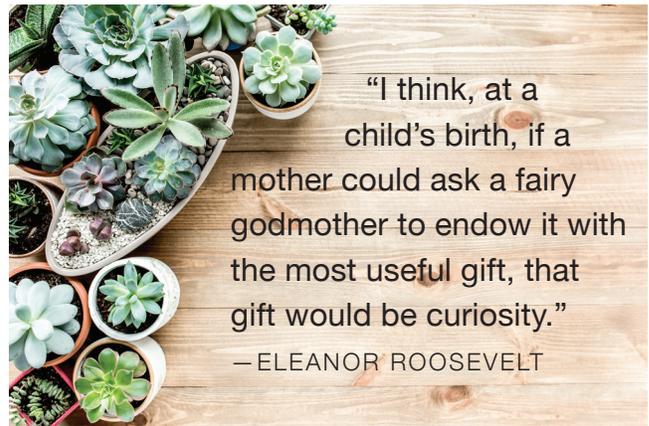
Hello Housing is here to help you through each step of the process involved in re-selling your BMR home. We will work with you to collect the information needed to calculate your maximum resale price, refer you to experienced realtors, help find qualified buyers and more. Please note that the City requires a written Notice of Intent to Sell before you begin the listing and sales process. You can download this on our website at hellohousing.org/stewardship/cityofalameda. When you sell your BMR home, you pass on the opportunity for affordable homeownership to another low or moderate- income family!

Can my children inherit my BMR home?

That depends. Every BMR home is attached to an income limit which drives the resale price of the home and the maximum amount a household can earn to be eligible to purchase the home. This income screening will apply to the household of the person designated to inherit your home. As soon as possible after their inheritance, they will need to submit their income information to Hello Housing to determine whether their household is income-eligible. Other factors may include their age at the time of inheritance and their interest and ability to honor the requirement that they live in the home as their primary residence. If they are not eligible for the program or prepared to live in the home, it will need to be sold to a qualified buyer. Sales proceeds from the sale may be passed on to your children. It may be helpful to share with your children now that the resale price will be capped to preserve long-term affordability.

Can I rent out my home?

No. In fact, no part of your home may be rented, even if it is just for a few days. The development of affordable housing requires significant public investment. These public resources come with conditions that must be met after the homes are built. Your home was developed to be lived in by a homeowner. There are other affordable developments in Alameda that can only be rentals.



Can I refinance and get cash out or obtain a Home Equity Line of Credit?

The BMR program documents prohibit taking cash out when refinancing. Home Equity Lines of Credit and Reverse Mortgages are also prohibited. One of the main goals of the BMR program is to provide low and moderate-income households with access the stability created by homeownership and other benefits such as building equity when making housing payments. Home Equity Lines of Credit and Reverse Mortgages can put homeowners and the City at financial risk and reduce the benefit of affordable housing programs.

Who should I contact if I am interested in refinancing?

If you are interested in refinancing, please contact Sarah at Hello Housing at (415) 738-7833 or Sarah@hellohousing.org. She will assist you in finding a lender who is familiar with the City of Alameda's BMR program and will coordinate with your lender to ensure that all City guidelines for refinancing are met, based on increasing the resale value.

Can I renovate my home?

Yes, however any improvements you make to your home must meet all local and state building code requirements and be approved by your Home Owner's Association (HOA), if applicable. If you would like the opportunity to recoup some portion of the costs of your renovation when you sell your home, you must get written approval of your proposed improvements from Hello Housing on behalf of the City of Alameda prior to work being completed. Please see the Capital Improvements Checklist on page 4 for more information.

Frequently Asked Questions

about the DPA Program

When is my DPA loan due?

Your DPA loan is due back to the City upon the following circumstances:

- Sale of the home
- Certain transfers of interest in the home*
- At the end of the loan term (15 years)
- If the borrower is found to be renting out their home
- In the event of a default

*CERTAIN TYPES OF TRANSFERS DO NOT TRIGGER THE LOAN BECOMING DUE. SEE THE NEXT SECTION.

If you are interested in paying off your loan, please contact Sarah at Hello Housing at (415) 738-7833 or Sarah@hellohousing.org.

When would a transfer of interest in my home trigger my loan becoming due?

If you transfer an interest in your home (add someone to title or remove someone from title), you may be required to pay off your DPA loan.

The following transfers of interests will NOT trigger the repayment of the loan:

- Transfer to a surviving joint tenant by devise, descent, or operation of law upon the death of a joint tenant
- Transfer in which the transferee is a person who occupies or will occupy the home which is a:
 - Transfer where the spouse becomes the owner
 - Transfer resulting from divorce or legal separation by which the spouse becomes an owner of the property (as long as the transfer occurs without subordination of the City loan)
 - Transfer into an inter-vivos trust in which the owner is and remains the beneficiary.

What is considered a default that could trigger my loan becoming due?

You may be required to pay off your DPA loan under the following circumstances that are considered a default:

- Violating any provision of the DPA program documents you signed when purchasing your home, such as the requirement not to rent out your home.
- Being in default under any other loan on the home, such as the first mortgage.
- If you do not pay any of the following when due:
 - Property taxes
 - Property assessments
 - Property encumbrances
 - Property liens
 - Any other charges attributable to the property



Do I have to pay back my DPA loan if I refinance?

The City of Alameda may subordinate their DPA loan to your new first mortgage lender if certain criteria are met, including:

- No cash out
- The new loan has a better interest rate and terms

Hello Housing can assist you with this process. If you are interested in refinancing, please contact Sarah at Hello Housing at (415) 738-7833 or Sarah@hellohousing.org.

Can I rent out my home?

No. The development of affordable housing requires significant public investment. These public resources come with conditions that must be met after the homes are built. Your home was developed to be lived in by a homeowner. In contrast, there are affordable developments in Alameda that can only be rentals.

How much interest will be due on my loan when I repay it?

Instead of paying interest on your Down Payment Assistance Loan, you will owe the City a portion of the increased value of the home at the time the loan is paid back. This is called a Shared Appreciation loan. If the loan is repaid within five years, there isn't interest or share of appreciation due and you only have to pay back the principal. If the loan is repaid after five years, Shared Appreciation would be due along with the principal. Please see page 5 for more information about how Shared Appreciation is calculated.

Frequently Asked Questions

about the DPA Program

What is Shared Appreciation?

Instead of paying interest on your Down Payment Assistance Loan, you will owe the City a portion of the increased value of the home at the time the loan is paid back. This is called a Shared Appreciation loan. If the loan is repaid within five years, there is no interest or share of appreciation due and you only have to pay back the principal. If the loan is repaid after five years, a share of appreciation would be due along with the principal.

The Shared Appreciation amount will be determined by the following factors:

- The percentage of your original purchase price that was covered by the City loan. For example, if you purchased your home for \$400,000 and you received a City loan of \$40,000, 10% will be used for calculating the Shared Appreciation.
- The actual appreciation in your home's value; in other words, the difference between the original purchase price of the home and the price at which the home is sold, or the value of the home at the end of your loan term. For example, if you purchased your home for \$400,000 and the value of the home has increased to \$600,000, the home's value has appreciated by \$200,000.

An example:

The Chen Family received a City DPA loan for \$40,000 when they purchased their home at a price of \$400,000 in 2006. Since the City loan was 10% of the original purchase price, the the City will receive 10% of the appreciation on the home at the time of the loan payoff.



How much is owed to the City at sale?

The Chen Family decides to sell their home 8 years after purchasing. Their home is now worth \$600,000.

Resale Price in 2017	\$600,000
Original Purchase Price	-\$400,000
Appreciation in Property Value	\$200,000
Share of Appreciation Due to the City (10% of \$200,000)	\$20,000
Original Amount of City Down Payment Assistance Loan	+ \$40,000
Total Borrower Owes City	\$60,000

How much does the family make?





Capital Improvements Checklist



Capital Improvements Approval Process

The Alameda BMR Program allows certain improvements you make to your home to be captured in your home's restricted resale value. To determine whether your proposed home improvements can be considered as eligible capital improvements which could potentially increase the resale value of your home, please follow the steps listed below.

- Contact your HOA** if you have one, to discuss the improvements you plan to make to your home and find out if they are allowed by the HOA.
- Contact Hello Housing** to find out if the improvements count as eligible capital improvements per the definition in your Affordability Agreement.
- If requested by Hello Housing, submit a cost estimate** of the work you plan to have done, including materials and labor. Hello Housing will determine if the costs are reasonable based on industry standard.
- Hello Housing** will provide you a response as to the eligibility of the project and reasonability of the cost estimate.
- Obtain building permits** if necessary (visit www.alamedaca.gov/permits/when-permit-needed for a list of what requires a permit).
- Save all receipts and invoices** for the approved capital improvements once the work is complete.
- Submit receipts to Hello Housing** for the approved capital improvements via mail, email or fax.
- Hello Housing will provide a letter** with the approved costs for each approved item.
- If you decide to sell your home in the future**, Hello Housing will calculate the value of the approved capital improvements at the time of sale, and add this to the restricted value of the home.

What counts as a Capital Improvement?

A capital improvement is a permanent home improvement that significantly increases the value of your home. Anything temporary or removable would not be considered. For example, upgrading your kitchen cabinets alone will not be considered as a capital improvement, but upgrading the entire kitchen would. Eligibility is at the discretion of the Housing Authority and improvements must meet the criteria outlined in your Affordability Agreement

Examples of *Eligible* Capital Improvements

- ✓ Upgrading from carpeting to hardwood or laminate flooring
- ✓ Remodels such as upgrading all appliances, flooring, countertops and cabinetry in the kitchen
- ✓ Installing an air conditioning system

Examples of *Ineligible* Capital Improvements

- ✗ Replacing a water heater
- ✗ Replacing existing carpeting with new carpeting
- ✗ Painting
- ✗ Addition of closet shelving

Importance of Permits

Please make sure to check on whether a building permit is required by the City for any improvements you make to your home. If you do not take out a required permit, you may be responsible for paying penalty fees when you sell your home in the future. Any unpermitted work would also be required to meet current City code at the time of resale. You can find out what requires a permit and what does not by visiting: www.alamedaca.gov/permits/when-permit-needed.

Homeowner Resources

Not sure where to turn? Hello Housing is here to help. We are part of a network of service providers who are trained to assist homeowners facing various challenges. It is better to act early and fast than to wait until problems get bigger and harder to solve.



Housing and Financial Resources

Keep Your Home California offers multiple resources for people directly hit by the housing and economic crisis. Low and moderate-income homeowners who have experienced hardships such as unemployment, disability, illness or death in the household may be able to benefit from Keep Your Home California. More information is available at www.keepyourhomecalifornia.org or by calling (888) 954-5337.

Housing and Economic Rights Advocates (HERA) is a statewide non-profit organization that provides legal services, advocating that “all people are protected from discrimination and economic abuses, especially in the realm of housing.” Focusing on the low-income, elderly, immigrants, people of color and people with disabilities, HERA is a great resource for a range of homeowners. Visit www.heraca.org or call (510) 271-8443 for more information.

Alameda County HCD Guide to Avoiding and Dealing with Foreclosure
www.acgov.org/cda/hcd/homeownership/foreclosure.htm

HUD-Approved Housing Counseling Agencies:

Operation HOPE, Inc.

3062 East 9th St.
Oakland, CA 94601
(510) 535-6700
www.operationhope.org

NID Housing Counseling Agency

7677 Oakport Street, Suite 1030
Oakland, CA 94621
(877) 670-7360
www.nidonline.org

NACA – Neighborhood Assistance Corporation of America

3805 Broadway
Oakland, CA 94611
(510) 652-6622
www.naca.com

Resources for Home Improvements and Energy Savings

PG&E Energy Savings Program offers several different programs to assist eligible residents with saving money on their gas bills and providing rebates for installing energy-saving appliances. Visit www.pge.com and click on “Save Energy & Money” to check out the various programs available. You may also call 1-800-743-5000 for more information.

Alameda Municipal Power

Visit www.alamedaamp.com/rebates to learn about ways you can save money and electricity by receiving rebates and incentives for using more energy efficient appliances. To find out if you qualify for financial assistance to help with paying your electric bill, visit <http://www.alamedamp.com/financial-assistance-sp-763> or call (510) 748-3900.

Save Our Water is a statewide water conservation program providing helpful information for how Californians can conserve more water and money. By visiting www.saveourwater.com, you will find tips for saving both water and energy in your home.

Alameda Fire Department Housing Safety Program

is a FREE program providing much needed services to low-to-moderate income residents over the age of 62 and disabled residents of any age. The Program installs 10-year, non-tamperable smoke and carbon monoxide detectors as well as ADA grab bars and interior handrails. Free nightlights, flashlights, grab sticks, anti-skid mats and external key boxes for emergency access are offered as well. The program is eager to serve all Alamedans in need. Call Maria Young at 510-337-2133 to see if you qualify. You may also visit www.alamedaca.gov/fire/free-housing-safety-program for more information.