

Housing Policy Analysis – Bridge Program



Housing for All in Mono County



Housing Policy Analysis: Brief Overview

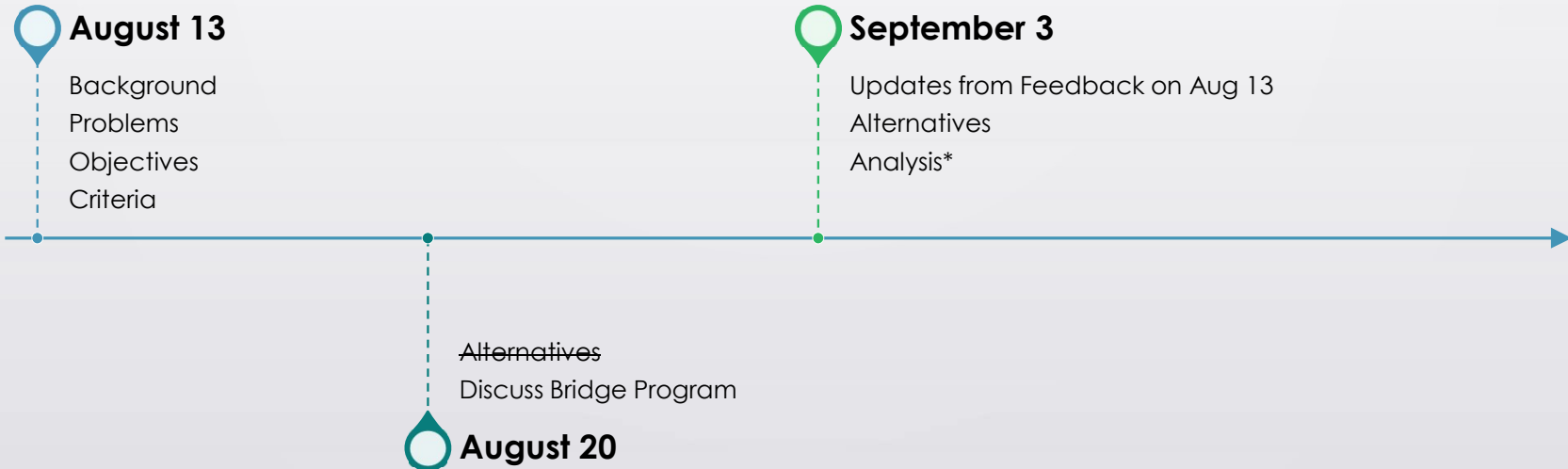
- 32,659,200



Housing Policy Analysis: Brief Overview

- Housing Policy Analysis and Program Development Underway

Timeline: Drafts, Feedback, Completion





Timeline: Drafts, Feedback, Completion (cont.)

10 Sep.

Updates from Feedback on Sept 3
Analysis*
Housing Program*

Updates from Feedback on Sept 10
Final Housing Program

1 Oct.



Housing Program Variables

- Tenure
 - Rent
 - Own
 - Mobile homes w/HOA
 - Mobile homes w/o HOA
 - Condos
 - Single Family
- Financing
 - LIHTC
 - CDBG/HOME/NHTF/ESG
 - Other State/Federal
 - Local Funds
 - Bank Loans
 - Other Programs



Housing Program Variables

- Infrastructure
 - Drinking Water
 - Well
 - PUD
 - Waste Water
 - Sceptic
 - PUD
- Who: Develops, Builds, Owns, Manages
 - Quasi-Public
 - Public Private Partnership
 - Subsidized Private For-profit or Nonprofit



Housing Program Variables

- Scale of Program
 - Can it meet the entire housing need within budget limits
- Design & Scale of Project
 - Single Family
 - Multi-Family
 - 4 or fewer units
 - More than 4 units
- Design & Scale of Project (cont.)
 - Construction Method
 - Onsite
 - Modular
 - Building Uses
 - Mixed Use
 - Single Use



Housing Program Variables

- Location and Land Use
 - Impact on VMT and GHG
 - Built in or existing Amenities within walking distance



Value of Analysis Before Action

- Making a strategic choice from many possible options
 - Data driven decision-making
 - Systematic comparison of potential options
- Ensuring we're making the best use of resources to house the largest number of people given the limited resources, specific targets, and constraints



Pilot Bridge Program

- Consideration requested by ESCH Committee
- Based on TOML Program
 - TOML has allocated \$3.2M to their Bridge Program
 - 6 units sold
 - 1 currently used as long-term rental
 - 4 for-sale
 - 1 in escrow
 - 12 total



Pilot Bridge Program

- TOML Program
 - Average subsidy based on 6 sales so far: \$138,840 (\$833,039 spent)
 - Average subsidy based on actual + anticipated: \$143,688 (\$1.7M spent)
- TOML Challenges
 - High interest rates
 - HOA fee spikes
 - Uncertainty related to availability of insurance
 - Lending restrictions (e.g., FHA loan not available if complex allows short-term rentals)



Pilot Bridge Program

- TOML Program Process - Purchase
 - Town or ESCH identifies potential unit
 - Staff analysis of market-rate sales price plus rehab costs compared to anticipated price based on targeting 150% AMI affordability
 - Determine appropriate offer price
 - ESCH puts offer on unit
 - TOML complete the Town Manager approval form outlining the terms of the Town Loan to ESCH



Pilot Bridge Program

- TOML Program Process – Purchase (Cont.)
 - Loan Agreement, Deed of Trust, and Promissory Note provided to escrow
 - TOML wires funds to escrow
- TOML Program Process – Sale
 - ESCH works with household on the ownership wait-list to identify a household based on the target income level; if no appropriate households are on list, ESCH markets the unit through other channels (MLS, social media, Chamber, etc.)



Pilot Bridge Program

- TOML Program Process – Sale (Cont.)
 - Repairs are either done in between purchase and sale, or during escrow
 - Deed Restriction recorded concurrently with grant deed
 - 55-year term, requires future sale to income qualified household at the specified indexed price, provides first right of refusal to TOML/ESCH
 - Sales proceeds (less the subsidy) wired to TOML and funds are placed back in the Bridge Program for the purchase of additional units
 - ESCH monitors Deed Restriction on an annual basis



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells
 - Owner notifies ESCH of intent to sell by providing ESCH:
 - Address of Home
 - Date of purchase by owner
 - Purchase price paid by owner
 - Copy of HUD-1 Settlement statement or equivalent document from close of escrow
 - Proof of “Eligible Capital Improvement”
 - Appraised value added minus depreciation up to 15% increase in sales price allowed



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - Owner notifies ESCH of intent to sell by providing ESCH (Cont.):
 - Date on which owner intends to vacate home
 - Date home will be placed on the market; and
 - The name and phone number of the person to contact to schedule inspection of home by ESCH
 - ESCH/Town may exercise first right of refusal



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - Owner prepares home for sale
 - Allow ESCH or designee to inspect the Home to determine physical condition
 - Keep utilities connected until close of escrow



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - ESCH Response to Owner
 - ESCH has 45 days to respond to Intent to transfer
 - ESCH can exercise option to purchase (more on next slides)
 - ESCH shares maximum income allowed for new buyer and maximum restricted resale price
 - Owner has 7 days to respond to ESCH and fill out form provided



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - ESCH Purchase Option
 - ESCH can purchase the home for the lesser of:
 - Fair Market Value or
 - The Indexed Price of Home
 - ESCH may assign right to another public agency, nonprofit, or an eligible purchaser
 - Owner pays ESCH fee of 3% of purchase price if ESCH or assignee exercises option
 - ESCH may take 90 days after the First Response Notice



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - If ESCH does not exercise option to purchase:
 - Owner may sell for lesser of fair market or indexed price
 - Must make good faith effort to market the home for up to 120 days
 - Potential purchasers referred to ESCH or designee for eligibility determination
 - If new, eligible owner is identified
 - They sign resale restriction agreement and Deed of Trust



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - If a new, eligible owner is not found, despite good faith effort:
 - Owner provides written notice of this fact to ESCH
 - Within 15 days of receipt of this notice ESCH may:
 - Exercise Option to purchase or
 - Notify the owner that they may sell the home to anyone at an unrestricted price, so long as they do so within 1 year of the notification.
 - Excess sales proceeds, above the indexed price, are transferred to ESCH



Pilot Bridge Program

- TOML Program Process – When Original Owner Sells (Cont.)
 - Maximum time from notice to ESCH of intention to sell to sale:
 - ESCH has 45 days for first response
 - Owner has 7 days to respond to ESCH
 - If ESCH exercises option to purchase, they have 90 days to complete purchase
 - 142 days
 - If ESCH does not exercise option to purchase, home is marketed for up to 120 days
 - 172 days
 - If no eligible purchaser is found, home can be unrestricted and marketed for an additional year. Excess sales proceeds transferred to ESCH.



Pilot Bridge Program – Adapting TOML Program

- Challenges
 - More variability in unincorporated county
 - Infrastructure is different in each community
 - Fewer condos which leaves owner with more maintenance responsibility
 - Consider lower percentage of income to identifiable costs of housing to allow for saving for emergency repairs and normal upkeep
 - No existing Contract with ESCH
 - ESCH takes on a significant amount of the work of the TOML program as part of their annual contract



Pilot Bridge Program – Adapting TOML Program

- Challenges (Cont.)
 - Lower AMI Targets
 - LHTF/PLHA funds support 60% to 120%, rather than up to 150% AMI
 - Unincorporated county residents likely have lower incomes on average
 - Targeting too high may eliminate too many households from qualifying
- Purchase Process
 - Mono County Staff can work with local realtors to identify a property
 - CAO can sign off on purchase



Pilot Bridge Program – Adapting TOML Program

- Purchase Process
 - Mono County Staff can work with local realtors to identify a property
 - Target homes with minimal required maintenance
 - Appraisal and home inspection
 - CAO can sign off on purchase



Pilot Bridge Program – Adapting TOML Program

- Sales Process
 - Request partnership with ESCH
 - Utilize their list of qualified purchasers
 - Ask if they would be interested in living in unincorporated county
 - Ensure qualifications haven't changed
 - Follow TOML process (loan docs, deed restrictions, etc.)
 - Pay ESCH a fee for placing a purchaser from their list



Pilot Bridge Program – Adapting TOML Program

- Sale by first owner
 - The TOML process for a qualified owner selling their home is challenging
 - Lower capacity at Mono County and lack of contract with ESCH



Pilot Bridge Program – Adapting TOML Program

- Sale by first owner - Options
 - Discuss contract with ESCH for process similar TOML program
 - Utilize Mono County Staff for process similar to TOML program
 - Staff capacity and redundancy challenges (Example: HOM hit by bus or wins the lottery, intent to sell received while position is vacant)
 - Develop a more streamlined process and utilize Mono County staff
 - Ex. Option to purchase within short period or owner may immediately sell to unrestricted buyer, with excess proceeds returned to county



Preliminary Scoring of Pilot Bridge Program

- Unit Production
 - Each \$1,000,000 investment will net approximately six units (approx. \$150,000 subsidy per unit plus additional transaction expenses), representing 28% of the net housing need (21 units per year). The gross housing need in unincorporated Mono County is estimated at 34 units per year.



Preliminary Scoring of Pilot Bridge Program

- Initial County Investment Per Unit
 - \$150,000 subsidy per unit and up to \$500,000 per unit used to purchase/hold property. A pilot could involve up to two units (up to \$1,000,000 to purchase/hold properties). Once homes are sold any funds not left in the unit for subsidy would be returned to the housing program.



Preliminary Scoring of Pilot Bridge Program

- Duration of Use as Affordable Workforce Housing
 - At least 55 years, likely perpetual if the County maintains a revolving loan fund and is willing to rehabilitate homes between buyers.



Preliminary Scoring of Pilot Bridge Program

- Administrative Burden
 - Significant staff time will be required, involving multiple departments depending on the extent of external assistance.
 - If ESCH is contracted with, the burden will shift to their organization for the cost of the contract.



Preliminary Scoring of Pilot Bridge Program

- Geographic Equity
 - A Bridge Program could be implemented countywide, offering equitable access across different areas.



Preliminary Scoring of Pilot Bridge Program

- Annual Net Revenue Created:
 - None, or potentially negative. Deed restrictions can discourage homeowners from making significant improvements or maintaining their properties adequately, as there is little financial incentive upon sale. This increases the likelihood that rehabilitation will be needed when the home is eventually sold. If the County uses its revolving loan fund to purchase deed-restricted homes that have been on the market for a set period before the restrictions can be lifted, additional rehabilitation costs may be necessary when reselling these homes.



Preliminary Scoring of Pilot Bridge Program

- Greenhouse Gas Emissions:
 - Rapid implementation would largely ignore this criterion, with limited opportunities for energy-saving improvements. Low-cost homes may be located farther from services, increasing transportation-related emissions.



Next Steps: Board Direction Needed

- Decision:
 - Approve a Pilot Bridge Program and Authorize the CAO to execute and enter agreements up to \$500,000 for a Home Purchase and other expenses; or
 - Direct staff to complete the analysis to compare Bridge Program with other options



Next Steps: Board Direction Needed

- If pilot approved staff will:
 - Work with ESCH and TOML to put together the necessary documents for the Pilot Program
 - Bring back potential contracts with ESCH to the board for approval
 - Begin looking for opportunities
- If directed to complete analysis
 - Analysis will follow the timeline shared earlier, culminating in a final housing program in October.



Thank you

- Questions