



SAN BENITO COUNTY

Affordable Housing Ad Hoc Committee

Jaime De La Cruz
Board of Supervisors

Mark Medina
Chair
Board of Supervisors

Robert Gibson
Planning Commission

Robert Eggers
Planning Commission

San Benito County Board Chambers – 481 4th Street, Hollister, CA 95023

REGULAR MEETING
Thursday, October 17, 2019
6:30 PM

AGENDA

1. **Call to Order**
 - a. Pledge of Allegiance
 - b. Roll Call
 - c. Acknowledge Certificate of Posting
2. **Public Comment:** *This is an opportunity for the public to address the commission on items of interest not appearing on the agenda or not scheduled for public hearing. No action may be taken unless provided for by GC 56954.2. Each speaker is limited to five minutes.*
3. **Discussion**
 - a. Review of in-lieu fee
 - i. Discussion of feasibility study
 - b. Housing Advisory Committee
 - i. Confirm By- Laws
 - c. Affordable Housing Inclusionary Ordinance Review
 - i. Inclusionary Requirement effective with 11TH unit
 - ii. Density Bonus Rules
 - iii. Discussion of in lieu fee use options
 - d. Administrative Manual
 - i. Discuss overview of
 - ii. Priority List
 - iii. Review of Resale Restrictions
 - iv. Marketing
 - e. Staff Updates
4. **Additions to Future Agendas**
5. **Schedule of Upcoming Meetings**
6. **Adjournment**

COUNTY OF SAN BENITO
AFFORDABLE HOUSING AD HOC COMMITTEE
CERTIFICATE OF POSTING

Pursuant to California Government Code Section 59454.2(a), the meeting agenda for the San Benito County Affordable Housing Ad Hoc Committee Meeting Thursday, October 17, 2019 was posted on the 14th day of October, 2019 at the following location freely accessible to the public:

The bulletin board outside the front entrance of the San Benito County Administration Building, 481 Fourth Street, Hollister, CA.

I, Jamila Saqqa, Housing Programs Coordinator, certify under penalty of perjury, that the foregoing is true and correct.

JAMILA SAQQA
HOUSING PROGRAMS COORDINATOR
COUNTY OF SAN BENITO, CA

SAN BENITO COUNTY



BY-LAWS

Procedures for the Transaction of Business

For

Housing Advisory Committee (HAC)

I. Name

The name of the Committee shall be: Housing Advisory Committee (HAC).

II. Authority

- A. San Benito County amended Ch. 21.03 Affordable Housing Regulations (Former Ordinance 766) and adopted the new Ordinance 951 in 2016.
- B. The updated ordinance establishes a Housing Advisory Committee for inclusionary housing projects.
- C. The HAC acts in an advisory capacity to the County Board of Supervisors and/or Planning Commission on subjects relating to Housing.

III. Purpose

The purpose of this committee is to advise the Board of Supervisors on matters relating to the Housing Element of the General Plan and the inclusionary housing ordinance, and such other matters as the Board of Supervisors or County Staff shall direct. The committee is also expected to evaluate proposals for disbursement of in-lieu fees in accordance with Ch. 21. The HAC is an appointed body that is charged with reviewing and considering housing related issues for the County.

IV. Duties

The Duties of the HAC will meet at least quarterly, to review the following operations:

- A. Provide advice regarding affordable housing programs, guidelines and policies consistent with the Housing Element of the San Benito County General Plan.
- B. Provide advice regarding opportunities for the development of housing affordable to those households with very low, low and moderate income.
- C. Assist staff and the Board of Supervisors to promote greater public understanding and acceptance of affordable housing.
- D. Provide advice regarding the expenditures of funds that are set aside for affordable housing programs and make funding recommendations.
- E. Make recommendations to the Planning Commission, Board of Supervisors, and staff regarding affordable housing preferences and program eligibility criteria.
- F. Provide advocacy for establishing and maintaining a diversity of housing types and opportunities in San Benito County.
- G. A housing advisory committee may be designated to review the income qualifications of potential applicants as part of the selection process of program participants
- H. Other functions include review and recommendations on proposed grant and loan applications related to specific housing projects.

V. Attendance

- A. HAC committee members shall attend HAC meetings.
- B. A member who cannot attend a meeting must notify the designated staff.
- C. Whenever an elected member of the HAC (Planning Commissioner & Board of Supervisor) does not attend three (3) consecutive, regularly scheduled meetings, the Chair of the HAC shall notify the nominating agency/organization of the absences and request appropriate action.

VI. Membership

- A. Members of the Housing Advisory Committee shall be San Benito residents who have a particular interest or expertise in the area of affordable housing and are 18 years of age or older.
- B. Members of the Committee shall be appointed by the Board of Supervisors through a recommendation by the Chair of the Board.
- C. There shall be seven (7) voting members of the Committee, serving two-year terms or until a successor is appointed and able to serve.
 - 1. Two (2) members of the San Benito County Board of Supervisors and an alternative.
 - 2. Two (2) members of the San Benito County Planning Commission and an alternative.
 - 3. Three (3) Members Appointed by the Board of Supervisors Chair
 - a. One member of the affordable housing development community.
 - b. One member of the builder development community
 - c. One member with a financial or accounting background
- D. Public applicants cannot be currently serving on another County Advisory Committee or be an elected official.
- E. Reasons for removal of members of the Committee shall be
 - 1. Members shall notify the Chair or staff in the event of an anticipated absence from a regularly scheduled meeting. Three absences in any twelve month period shall constitute voluntary resignation from being a full Committee member. If due to unforeseen circumstances, a Committee member cannot fulfill his/her duties, the Committee member may request Alternate status through the Chair.
 - 2. Conflict of interest.

VII. Terms

- A. HAC members serve for two year term; with the exception of the first year of establishment, three committee members will serve for three years.
- B. Committee members of HAC shall be appointed by and serve at the pleasure of the Board of Supervisors. Alternate committee members may be designated by each representation on HAC; however, in order to have voting privileges, an alternate designated by an organization must be officially appointed as such by the Board of Supervisors after the vacancy in membership is properly noticed per the Maddy Act (Government Code Section 54970 et seq.)
- C. Any Board appointed committee member or alternate committee member choosing to resign from the HAC must submit a written letter of resignation to the Clerk of the Board of Supervisors with a copy to the HAC Chair.
- D. Vacancies in membership shall be properly noticed (Maddy Act) and nominations to fill vacancies shall be submitted by the representative of the organization. Public-at-Large wishing to be appointed shall complete an application available from the Clerk of the Board.

VIII. Committee Organization

- A. The Committee shall set a regular day and time to meet quarterly. Special meeting can be The Committee shall set a regular day and time to meet quarterly. More meetings can be set by the committee.
- B. A quorum shall be 4 voting members.
 - 1. A majority of votes is defined as simple majority, if quorum present.
- C. Generally accepted practices or principles for meetings shall govern the Committee's proceedings



- D. The Brown Act Laws for Open Public Meetings, Government Code Section 54950.5 governs the Committees' actions.

IX. Officers & Staff

The Officers of HAC are the Chair and Vice Chair, and designated alternates.

- A. Officers shall be elected for one year term;
- B. Officers shall be elected from the voting commissioners of the HAC at the first meeting of the New Year by a simple majority of the HAC commission present.
- C. The one-year term officers will begin upon accepting the election and terminate on December 31st of the year.
- D. The Chair of the Committee will serve one year appointment.
 1. Presides at meetings;
 2. Appoints sub-committee membership;
 3. Follows-up on work of sub-committees;
 4. Represents the Committee to the Planning Commission Board of Supervisors;
 5. Calls special meetings;
 6. Coordinates agenda preparation with staff; and
 7. Encourages active participation of members.
- E. The Vice-Chair of the Committee Presides at meetings in the absence of the Chair.
- F. Staff role
 1. Record attendance,
 2. Prepare summary minutes,
 3. Arrange for filling vacancies,
 4. Prepare agenda in consultation with Chair,
 5. Provide information necessary for committee work,
 6. Assure compliance with applicable laws,
 7. Lend professional expertise, and
 8. Track time spent on Committee work.

IX. Responsibilities of the Committee

- A. Appoint sub-committees (either special or on-going),
- B. Appoint acting Chair in absence of both Chair, Vice-Chair, and alternate.
- C. Submit recommendations to the Planning Commission.
- D. Establish goals and action plan to achieve assigned duties, and
- E. Fill vacancies as appointed by the Chair.

X. Amendments to these By-laws

- A. Changes in these By-laws must be approved by a majority vote of the Committee and then ratified by the Board of Supervisors.
- B. Rules of Order:
 - a. All meetings will be governed by the Brown Act.

XI. Conflict of Interest

If a conflict of interest is perceived to exist, at the onset of the meeting, should any commissioner determine their recusal is warranted due to conflict of interest, then that member should inform the Chairperson and state for the record that they will not be participating in that agenda item.



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COUNTY OF SAN BENITO
INCLUSIONARY HOUSING PROGRAM

ADMINISTRATIVE
MANUAL

County of San Benito
Resource Management Agency

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EXECUTIVE SUMMARY

This Administrative Manual describes the day-to-day procedures for the implementation of the County of San Benito Inclusionary Housing Ordinance (Chapter 21). In the event of a discrepancy between the Administrative Manual and Inclusionary Housing Ordinance (Chapter 21, County Code), the language of the Ordinance will take precedence.

As identified in the Ordinance, the goals and objectives for the Inclusionary Housing Program include:

- Achieving a balanced community with housing available for persons of all economic levels;
- Encouraging a m~~a~~i~~x~~ of housing supply t~~y~~pes that provides housing opportunities throughout the County ~~for a mix of~~ households, including very low, low and moderate income households;
- Providing a priority for occupancy of Inclusionary units for households with a household member(s) who live or work in San Benito County;
- Ensuring long-term affordability of the Inclusionary units by requiring affordability restrictions and resale controls; and,
- Encouraging the participation of the private and non-profit development communities to provide Inclusionary units.

The Inclusionary Housing Program provides an opportunity for very low, low and moderate income households to purchase and/or rent affordable housing units throughout San Benito County. Policies and procedures in this Manual provide for the following:

- New residential developments in the County shall include at least 15% of the units to be affordable to very low, low and/or moderate-income households. Or provide 20% of the units to be very low, low, and/or moderate off site.
- The Inclusionary units provided shall be sold at affordable costs and the units shall remain affordable for a term of 30 years.
- If it is a rental unit the unit shall remain affordable for a term of 55 years.
- Inclusionary units are considered an important and valuable resource for all County residents and, as such, shall be monitored annually to ensure that they remain decent, safe and affordable housing units.
- Creative implementation of the Inclusionary requirements shall be encouraged, including the development of mixed-use housing and employee housing.

I. OPTIONS TO COMPLY WITH INCLUSIONARY ORDINANCE

The County of San Benito has adopted an Inclusionary Housing Ordinance (San Benito County Code, Chapter 21). This Ordinance requires that 15% of the units/lots in new residential developments be affordable to very low, low and moderate-income households. The ordinance requires 20% of the units/lots be affordable to very low, low, and/or moderate of available off site units. The Ordinance is applicable to developments of five or more residential units/lots. Requirements of the Ordinance can be met through one of three options:

1. On-Site Option
2. Off-Site Option
3. Payment of In-Lieu Fees

Developments of 1-4 units have no Inclusionary obligation. Developments of 5 to 6 units/lots are expected to meet their Inclusionary obligations through the payment of In-Lieu Fees, although the developer/owner can choose to build an Inclusionary housing unit instead of payment of In-Lieu Fees, if they so desire. Developments of 7 or more units/lots are expected to meet their Inclusionary obligation through the development of Inclusionary housing units.

1. ON-SITE OPTION

A. Inclusionary Percentage (15%) Requirement

For developments of 7 or more residential units/lots, at least 15% of the units must be set aside for Inclusionary housing. The Inclusionary units must be developed on the same site as the market rate units.

Exceptions: In certain unusual and infrequent situations, an exception to the mandatory on-site requirement is available. These exceptions would result in provision of units off-site (see Section 2 below, “Off-Site Option”) or payment of In-Lieu Fees (see 3 below, “Payment of In-Lieu Fees”).

B. Levels of Affordability

The intent of the Inclusionary Housing Ordinance is to provide a range of Inclusionary units affordable to different household income levels. Inclusionary units shall be affordable to very low, low and moderate-income households. For developments of 7 or more units, at least 15% of the units must be set aside for Inclusionary housing.

Inclusionary Household Affordability Requirements:

<u>Size of Development</u>	<u>Inclusionary Requirement</u>	<u>Moderate Income</u>	<u>Low Income</u>	<u>Very Low Income</u>
1-4	None			
5-6	Payment of In-Lieu Fees			
7-13	Provide 15% Inclusionary Requirement	1 unit + payment of in lieu fee for fractional difference		
14-19	Provide 15% Inclusionary Requirement	1 unit + payment of in lieu fee for fractional difference	1 unit	
20	Provide 15% Inclusionary Requirement	1 unit	1 unit	1 unit

21-26	Provide 15% Inclusionary Requirement	1 unit + payment of in lieu fee for fractional difference	1 unit	1 unit
27-33	Provide 15% Inclusionary Requirement	2 units + payment of in lieu fee for fractional difference	1 unit	1 unit
34-39	Provide 15% Inclusionary Requirement	2 units + payment of in lieu fee for fractional difference	2 units	1 unit
40	Provide 15% Inclusionary Requirement	2 units	2 units	2 units
41+	Provide 15% Inclusionary Requirement	5% of all units 2 unit minimum	5% of all units 2 unit minimum	5% of all units 2 unit minimum

The table above outlines the inclusionary obligation according to the method of “rounding up” the fractional requirement. According to the size of the proposed development, 41 or more units, the 5%/5%/5% based on all units are applied. The rounding up process for a 41+ unit development would be as follows: the 5% moderate-income requirement is 2.05, the 5% low-income requirement is 2.05, and the 5% very low-income requirement is 2.05. The minimum requirement for each income level is 2. Beginning with the very-low income figure and rounding up, the 2.05 very-low income figures is rounded down to 2 units and the 0.05 remainder is added to the next highest income category, low income. The 0.05 would be added to the 2.05 low-income with a resultant figure of 2.10. This figure is rounded down to 2 units and the remainder of 0.10 is added to the 2.05 very moderate income figure with a resultant figure of 2.15 that is rounded down to 2 unit with a remainder of 0.15. The result would be that for the 41-unit/lot project a total of 6 on-site units would be required. The same type of rounding up process would be applied to each proposed development. If a fractional amount still remains at the very low-income level, then the developer has the option of paying an in-lieu fee based on the fractional requirement or providing an additional inclusionary unit.

C. Design, Size and Location of Units

The exterior appearance of the inclusionary units must be compatible with the market rate units. Compatibility includes the architectural style and detailing, though the interior may differ to the extent authorized in the affordable housing agreement.

The inclusionary units shall be similar in number of bedrooms as the market rate units. For a 2 bedroom unit the minimum is 900 square feet. For a 3 bedroom unit the minimum is 1,150 square feet. For a 4 bedroom unit the minimum is 1,360 square feet. A minimum of 50% of the affordable units shall be 3 bedrooms.

To the extent feasible, the inclusionary units shall be scattered throughout any development that also includes market rate units. However, inclusionary units may be clustered if it is found that such an arrangement better meets the objectives of the program.

D. Timing of Inclusionary Units

The inclusionary units must be developed concurrent with the development of the market rate units. The phasing plan for the release of building permits for both the inclusionary and the market rate units shall be described in the Master Inclusionary Developer Agreement.

2. OFF-SITE OPTION

A. Inclusionary Percentage Requirement

For certain residential developments of 5 or more units/lots, the inclusionary units may be developed on a site different (off-site) than the market rate units. To qualify for this option, the developer must demonstrate to the satisfaction of the approving body that the off-site units will provide a “greater contribution” than units provided on-site.

“Greater contribution” means, at a minimum:

- More inclusionary units are created off-site than would normally be required by the 20% Inclusionary Housing mandate; and
- Units developed under the off-site option must be newly constructed units. Existing units cannot be substituted in the off-site option. Off-sites units only allowed if their location is identified and is owned, or site control is demonstrated by the applicant, at the time of the first approval. Further, to the extent feasible, the off-site units must be located within the same general area or nearest community as the market rate units.

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B. Levels of Affordability

Inclusionary Household Affordability Requirements for Off-Site Units:

<u>Size of Development</u>	<u>Inclusionary Requirement</u>	<u>Moderate Income</u>	<u>Low Income</u>	<u>Very Low Income</u>
1-4	None			
5	Provide 20% inclusionary units	1 unit		
6-9		1 unit + payment of in lieu fee for fractional difference		
10		1 unit	1 unit	1 unit
11-14		1 unit + payment of in lieu fee for fractional difference	1 unit + payment of in lieu fee for fractional difference	1 unit + payment of in lieu fee for fractional difference
15		1 unit	1 unit	1 unit
16-19		1 unit + payment	1 unit	1 unit

		of in lieu fee for fractional		
20 lots or more		8% of all units	6% of all units	6% of all units
		1 unit minimum + payment of in lieu fee for fractional	1 unit minimum	1 unit minimum

C. Design, Size and Location of Units

The exterior quality and appearance of the inclusionary units must be compatible with development in the vicinity of the off-site location and be found to result in a positive benefit to the area. The inclusionary units shall be similar in number of bedrooms as the market rate units (up to four bedrooms), but the square footage size of the inclusionary units may be less than the market rate units, but in no case shall any inclusionary unit have a total floor area (excluding the garage) less than ~~1,200~~900 square feet. To the extent feasible, the inclusionary units shall be scattered throughout any development that also includes market rate units. However, inclusionary units may be clustered if it is found that such an arrangement better meets the objectives of the program.

D. Timing of Inclusionary Units

The inclusionary units must be developed concurrent with the development of the market rate units. The phasing plan for the release of building permits for both the inclusionary and the market rate units shall be described in the Master Inclusionary Developer Agreement.

E. Approval Process

The provision of inclusionary units off-site will only be approved in developments that can demonstrate that they meet the “greater contribution” test specified above. The intent of the Inclusionary Housing Ordinance is to create developments that include a mix of household income ranges and housing options, which is more possible with on-site development. Therefore, off-site inclusionary housing will only be approved for developments that provide more benefit to the community in terms of number of inclusionary units and affordability levels as specified above. The “greater contribution” test must be met to the satisfaction of the approving body.

3. PAYMENT OF IN-LIEU FEES

A. Projects Eligible for Payment of In-Lieu Fees

Projects of 1-4 Units/Lots

All projects of 1-4 units/lots are not required to provide any inclusionary housing or in lieu fee.

Projects of 5-6 Units/Lots

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All projects of 5-6 units/lots are eligible to pay In-Lieu Fees to meet their Inclusionary Housing requirement. However, developers also have the option of building an inclusionary unit instead of paying the In-Lieu Fees.

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Projects of 7 or More Units/Lots

1. Payment of In-Lieu Fee for Fractional Obligations:

For inclusionary obligations that result in a fractional inclusionary requirement (e.g., a 7 unit development would have an inclusionary obligation of 1.06), the developer/owner can either pay an In-Lieu Fee for the fractional difference of the inclusionary obligation or they may provide an additional inclusionary unit instead of paying the fee.

2. Payment of In-Lieu Fee for Total Inclusionary Obligation:

Projects of 7 or more units are expected to produce inclusionary units on-site. However, in very rare and limited circumstances, a project of 7 or more units may meet its inclusionary obligation by only paying In-Lieu Fees. To qualify, the developer must conclusively demonstrate, based on evidence in the record, in connection with the first approval for the residential development, that specific characteristics of the development site, such as lack of access to services, zoning which requires large lot development, or potentially high maintenance costs, make the site unsuitable for households at the required income levels.

B. In-Lieu Fee Calculation

~~The In-Lieu Fee applicable to a project shall be consistent with the adopted In-Lieu Fee Schedule in effect at the time that a development application is deemed complete by the County. Based upon the 15% requirement, the current In-Lieu Fees are based on a 5-unit development. A copy of the current In-Lieu Fee Schedule is contained in Appendix G of this Manual.~~

Developments Requiring a Fractional Amount of In-Lieu Fee:

~~Developments of 7+ units will provide the expected number of affordable units in addition to paying a fractional amount of an In-Lieu Fee or providing an additional affordable unit.~~

In-Lieu Fee Calculation:

~~The Resource Management Agency and Housing Office shall calculate the In-Lieu Fees on an annual basis, based on a calculation approved by the Board of Supervisors. The Board of Supervisors shall then adopt the fees annually. If new In-Lieu Fees are not adopted annually, the existing fees shall remain in place until such time that updated fees are adopted.~~

~~The In-Lieu Fee is the difference between the cost of purchasing a median price home and the cost of providing a single-family unit affordable to a four (4) person household with an income at 100% of median income. The In-Lieu Fees are based on a five (5) unit development. The In-Lieu Fee example provided in the table below is only an example. For current In-Lieu Fee calculations please see Appendix G of this Manual.~~

~~Example of In-Lieu Calculation based on County median income: _____~~

- ~~1. Median income range is \$54,351 (81%) to \$67,100 (100%).~~
- ~~2. Housing affordability based on income would be \$217,404 (81%) to \$268,400 (100%).~~
- ~~3. To determine affordability gap take the difference between County median home price and
—median housing affordability at 81% and 100%.
—\$378,000 — \$217,404 = \$160,596 (81%)
—\$378,000 — \$268,400 = \$109,600 (100%)~~
- ~~4. To determine average cost to subsidize the median income range, the affordability gap for 81%
—and 100% would be added together and divided by 2:
—\$160,596 (81%) + \$109,600 = \$270,196 ÷ 2 = \$135,098
—\$135,098 divided by 5 units (standard project used to determine fees) = \$27,019.60 per lot/
inclusionary unit~~

Example Calculation of Fractional In-Lieu Housing Fee:

All projects subject to the Inclusionary Housing Policy and payment for an in lieu fee for any fractional difference will follow this guideline. If the number of required affordable units required from a plan is fractional number, (rounded to the nearest tenth) the developer may either round up the required number of affordable units or make an in lieu payment just for the fractional unit. For example if the project includes 39 total units the total affordable project units are 5.85. The project is expected to provide 2 moderate income units, 2 low income units, and 1 very income unit. The payment of the fractional unit is round to the nearest tenth, so .9. The development can decide to provide 6 affordable units or pay the fraction of .9.

In-Lieu Fee Calculation:

The Director of Resource Management Agency or his/her designee shall calculate the In-Lieu Fees on an annual basis. The Board of Supervisors shall then adopt the fees annually

C. Calculation and Payment of In-Lieu Fee (Timing)

Payments of in lieu fees shall be made in full prior to the issuance of a certificate of occupancy and final inspection, unless an affordable housing agreement otherwise provides. Except as otherwise provided in the affordable housing agreement for the residential development, building permits for corresponding market rate units will not be issued until building permits have been issued for off-site units, and final inspections for occupancy will not occur for corresponding market rate units until final inspections for occupancy have occurred for off-site units.

D. Use of In-Lieu Fees

Comment [JS1]:

The In-Lieu Fees shall be used in accordance with the adopted San Benito County Affordable Housing Ordinance Ch.21.03.012. The Affordable Housing Policy instructs the Housing Advisory Committee, which is comprised of two Board of Supervisors, two Planning Commission, and ~~one~~ three members appointed by the Chair of the Board from the affordable housing development community. Board. Of the three community members there is preference for one members from the affordable housing development community, one from the development community and one member with a financial or accounting background. Inclusionary In-Lieu Fees shall be dedicated to the development of affordable housing projects and support of the housing programs within the County. Please refer to the Affordable Housing Ordinance Ch. 21.03.012 for specifics.

II. Marketing and Selection Procedures

The Resource Management Agency & Housing Programs Coordinator shall have overall responsibility for the marketing of inclusionary units and the selection of households to occupy those units unless an affordable housing agreement indicates otherwise. There may be instances where it is appropriate to delegate some of those responsibilities to the development and/or real estate community. This section of the Manual discusses the overall marketing and selection procedures.

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1. MARKETING RESPONSIBILITIES

A. Resource Management Agency & Housing Coordinator

Staff at the San Benito County Resource Management Agency shall be responsible for the general marketing of the Inclusionary Housing Program. This would include providing the following types of information:

- Developer fact sheets
- Homeowner fact sheets
- Tenant fact sheets
- Public Notices in newspaper, social service agencies, libraries, etc. regarding eligibility for occupancy and waiting list procedures
- Presentations at community events or organizations
- Other marketing materials as appropriate

Marketing materials should be available in both English and Spanish, as well as in formats accessible to the visually handicapped (e.g. large print format or Braille).

B. Property Owner/Developer

As part of the Master Inclusionary Developer Agreement, the owner/developer may be required to submit a Management and Marketing plan for the County's approval. The Management and Marketing Plan shall contain at least the following elements:

For rental development

- Marketing and Tenant Selection Plan, including marketing procedures, efforts to market to special needs groups, selection process and bi-lingual procedures
- Description of property management team
- Copies of rental agreements/leases
- Procedures for complying with fair housing laws
- Selection Procedures for Tenants (including priority for households who live/work within San Benito County)
- Initial rents and utility allowances (provided by staff)
- Agreement to maintain adequate property insurance
- Preferences may be given to employees in employer sponsored developments

For homeowner developments

Description of how the developer will coordinate occupancy of units with inclusionary homeowner selection procedures. (See Section 2 for description of these procedures.)

2. SELECTION OF INCLUSIONARY OCCUPANTS

A. Rental Units

The owner/developer-management agency shall be responsible for selecting tenants upon initial occupancy and subsequent vacancies. The selection procedure shall follow the marketing and selection plan submitted by the developer and approved by San Benito County Resource Management Agency or designee, if determined to be required for the project (including any revisions required by the County as a condition of project approval), and updated as needed.

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B. Homeowner Units

The owner/developer shall follow the procedures as listed below.

1. Countywide Eligibility List (Inclusionary Homeowners)

The San Benito County Resource Management Agency shall be responsible for establishing and maintaining a countywide waiting list for occupancy of homeowner inclusionary units. To create the list, the San Benito County Resource Management Agency shall publish notices in newspapers circulated in the San Benito County area (in both English and Spanish), provide public notices at community gathering areas (e.g. social service agencies, libraries, etc.), and distribute information to the real estate community. Information should include:

1. Homeowner Fact Sheet (See Example in Appendix A)
2. Priorities for Eligible Applicants,
3. Income Requirements,
4. When the Application Period Opens/Closes (if applicable), Application Packet, and
5. Telephone/Contact for Questions

From the applications submitted, the San Benito County Resource Management Agency shall create a list of potential applicants. The applicants shall then be ranked by priority on the waiting list. Priority shall be given to households with members who are either:

- Residents of the San Benito County for a period of at least one year prior to application submittal; or
- Persons who have worked within the San Benito County for at least 6 months prior to application submittal.

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2. Initial Establishment of List

In order to initially establish an Eligibility Waiting List, the County shall first identify all those applicants who meet the live/work priority noted above. Through a random selection or lottery procedure, those applicants will be ranked on the waiting list. After all of the priority applicants have been ranked, the non-priority applicants shall then be ranked on the waiting list, again through a lottery procedure. The Eligibility Waiting List will thereafter contain two sets of applicants: those who meet the priority qualification and those who do not.

Following the initial establishment of the list, new applicants shall be added to the bottom of each portion of the list (either priority or non-priority) as their applications are received and according to whether they meet the priority qualifications. All applicants must ultimately be income-qualified to be eligible for an inclusionary unit.

3. Selection from Eligibility Waiting List

Each time inclusionary homeowner units become available for occupancy, the owner/developer and the Resource Management Agency Housing staff shall follow these procedures:

1. At least ~~120~~60 days prior to issuance of a Certificate of Occupancy for newly developed units, the owner/developer shall notify the County of the number and type of units available (i.e. bedroom size).
2. Within 10 business days of notice by the owner/developer, the San Benito County Resource Management Agency shall cause to be pre-qualified the top five applicants on the list. Pre-qualify means that the information submitted by the applicant regarding income, residency, place of employment and any other relevant information has been verified and found to meet current requirements. Verification shall be conducted by either the Resource Management Agency staff or a designee agency (i.e. Housing Authority of Santa Cruz County).
3. The San Benito County Resource Management Agency shall provide the developer/owner with a Referral List of at least five pre-qualified applicants.
4. Owner/developer shall directly contact and work with the persons on the Referral List provided in the order provided.
5. Owner/developer shall conduct all additional screening and selection of applicants from the Referral List. All applicable Fair Housing Laws must be observed.
6. Selected applicants will be responsible for securing their own financing for the proposed inclusionary unit. Within 6 weeks of being selected, applicants will be required to submit documentation that they have qualified for their permanent mortgage financing. If they have not obtained financing commitments within that time frame, the developer/owner has the option of rejecting them and working with the next applicant(s) from the Referral List until all persons on the Referral List have been provided with an opportunity to buy a unit. Owners who are not able to fill vacant units from the Referral List may request additional names from the Eligibility Waiting List.
7. If candidates on the Referral List do not become occupants of the inclusionary units, they will be returned to the Eligibility Waiting List with the same ranking as before (except as provided below in Section II.2.B.5., Removal from Eligibility Waiting List).

Comment [JS2]: Is 60 days adequate time?

4. Procedures for Resale of Existing Homeowner Inclusionary Units

In the event that an existing inclusionary homeowner decides to sell a home during the affordability period, the owner will give the County written notice of such intent pursuant to the procedures as described in the owner's original Buyer's Occupancy and Resale Restriction Agreement. Upon receipt of the applicable service fee for obtaining a Re-Sale Value as set forth in Section VI. 4, the San Benito County Resource Management Agency staff shall provide the homeowner with the maximum sale price figure for the unit (see Section III for a further description of the calculation process for maximum sale prices).

Should the County not exercise its option to purchase the property, the County will announce the sale to all households on the County's Inclusionary Lottery List. The announcement shall include the following:

1. Address of the unit for sale;
2. Sale price and income level (Moderate, low, very low);
3. Description of the unit (i.e., 2-bedroom/2-bath, single story);
4. Directions to the unit;

5. Seller's contact information;
6. Procedures for prospective buyers to follow:
 - i. Drive by unit to determine interest. Do not disturb the occupants;
 - ii. If interested, obtain a loan pre-qualification letter from a lender;
 - iii. Make an appointment with owner to see the unit;
 - iv. If interested in purchasing the unit,
 - i. Present pre-qualification letter to seller
 - ii. Contact the Resource Management Agency to receive a copy of the list of financial information/ documentation required for qualification for the Inclusionary Program
 - iii. Request a draft of the current Inclusionary housing agreement for review.
 - v. If not interested, let the owners know as soon as possible.

In the case of several interested buyers, one buyer and one back-up buyer will be selected in order of rank based on assigned Lottery numbers.

If there are no interested buyers from the Inclusionary Lottery List, announcement letters shall be mailed to households listed on secondary lists (those households that missed the lottery process; recent Inclusionary applicants, etc.).

The homeowners/sellers shall track all responses received (yes, no and/or phone inquiries) and forward this information to the Resource Management Agency and Housing. It is the homeowner/seller's responsibility to schedule an adequate number of showings or open houses to enable buyers to view the premises and to follow-up with interested buyers to determine their interest in the unit.

Comment [JS3]: A realtor in this process?

5. Removal from Eligibility Waiting List

Applicants will be removed from the Eligibility Waiting List for any of the following reasons:

1. Fraudulent statements on Application or verification documents;
2. Purchase of a home or other property; or
3. Inability to qualify for financing to purchase a unit after two referrals to an Owner/Developer.

6. Appeal Process

The decisions by the San Benito County Resource Management Agency in establishing the Eligibility Waiting List and/or maintaining the list may be appealed. All appeals must be in writing and must be received within 10 days after the Resource Management Agency and Housing Office has notified applicants of their standing on the List. An informal hearing on the appeal shall be conducted by the Housing Advisory Committee (HAC) with the Resource Management Agency Director (or designee) responsible for the final decision, based on the HAC's recommendation. The results of the appeal decision shall be communicated to the appellant in writing within 10 days of the hearing.

7. Purging of Eligibility List

The Eligibility Waiting List shall be purged approximately every two years or as needed. A new list shall be developed based on the procedures described above.

8. Options to Marketing/Selection Plan Submitted by Owner/Developer

There may be situations where a developer has a specific target population for occupancy of the inclusionary housing units. For example, a developer of employee housing may request that potential occupants be employees of the employer/developer. The San Benito County Resource Management Agency will review such alternate marketing/selection plans and, if appropriate, will approve such plans in lieu of some or all of the procedures described above.

III. Homeowner Inclusionary Unit Requirements

1. ELIGIBILITY CRITERIA

A. Income

Households eligible for purchase of inclusionary units shall be of very low, low and moderate income. Household income limits are determined annually by HCD/HUD and are based on household size. See Appendix E of this Manual for the current income limits for very low, low and moderate-income households. The definition of income is listed in Appendix D of this Manual.

B. Assets

There is a maximum asset test for purchasers of inclusionary units. See Appendix D of this document for a description of maximum assets and definitions of assets.

C. Live/Work in San Benito County

Household members who live or work in San Benito County shall have priority in the purchase of inclusionary units. See Section II.2 above (Selection of inclusionary Occupants) of this Manual for further information about the priority process.

2. ESTABLISHMENT OF INITIAL SALE AND RESALE PRICES

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A. INITIAL SALE PRICE

The San Benito County Resource Management Agency staff shall provide the developer/owner with the initial sale price for an inclusionary unit. The sale price shall be developed using the following criteria:

Indicated definition of family size for initial sales price health and safety code 50052.5(h)

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For Inclusionary units to be occupied by a Very Low Income Household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size)
2. Identify very low median income (usually 50% of median) for the appropriate household size (use current income limits as specified in Appendix E)
3. Determine monthly household allowance for housing payment:
 - i. Multiply 30% of 50% of median income for appropriate household size
 - a. Household of 4: $30\% * \$40,550 = \$12,165$
 - ii. Divide amount by 12 for maximum monthly allowance
 - a. $\$12,165/12 = \$1,013$

4. Determine the maximum sale price that the monthly household allowance for housing payment can support using the following parameters:
 - i. 6% fixed interest rate mortgage
 - ii. 30 year mortgage term
 - iii. 5% down payment
 - iv. estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

For Inclusionary units to be occupied by a Low Income Household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size)
2. Identify 70% of median income for the appropriate household size (use current income limits as specified in Appendix E)
3. Determine monthly household allowance for housing payment:
 - i. Multiply 30% of 70% of median income for appropriate household size
 - a. Household of 4: $30\% * \$56,770 = \$17,031$
 - ii. Divide amount by 12 for maximum monthly allowance
 - a. $\$17,031/12 = \$1,419$
7. Determine the maximum sale price that the monthly household allowance for housing payment can support using the following parameters:
 - i. 6% fixed interest rate mortgage
 - ii. 30 year mortgage term
 - iii. 5% down payment
 - iv. estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

For Inclusionary units to be occupied by a Moderate Income Household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size)
2. Identify 110% of median income for the appropriate household size (use current income limits as specified in Appendix E)
3. Determine monthly household allowance for housing payment:
 - i. Multiply 35% of 110% of median income for appropriate household size
 - a. Household of 4: $35\% * \$89,210 = \$31,223$
 - ii. Divide amount by 12 for maximum monthly allowance
 - a. $\$31,223/12 = \$2,601$
4. Determine the maximum sale price that the monthly household allowance for housing payment can support using the following parameters:
 - i. 6% fixed interest rate mortgage
 - ii. 30 year mortgage term
 - iii. 5% down payment

iv. estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land)

B. Maximum Restricted Resale Value/Price for Inclusionary Units

Inclusionary homeowners may refinance or decide to sell their unit, terms and conditions consistent with this Manual, as set forth below and in the Resale Restriction Agreement recorded on the property. The Inclusionary homeowner must make their request in writing by certified mail to the Resource Management Agency. The San Benito County Resource Management Agency staff shall determine the appropriate resale or refinance value/price by using the following formula and use Appendix H San Benito County Affordable Housing Worksheet for Resale Price:

Resale Value/Price Without a Bedroom Addition:

1. Property Owner notifies County that they wish to sell, refinance or add a second deed of trust to their property.
2. Staff calculates new resale/refinancing value by:
 - a. Use original sale price as base figure,
 - b. Calculate percentage change in median income from original sale date to current date or most recent household income figures,
 - c. Apply the percentage change figure for median income to original sale price, which is the maximum resale value/price with the following modifications,
 - d. If unit is in decent condition based upon acceptable documentation, apply home improvement credit in the amount of 10% to original sale price,
 - e. If unit is not in decent condition based upon acceptable documentation, the 10% credit shall be reduced in an amount sufficient to correct deficiencies,
 - f. Add the additional home improvement credit amount (from steps "d" or "e") to the maximum resale value derived in step c. This is the new resale value/price as modified by home improvement credits.
3. Check new resale value/price to ensure that loan to value (including existing and proposed new loans) does not exceed 90% of resale value/price. Also check if new resale value/price derived from steps a-f above exceeds maximum affordability standard. If so, reduce the resale value/price to a value/price that does not exceed the maximum affordability standard.
4. Staff notifies property owner and lender (if appropriate) of new resale/refinancing value and, if applicable, amount of new encumbrance allowed (for refinancing with allowed cash out).
5. The Housing Programs Coordinator will receive the appraisal and loan documents from Loan Agency
6. Staff will verify whether cash is taken out from Estimated Closing Statement from Lender/Title Company. If cash out must follow the Subordination Requirements, which are listed in Appendix J.
 - a. Homeowner must have valid reason(s) for the cash out provision such as maintaining the health and safety of the home and/ or repair to the home.
 - b. See Appendix J regarding subordination agreement and policies

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7. Resource Management Agency and Housing Programs Coordinator or designee shall execute agreement to subordinate County's interest, if eligible
8. Upon receiving signed amendment from property owner, staff arranges to have appropriate County representative sign amendment and then records amendment.
9. Staff files recorded agreement in property owner's file and ensures that the file reflects new refinancing information. Staff obtains final closing statement at close of escrow. Staff also records request for notice of default.

Resale Value/Price With a Bedroom Addition:

Use Appendix H San Benito County Affordable Housing Worksheet for Resale Price

1. Property Owner notifies County that they wish to sell, refinance or add a second deed of trust to their property.
2. Staff calculates new resale/refinancing value by:
 - a. Use original sale price as base figure
 - b. Calculate percentage change in median income from original sale date to current date or most recent household income figures
 - c. Apply the percentage change figure for median income to original sale price, which is the tentative maximum resale value/price with the following modifications.
 - d. If unit is in decent condition based upon acceptable documentation and/or a unit inspection by Resource Management Agency and Housing Staff, apply a home improvement credit in the amount of 10% to original Sale price
 - e. If unit is not in decent condition based upon acceptable documentation and/or unit inspection by Resource Management Agency and Housing Staff, the 10% credit shall be reduced in an amount sufficient to correct deficiencies
3. Calculate value of bedroom addition by calculating the change in household size estimate. For example, a bedroom addition to an existing 3-bedroom structure (4 person household size estimate) would result in a 4-bedroom unit and a 5-person household size estimate. The value of the bedroom addition depends on the dollar difference between the median income for a 5-person household as compared to the median income for a 4-person household. Using this dollar amount, estimate the amount of new loan that can be financed with this dollar amount using a 30% for low/very low income and 35% for moderate income housing cost to income ratio. An example of this calculation is included in Appendix F_ The value of the bedroom is not determined by the actual costs of the addition/improvement.
4. Add the additional home improvement credit amount (from step 2) and the bedroom credit (step 3) to the adjusted resale value derived in step 3.
5. Check the new resale value/price to ensure the unit would still affordable (maximum affordability standard) to a household size appropriate for that unit and the loan to resale value (LTV) DOES NOT EXCEED 90% OF THE NEW RESALE VALUE. If resale price derived from steps 1-6 exceeds maximum affordability standard, reduce the resale price to a price that does not exceed the maximum affordability standard.
6. Property Owner notifies County that they wish to refinance or add a second deed of trust to their property and are planning on a bedroom addition.
7. Staff calculates new resale value and amount of new encumbrance allowed by:
 - a. Use original sale price as base figure,
 - b. Calculate percentage change in median income from original sale date to current date or most recent household income figures,

- c. Apply the percentage change figure for median income to original sale price, which is the maximum resale value/price with the following modifications,
 - d. If unit is in decent condition based upon acceptable documentation, apply home improvement credit in the amount of 10% to original sale price,
 - e. If unit is not in decent condition based upon acceptable documentation, the 10% credit shall be reduced in an amount sufficient to correct deficiencies,
 - f. Add the additional home improvement credit amount (from steps “d” or “e”) to the maximum resale value derived in step c. This is the new resale value/price as modified by home improvement credits.
3. Calculate value of bedroom addition by calculating the change in household size estimate. For example, a bedroom addition to an existing 3-bedroom structure (4 person household size estimate) would result in a 4-bedroom unit and a 5-person household size estimate. The value of the bedroom addition depends on the dollar difference between the median income for a 5-person household as compared to the median income for a 4-person household. Using this dollar amount, estimate the amount of new loan that can be financed with this dollar amount using a 30% for low/very low income and 35% for moderate income housing cost to income ratio and the inclusionary underwriting standards.
4. Add the value of the bedroom credit (step 3) to the maximum resale value derived in step 2 (f).
5. Check new resale value/price from step 4 to ensure that loan to value (including existing and proposed new loans) does not exceed 90% of new resale value/price as derived in step 4. Also check if new resale value/price derived from step 4 exceeds maximum affordability standard. If so, reduce the resale value/price to a price that does not exceed the maximum affordability standard.
6. Staff notifies property owner and lender (if appropriate) of new resale value and amount of new encumbrance allowed (including bedroom addition allowance as calculated in step 2 (e) above).
7. If needed, Resource Management Agency or designee shall execute agreement to subordinate County’s interest to the first or second loan holder. The agreement shall include provisions for notice of default and cure rights for the County.
8. If owner wants to take cash out from the refinancing, staff prepares amendment to existing Resale Restriction Agreement, which will allow property owner to refinance existing debt or add additional second deed of trust. Staff sends amendment to property owner for their signature. Staff will verify whether cash is taken out from Estimated Closing Statement from Lender/Title Company. If no cash out, no amendment is required.
9. Upon receiving signed amendment from property owner, staff arranges to have appropriate County representative sign amendment and then records amendment.
10. Staff files recorded agreement in property owner’s file and ensures that the file reflects new refinancing/second deed of trust information.
11. Staff verifies that property owner has the appropriate building permit for the new bedroom addition.
12. Staff instructs or other appropriate body to open escrow account for bedroom addition amount with joint signatures for releasing funds required of both property owner and County. If bedroom

addition is not completed within a reasonable timeframe, staff will instruct that the funds in escrow be paid back to the lender.

13. Upon notice from property owner, staff inspects property and approves release of funds for bedroom addition as appropriate during the construction process. Staff obtains final closing statement at close of escrow. Staff records request for notice of default.

Bedroom Addition Calculation

Calculate the value of bedroom addition by calculating the change in household size estimate. For example, a bedroom addition to an original 3-bedroom structure (4 person household size estimate) would result in a 4-bedroom unit and a 5-person household size estimate. The value of the bedroom addition depends on the dollar difference between the Area Median Income (AMI) for a 5-person household as compared to the AMI for a 4-person household. Using this dollar amount, estimate the amount of new loan that can be financed with this dollar amount using a 30% for low/very low income and 35% for moderate income housing cost to income ratio and the County's typical underwriting standards.

C. Determination of Maximum Affordability Standards

For Inclusionary For Sale Units to be Occupied by a Very Low Income Household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size)
2. Identify very low-income limit (usually 50% of median income) for the appropriate household size (use current income limits as specified in Appendix E).
3. Determine monthly household allowance for housing payment:
4. Multiply 30% of 50% of median income for appropriate household size
5. Divide amount by 12 for monthly allowance
6. Determine the maximum sale price that the monthly household allowance for housing payment can support using the following parameters:
 - i. 6% fixed interest rate mortgage
 - ii. 30 year mortgage term
 - iii. 5% down payment
 - iv. Estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

For Inclusionary For Sale Units to be Occupied by a Low Income Household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size)
2. Identify lower income limit (usually 78% of median income) for the appropriate household size (use current income limits as specified in Appendix E)
3. Determine monthly household allowance for housing payment:
4. Multiply 30% of 78% of median income for appropriate household size
5. Divide amount by 12 for monthly allowance

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6. Determine the maximum sale price that the monthly household allowance for housing payment can support using the following parameters:
 - i. 6% fixed interest rate mortgage
 - ii. 30 year mortgage term
 - iii. 5% down payment
 - iv. estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

For Inclusionary For Sale Units to be Occupied by a Moderate Income Household:

1. Determine appropriate household size (number of bedrooms in unit + one person = appropriate household size)
2. Identify moderate income limit (usually 11-20% of median income) for the appropriate household size (use current income limits as specified in Appendix E)
3. Determine monthly household allowance for housing payment:
4. Multiply 35% of 11-20% of median income for appropriate household size.
5. Divide amount by 12 for monthly allowance
6. Determine the maximum sale price that the monthly household allowance for housing payment can support using the following parameters:
 - i. 6% fixed interest rate mortgage
 - ii. 30 year mortgage term
 - iii. 5% down payment
 - iv. estimates of property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

3. HOMEOWNER INCLUSIONARY UNIT REQUIREMENTS

A. Occupancy Requirements

The inclusionary unit shall be the owner’s principal place of residence. To be considered as a principal place of residency, the owner shall live in the unit for at least 10 months out of each calendar year. In emergency or hardship situations, the inclusionary owner can seek approval to rent or lease the inclusionary unit for a short period of time (generally a maximum of one year). All rentals or leases must be pre-approved by the County. The owner must submit a letter to the San Benito County Resource Management Agency Staff requesting permission to rent their unit, the reason for the request with appropriate documentation and length of time requested. The San Benito County Resource Management Agency Staff is authorized to review the request, receive a recommendation from the Housing Advisory Committee, and approve or deny the request based on the following:

- There are unique circumstances that justify allowing the owner to be relieved of their obligations to reside in the unit on a temporary basis, such as a necessary temporary move out of the area, the need to provide physical care for a relative, or significant financial hardship where the owner cannot pay the mortgage due to a temporary job loss, divorce, etc.

- The owner agrees that the rental will be on a short term basis and that, if the circumstances continue beyond the agreed upon time frame, the owner will sell the unit to another qualified household pursuant to the Inclusionary Agreement recorded on their property.

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The unit shall be rented to a qualified tenant household at the same affordability level as specified in the owner's Inclusionary Housing Agreement and at an "affordable rental cost". The inclusionary owner may select an income-qualified tenant. An "affordable rental cost" is defined as rent plus a utility allowance. Affordable rental costs shall not exceed 30% of 50% of the Area Median Income (AMI), adjusted by number of bedrooms in the actual unit for very low-income households; 30% of 760% of the AMI, adjusted by the number of bedrooms for low-income households; and 30% of 110% of the AMI for moderate-income households, adjusted by the number of bedrooms. The tenant shall also be income qualified as either a very low-, low-, or moderate-income household. Incomes must not exceed 50% AMI for very low income; 80% for low income; and 120% for moderate income, all adjusted for the actual household size of the qualifying tenant.

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If the request is approved, the owner will be required to execute an Inclusionary Housing Rental Agreement with the County that sets forth the terms of the short term rental, including paying applicable service fees for income qualifying the selected tenant, as described in Section VI.4.

B. Affordability Periods

According to the Affordable Housing Ordinance with the County, the inclusionary owner agrees that the resale value of the home is restricted for a period of 30 years from the original purchase date. If the home is sold or transferred prior to the end of the affordability period the new homeowner is subject to the resale restriction for 30 years. All rental units will a restricted affordability period for a minimum off 55 years.

C. Recordation

When an inclusionary unit is sold or transferred San Benito County will record the following items: Resale Restriction and Option to Purchase, Request for Notice of Default, Deed of Trust naming County of San Benito as beneficiary. The items are recorded to ensure San Benito County is notified of any changes and if the home is sold/transferred.

For a rental unit...

D. Maintenance and Insurance

The inclusionary unit owner must maintain the home, including landscaping, in decent condition. At the time of resale/refinancing, the owner can receive up to a 10% addition to the original sale price if the unit has been maintained in decent condition. The owner shall maintain a standard all risk property insurance policy equal to the replacement value of the home, naming the County as additional insured.

The otherwise allowable maximum resale price may be increased by a maximum of ten percent (10%) of the initial sale price of the unit as an allowance for improvements made by the selling owners during their ownership. This allowance shall not be increased or decreased based on the value of improvements actually made to a particular home, provided that the allowance shall be reduced to the extent the unit has been adversely affected in value by owner caused damage or deficient maintenance. To facilitate a determination by the director concerning maintenance prior to sale, the seller shall comply with any applicable requirements in the administrative manual.

E. Refinancing of First Mortgage/Securing a Second Mortgage

The inclusionary owner may refinance a first mortgage or secure a second mortgage on the property. The County's lien position shall never be less than third (3rd) position on the property. The owner must contact the Resource Management Agency & Housing Staff prior to refinancing or securing new debt in order to determine a current property value (resale value). The staff procedures for responding to refinancing/resale request are specified in Appendix F of this document.

The inclusionary owner may refinance a first mortgage. If the county provided housing assistance the County's lien position shall never be less than third (3rd) position on the property. The owner must contact the Resource Management Agency & Housing Staff prior to refinancing to determine a current property value (resale value). The loan to value of the refinance/loan cannot exceed 90% and the homeowner cannot take cash out. The staff procedures for responding to refinancing/resale request are specified in Appendix F of this document

F. Title Changes and Property Inheritance

In certain instances, the inclusionary owner may modify the title on the property. One example is adding or deleting a spouse from title due to marriage, divorce or death. However, in all cases, the owner must contact the Resource Management Agency & Housing Staff prior to the transfer. If the owner dies and there is no surviving owner and a child or stepchild of the owner inherits the property, the child/stepchild shall provide the Resource Management Agency & Housing Staff with information regarding income. If verified as income and asset eligible, he or she shall succeed to the Owner's interest and obligations under the original agreement. If the child or stepchild inheriting the property is not income eligible or has assets that exceed the maximum allowed or decides to sell the property, it must be sold to another eligible inclusionary applicant for the appropriate restricted resale price. However, the inheriting owner may own and occupy the unit until 12 months after the owner's death before offering the unit for sale and providing an Owner's Notice of Intent to Sell.

An inclusionary owner may place his/her unit in a trust, but only if the trust is a revocable living trust where the owner is the trustor. The disposition of the inclusionary unit through such a trust is subject to the same terms and conditions as stated above, including restrictions on the resale of the inclusionary unit.

A notice may be recorded indicating change of title to inheriting child/stepchild, pursuant to these provisions

G. Default and Foreclosure

If an owner violates the terms of the original "Buyers Occupancy and Resale Restrictions" agreement, the owner can be found to be in default of the agreement.

IV. Rental Inclusionary Unit Requirements

1. ELIGIBILITY CRITERIA

A. Income

Households eligible for rental of inclusionary units shall be of very low, low or moderate income. Household income limits are determined annually by HCD/HUD and are based on household size. See Appendix E of this document for the current income limits for very low, low and moderate-income households. The definition of income is listed in Appendix D of this document. The Resource

Management Agency or its designee will initially verify the household income of tenants of inclusionary rental units. Subsequent annual certifications of income of renters shall be submitted by the owner/manager of the rental units to and verified by the County as part of the Annual Monitoring Process.

B. Assets

There is a maximum asset test for initial renter eligibility of inclusionary units. The County or its designee will verify the assets. See Appendix D of this document for a description of maximum assets and definitions of assets.

C. Live/Work in San Benito County

Households who live or work in San Benito County shall have priority in the rental of inclusionary units. In selection of tenants, property owners and/or managers shall give reasonable preference to households who live or work in San Benito County.

2. RENT SCHEDULES

A. Initial Rents

The Resource Management Agency or its designee shall determine maximum initial rents. The owner/developer shall be subject to payment of applicable service fees for qualifying tenants as described in

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B. Annual Rent Changes

The Resource Management Agency and Housing Office shall notify property owners and/or property management companies of changes in the affordable rental housing cost annually upon receipt of revised income limits from HCD/HUD. At no time shall the new affordable rental housing cost be adjusted to less than the initial rent at the time the Master Inclusionary Developer Agreement was executed. Section VI.4. The inclusionary units shall be rented at affordable housing costs as specified in the Inclusionary Housing Agreement recorded on the project. An affordable rental housing cost is defined as rent plus a utility allowance as developed by the local Housing Authority. Affordable housing costs shall not exceed 30% of very low-income limits (usually 50% of median income, adjusted by bedroom size) for very low-income households, 30% of 60% of median income (adjusted by bedroom size) for low-income households and 30% of 110% of median income for moderate-income households (adjusted by bedroom size).

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3. RENTAL INCLUSIONARY UNIT REQUIREMENTS

A. Household Size & Occupancy

Upon initial occupancy, eligible households must have a household size appropriate for the rental unit. An appropriate household size is defined as a maximum of two persons per bedroom plus one person per unit and a minimum of one person per bedroom.

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B. Lease Requirements

Except as may be provided in an agreement that allows the rental of a For Sale unit under hardship conditions, as described in Section III.3.A. above, all tenants must be provided with a lease that has a minimum period of 12 months. The lease must comply with all applicable federal and state laws. The lease shall include provisions that specify the maximum household size allowed in the unit and requirements that the unit be maintained in a decent and safe condition. Further, the lease must

include requirements that prohibit subleasing, require the tenant to report any changes in household size or income during their tenancy, and further specify that the tenant must comply with all monitoring requests of the Resource Management Agency or its designee.

C. Changes in Household Size or Income During Tenancy

If the tenant's household income increases above the maximum allowed for very low, low or moderate-income households, the tenant may choose to remain in the inclusionary unit. However, the tenant would have a revised affordable rental housing cost based on their new income category. For example, a very low-income tenant whose income increases and is now a low-income tenant would have a new maximum affordable rental cost based on affordable rents for a low-income unit. A low-income tenant whose income increases such that the household is now a moderate-income tenant would have a new maximum rental cost based on a moderate-income unit. A previous very low, low or moderate income tenant whose income increases above the maximum moderate income limit would have a rental cost that would be the lesser of: a) thirty percent (30%) of the actual household income of the tenant; or b) market rate rent. The property owners/managers must, to the extent possible, maintain the number of units at each income level required by the Inclusionary Housing Agreement recorded on the project. These provisions shall be enforced through Inclusionary Rental Housing Agreements recorded on each project.

V. MONITORING AND COMPLIANCE PROCEDURES

1. PROJECT MONITORING AND COMPLIANCE

A. Monitoring Procedures: Rental Properties

General Policies:

Rental projects developed under the Inclusionary Program are monitored every two years to determine compliance with the terms of the Regulatory Agreement recorded against the property. The areas to be included in the monitoring process include tenant incomes and rents, payment of property taxes and hazard insurance and review of the terms of the leases.

An annual certification of ownership is required. The rent schedule for the Inclusionary Program will be provided to the owner with the certification request.

Procedures:

1. A Monitoring Review Form is initiated for each project. The terms of the Inclusionary Agreement are verified and the rent and occupancy limits are noted on the form.
2. Initial letters are mailed to property owners requesting completion of certifications regarding non-discrimination policies, names and incomes of tenants and the household size, rents charged, and ownership status. Copies of Income Guidelines and Rent Schedules appropriate for the development will be included in the mailing. The owner is instructed to give the tenants a form entitled Tenant Income Verification for completion. These forms are to be returned along with documentation of hazard insurance and copies of current leases.
3. Second Notices are sent by certified mail if the property owner does not respond within fourteen business days.
4. Correspondence will be sent by the sheriff's office, process server, delivery service or hand delivered to the address by a staff member if the property owner fails to respond in a timely manner to the second notice or if mail has been refused or returned as undeliverable. Owners who fail to respond within seven business days will be referred to County Counsel for further action.

5. Assessor's Office records will be reviewed to verify current ownership and mailing addresses where appropriate.
6. Failure to cooperate with the monitoring review process will be considered a breach of the Inclusionary Agreement and the Regulatory Agreement. County Counsel will be notified of any such breach in order that legal remedies may be initiated.
7. The income guidelines of the Section 8 Program are utilized by Resource Management Agency and Housing Office staff for the monitoring review.
8. Staff will review information provided by the owner and tenants to determine compliance with the Inclusionary Agreement and Regulatory Agreement as it pertains to allowable rents, number of restricted units, current income of tenants and any further restrictions on occupancy specified in the Agreement.
9. The review of rent affordability will include the standards set forth in the Inclusionary Agreement for each individual project.
10. Leases are reviewed to determine if non-discrimination policies and prohibitions against subletting are included.
11. If there are discrepancies between the statements of the owner and tenant, additional documentation will be requested.
12. Payment of hazard insurance in an amount sufficient to replace the structures shall be verified.
13. A letter will be issued to the property owner addressing any compliance issues. The letter will specify a corrective action deadline. In general, a 30-day period will be adequate.
14. When a property has changed ownership without notice to the County and this information becomes known at the time of the monitoring review, staff will schedule an appointment with the new owner to discuss the provisions of the Inclusionary Agreement. Current Rent Schedules and Income Guidelines will be provided.
15. The Monitoring Review Form will be completed. The Inclusionary Housing database will be updated to reflect compliance or non-compliance.
16. Other County offices may be alerted when the monitoring review reveals code violation or dangerous situations.
17. Every effort will be made to provide owners and tenants with the appropriate information to ensure a successful monitoring resulting in full compliance with the Inclusionary Housing Program.

However, referrals will be made to County Counsel because of failure to cooperate or non-compliance.

B. Monitoring Procedures: For Sale Units

General Policies:

It is the policy of the County of San Benito to annually monitor compliance with the terms and conditions of the Inclusionary Housing Agreement recorded against for-sale units developed under the Inclusionary Housing Program.

Annual Monitoring will include the owner occupancy requirement and prohibitions against rental of the dwelling. The review will provide owners with an opportunity to become familiar with the guidelines of the Inclusionary Housing Program and any changes in adopted policies and procedures.

Monitoring Procedures:

1. Initial letters are mailed to property owners requesting completion of a certification of owner-occupancy and documentation in the form of a utility bill (with the name and address shown), mortgage statement, home insurance, and property tax payment.
2. Second notices are sent by certified mail if the property owner does not respond within fourteen business days.
3. Correspondence may be sent by the sheriff's office, process server, delivery service or hand delivered by staff when the owner fails to respond to the second notice.
4. Assessor's Office records will be reviewed to verify current homeowner's exemption, possible change in ownership and mailing addresses where appropriate.
5. If a property has changed ownership without notice to the County and this information becomes known at the time of the monitoring review, staff will schedule an appointment with the new owner to discuss the provisions of the Inclusionary Housing Agreement. Areas of concern will include review of the buyers' ability to meet standard program eligibility requirements, purchase price and continued participation in the program. County Counsel will be notified of any non-compliance issues in order that appropriate legal remedies can be implemented.
6. Where the review raises compliance concerns, the owner will receive written notice of the compliance issue. In general, a 30-day corrective action period will be given.
7. Other County offices may be alerted when the monitoring review reveals code violates or dangerous situations
8. Every effort will be made to provide owners with the information needed to complete the monitoring review and maintain compliance with the Inclusionary Housing Agreement. However, referrals will be made to County Counsel when appropriate because of non-compliance. Legal remedies specified in the Agreement or otherwise allowed under County Code or State and Federal law will be implemented

2. PROGRAM MONITORING

A. Annual Housing Report

As part of the Annual Housing Report prepared each year by the Resource Management Agency and Housing Office, there will be a brief summary of the accomplishments and challenges of the Inclusionary Housing Program for the previous year.

B. Five Year Report

At least every five years, the Resource Management Agency and Housing will prepare a complete evaluation of the Inclusionary Housing Program. This evaluation will include a summary of housing units produced, households assisted, In-Lieu Fees collected and the use of those fees, recommendations for policy or Ordinance revisions, etc. The public will be asked to comment on the report either prior to or during its preparation and the final report will be presented to all appropriate review bodies.

VI. Other

1. EXEMPTIONS TO ORDINANCE

There are exemptions from the Ordinance for developments such as farmworker housing, mobile home park developments, and other specific development situations (Section 18.40.050).

In addition, in situations where the party subject to a fully executed inclusionary housing agreement, or other document regulating or limiting the operation, price or rent of an inclusionary unit, believes that the document requires modification as a result of unusual circumstances which could not have been foreseen at the time the document was entered into, the affected party may apply to the County Board of Supervisors for modification of the document. (Section 18.40.100 D).

2. AFFORDABILITY PERIOD REQUIREMENTS FOR EXISTING INCLUSIONARY UNITS

Sale of an Existing inclusionary unit During Affordability Period

If an inclusionary homeowner decides to sell their unit during the affordability period in effect according to the terms of their Buyers Agreement, the unit shall be sold to another qualified inclusionary buyer according to the procedures outlined in this manual, including the payment of applicable service fees. However, the new Buyers Agreement shall specify a new affordability period as defined in the Inclusionary Housing Ordinance in effect at the time the unit is sold.

VII. Appendices

Appendix A. Homeowner Fact Sheet

On the following page is a sample fact sheet that explains the Inclusionary Housing Program for a prospective homeowner. This fact sheet should be provided to potential applicants when they inquire about the program. This fact sheet should be available in both English and Spanish

**INCLUSIONARY HOUSING PROGRAM
INFORMATION FOR POTENTIAL INCLUSIONARY HOMEOWNERS**

1. What is the Inclusionary Housing Program?

The County of San Benito requires that 15% of all newly constructed units must be affordable to very low, low and moderate-income households. Developers must agree to sell 15% of their units at an affordable price to a very low, low or moderate-income household.

2. What is an Affordable Price?

The County of San Benito calculates affordable sale prices annually. The calculation is based on median household incomes for San Benito County and the assumption that no more than 30-35% of an average household's income should be spent for housing costs.

3. How Can I Buy an Inclusionary Housing Unit?

The County maintains an eligibility list for prospective inclusionary homeowners. Generally, a household can qualify if it has a household income that is below the maximum limits for low or moderate-income. Priorities are given to households who have members that live or work in San Benito County. Contact the phone number listed on the bottom of this sheet for more information about household income limits or being placed on the eligibility list.

4. What are my Responsibilities if I Buy an Inclusionary Housing Unit?

In return for the opportunity to purchase a home at an affordable price, the County requires the following while you own the home:

- Maintain property insurance on the home;
- Keep your home (including landscaping) in decent condition;
- Live in the home as your primary residence (in an emergency situation, you can rent your home to another low/moderate income household BUT you must obtain the County's permission prior to renting it);
- When you sell your home, you must sell it for the price determined by the County. You also must sell it to another eligible inclusionary homeowner. The RESALE PRICE is restricted and determined by the County – **it is likely that the resale price will be less than other similar properties that are not inclusionary housing units;** and
- You must co-operate with any monitoring requests during the time you live in the home (such as verification that you are using the home as your primary residence or verification that you are maintaining your property insurance).

**FOR FURTHER INFORMATION:
San Benito County Resource Management Agency
2301 Technology Parkway
Hollister, CA 95023
Phone: 831-673-5313
Fax: 831-637-5334**

Appendix B. Developer Fact Sheet

On the following page is a sample fact sheet that explains the Inclusionary Housing Program for a prospective developer of inclusionary housing units.

**INCLUSIONARY HOUSING PROGRAM
INFORMATION FOR POTENTIAL DEVELOPERS OF INCLUSIONARY UNITS**

1. What is the Inclusionary Housing Program?

San Benito County requires that 15% of all developments of 7 or more units must be affordable to very low, low and moderate-income households. Developments of 7 or more units are expected to construct Inclusionary housing units. Developments of 5-6 units can pay an In-Lieu Fee instead of constructing a unit.

2. How Many inclusionary Units Will I Have to Provide?

Depending on the size of the development you are proposing, you will be required to provide inclusionary units that are affordable to different household income levels. An Affordable Housing attachment will be part of the application process. Please contact the Resource Management Agency for more specific answers.

3. Who Determines the Sale Price (or Rent) for the Inclusionary units?

Staff at the San Benito County Resource Management Agency, will be able to provide you with affordable the sale price or rent for the inclusionary units. The sale price/rent is based on a formula using median household incomes for San Benito County.

4. Who Can Buy or Rent an Inclusionary Unit from Me?

Homeowner Units: The County maintains a list of prospective inclusionary homebuyers. When your inclusionary unit is ready to be sold, the County will provide you with the names of several prospective homebuyers. You must sell the unit to an eligible inclusionary household at the affordable sale price provided by the County.

Rental Units: You must rent the inclusionary rental unit to a household that is qualified by the County (or its designee) as being very low, lower or moderate income. You can select the tenant assuming you follow all fair housing laws and marketing/selection requirements specified by the County.

5. What Are My Responsibilities Once I Sell/Rent the Inclusionary Unit?

Homeowner Units: Once your unit is sold to an eligible inclusionary homeowner, you have no further responsibilities.

Rental Units: Rental units must continue to remain affordable and occupied by eligible households in perpetuity. Property owners must agree to these restrictions and must agree to cooperate with all monitoring requests by the County.

**FOR FURTHER INFORMATION:
San Benito County Resource Management Agency
2301 Technology Parkway
Hollister, CA 95023
Phone: 831-673-5313
Fax: 831-637-5334**

APPENDIX C. Developer Procedures

Inclusionary Housing Program Development Review Process

1. Planning receives an application for development of a residential project (i.e., subdivision or use permit).
2. If the project will result in new units, Planning sends a affordable housing implementation plan which is part of the application referral package to the Resource Management Agency Housing Programs Coordinator.
3. The Housing Programs Coordinator reviews the application to determine if the implementation plan meets the Inclusionary Housing requirements, ~~or if the project is exempt~~.
4. The Housing Programs Coordinator notifies the assigned planner of the requirements and requests additional information as necessary. If the project involves on-site compliance the applicant will likely be asked to submit additional information about the proposed inclusionary units (design and location) to ensure that the CEQA review includes enough detail.
5. The Housing Programs Coordinator prepares a draft memo to the Planner that provides an analysis of the Inclusionary requirements, recommendation pertaining to compliance, and draft findings and a condition of approval for inclusion in the project packet for consideration by the Approving Body.
6. The draft staff report prepared by the project planner for the project is reviewed by the Housing Programs Coordinator prior to the hearing to ensure that the conditions and draft findings of approval pertaining to Inclusionary Housing are acceptable.
7. The Approving Body is not required to approve but may consider a draft Inclusionary Housing Agreement as part of its approval of the project and can require that the approved Inclusionary Housing Agreement be recorded prior to the recordation of the Final Map or issuance of building permits.
8. The Inclusionary Housing Agreement and supporting documents are executed by the applicant and the Housing Programs Coordinator then recorded and/or Inclusionary In-Lieu Fees are paid or secured.
9. The Housing Programs Coordinator “clears” the Inclusionary Housing conditions of approval by sending a memo to the project planner along with supporting documents.

APPENDIX D. Income and Asset Definition

The following definitions shall be used in determining applicant eligibility for the County's Inclusionary Housing Program. To be eligible for the program, applicants must meet both the income and the asset limitations.

1. INCOME

Maximum Income Limitation

Households occupying inclusionary units shall have incomes that are very low, low and moderate-income, as specified by the contractual agreement for the residential development in which they are located. The definition of very low, low (lower) and moderate-income shall be the same as provided by HCD/HUD and the State of California annually for the San Benito County area. See Appendix E of this document for the current income limits.

2. DEFINITION OF INCOME

The definition of income shall be the same as the federal definition found in 24 CFR Part 5 (commonly known as the "Section 8" definition). As specified in 24 CFR Part 5, the income derived from any assets shall be included in the income calculation. *The only exception to this is when a homeowner applicant is using any of their assets to pay for down payment or closing costs to purchase the inclusionary unit. In that case, the potential "income" from those assets shall not be calculated.* The value of the asset itself, however, is still counted under the asset limitation test below.

3. ASSETS

Maximum Asset Limitation

Homeowners:

The maximum asset limitation is the total of the following for homeowner households:

1. 30% of the purchase price
2. 25% of current median income
3. 6 months of living expenses based on household size

Renters:

Upon initial occupancy, households who are applying for a rental inclusionary unit cannot have assets that exceed \$30,000 for non-elderly households and \$75,000 for elderly households.

Definition of Assets

<p>Assets used to determine the maximum asset limitation allowed are defined in the following table. Any assets disposed of within 12 months prior to applying for an inclusionary unit shall also be included in the calculation of maximum assets. However, exceptions to this may be made in circumstances where assets were disposed of in order to pay medical, legal or other necessary expenses. The Resource Management Agency Housing Manager shall approve all such exceptions. Assets to be Included in Maximum Asset Limitation</p>	<p>Assets to be Excluded in Maximum Asset Limitation</p>
<ol style="list-style-type: none"> 1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 12 month balance 2. Cash value of trusts available to the applicant. 3. Equity in real estate or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs that would be incurred in selling the unit. 4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts. 5. Lump sum or one-time receipts, such as inheritances, lottery winnings, insurance settlements, etc. 6. Personal property held as an investment such as gems, jewelry, coin collections, etc. 7. Mortgages or deeds of trusts held by the applicant. 	<ol style="list-style-type: none"> 1. Necessary personal property except as noted in #6 of the "included" assets. Necessary personal property includes household goods and reasonable transportation. 2. The current value of individual retirement and Keogh accounts. (Any income currently being received from such accounts however shall be considered as "income" in the income calculations.) 3. Cash value of life insurance policies available to the individual before death. 4. Assets that are part of an active business. "Business" does not include rental property that is held as an investment and not a main occupation. 5. In the case of an inheritance of an inclusionary property, the equity in the inclusionary property shall not be counted as an asset in determining whether the party who inherits the property is income/asset eligible.

APPENDIX E. Income Limits

San Benito County Income Limits

Income Limits to be updated annually. The Housing Community Development Agency (HCD) typically releases updated information April/May of each year.

San Benito County 4-Person Area 2019~~8~~ Area Median Income- ~~\$81,100~~\$84,500

Income Category	Number of Persons							
	1	2	3	4	5	6	7	8
Extremely Low Income	<u>196002</u> <u>1450</u>	<u>224002</u> <u>4500</u>	<u>252002</u> <u>7550</u>	<u>2795030</u> <u>600</u>	<u>3020033</u> <u>050</u>	<u>3337403</u> <u>5500</u>	<u>3806039</u> <u>010</u>	<u>42380434</u> <u>30</u>
Very Low Income	<u>326003</u> <u>5700</u>	<u>372504</u> <u>0800</u>	<u>419004</u> <u>5900</u>	<u>4655051</u> <u>000</u>	<u>5030055</u> <u>100</u>	<u>5400059</u> <u>200</u>	<u>5775063</u> <u>250</u>	<u>61450673</u> <u>50</u>
Low Income	<u>522005</u> <u>7150</u>	<u>596506</u> <u>5300</u>	<u>671007</u> <u>3450</u>	<u>7455081</u> <u>600</u>	<u>8055088</u> <u>150</u>	<u>8650094</u> <u>700</u>	<u>9245010</u> <u>1200</u>	<u>98450107</u> <u>750</u>
Median Income	<u>567505</u> <u>9150</u>	<u>649006</u> <u>7600</u>	<u>730007</u> <u>6050</u>	<u>8110084</u> <u>500</u>	<u>8760091</u> <u>250</u>	<u>9410098</u> <u>000</u>	<u>1005501</u> <u>04800</u>	<u>10705011</u> <u>1550</u>
Moderate Income	<u>681007</u> <u>1000</u>	<u>778508</u> <u>1100</u>	<u>875509</u> <u>1250</u>	<u>9730010</u> <u>1400</u>	<u>1051001</u> <u>09500</u>	<u>1128501</u> <u>17600</u>	<u>1206501</u> <u>25750</u>	<u>12845013</u> <u>38503</u>

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APPENDIX F. Initial Sales Price, Refinancing, and Resale Staff Procedures

1. CRITERIA FOR DETERMINING INITIAL SALE PRICE

Very Low Income Units:

Housing Cost to Income Ratio: 30% of 50% of Area Median Income (AMI) or the maximum income for a very low income household, adjusted for bedroom and household size

Interest Rate and Term: 6% Interest, 30 Year Term

Down Payment: 5% of Sale Price

Estimates of: property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land)

Low/Lower Income Units

Housing Cost to Income Ratio: 30% of 70% of AMI, adjusted for bedroom and household size

Interest Rate and Term: 6% Interest, 30 Year Term

Down Payment: 5% of Sale Price

Estimates of: property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

Moderate income Units:

Housing Cost to Income Ratio: 35% of 110% of AMI, adjusted for bedroom and household size

Interest Rate and Term: 6% Interest, 30 Year Term

Down payment: 5% of Sale Price

Estimates of: property taxes, assessments, loan insurance and financing fees, allowance for property maintenance and repairs, homeowners insurance, homeowner association dues, allowance for utilities and land rent (if home is on rented land).

HOUSEHOLD INCOME	SALE PRICE OF A 1	SALE PRICE OF A 2	SALE PRICE OF A 3	SALE PRICE OF A 4	SALE PRICE OF A 5
-----------------------------	------------------------------	------------------------------	------------------------------	------------------------------	------------------------------

LEVEL	BEDROOM UNIT	BEDROOM UNIT	BEDROOM UNIT	BEDROOM UNIT	BEDROOM UNIT
Very Low Income (50%)	\$90,670	\$101,983	\$113,294	\$122,379	\$131,463
Low/Lower Income (70%)	\$127,027	\$142,925	\$158,673	\$171,419	\$184,169
Moderate Income (110%)	\$232,660	\$261,656	\$290,750	\$314,046	\$337,342

Comment [JS5]: Debating about deleting the section that discusses the current affordable price because it may change year to year

APPENDIX G. In Lieu Fee and In-Lieu Fee Payment Process

APPENDIX H. Maximum Rents and Utility Allowance Tables
2018 Maximum Rents (Includes Utility Allowances)

	STUDIO	1 BEDROOM	2 BEDROOM	3 BEDROOM	4 BEDROOM	5 BEDROOM
Very Low (50%)	\$709	\$811	\$912	\$1,013	\$1,095	\$1,176
Low/Lower (60%)	\$851	\$973	\$1,095	\$1,216	\$1,314	\$1,411
Moderate (110%)	\$1,560	\$1,784	\$2,007	\$2,230	\$2,409	\$2,587

Instructions for Calculating Rents:

1. Use household size of 1 person per bedroom plus 1 person (e.g. the rent for a 2 bedroom unit would be based on the median for a 3 person household)
2. Use 30% of household income as the maximum rent allowed
3. The maximum rent includes a utility allowance. Therefore, the rent that the tenant pays to the landlord is the maximum rent less the utility allowance.
4. Rents are based on 50%, 60%, and 110% of median income. However, eligibility for the units is based on 50%, 80%, and 120% of median income, adjusted for household size.

Utility Allowances

The Housing Authority updates utility allowance annually. You can access the 2018 allowance at the following webpage.

<https://www.hacosantacruz.org/wp-content/uploads/2017/04/050717-Util-Allows-HandSJB-10.01.18.pdf>

Appendix I: San Benito County Affordable Housing Worksheet

(Worksheet Resale Price of Affordable Housing (Sec 11. A and 11. B of Resale Restriction Agreement))

Date: _____

Coordinator: _____

Address of Affordable Unit: _____

Base Price	\$ _____	Work through Steps A, B, & C to get these numbers. The Maximum Resale Price will be the current below market rate
Adjusted Increase to Base Price	\$ _____	
Maximum Resale Value	\$ _____	

A. Calculate Base Price (Refer to recorded Resale Restriction Agreement)

Original Principle of First Lender's Loan \$ _____

Second Lender's Loan \$ _____

Original Amount of Participant's Down Payment \$ _____

Base Price = \$ _____

B. Calculate Increase from Base Price Increased by the percentage of increase in Affordable Housing costs: [California Health & Safety Code 50052.5 (3) & (C)]	HUD Median Income at Purchase \$ _____
Base Price x Appropriate Multiplier [Appropriate Multiplier: Divide the Current HUD Median Income by the HUD Median income at time at Purchase.]	Current HUD Median Income \$ _____ (base price)
Increased Base Price [This will be the Maximum Resale Price unless there are improvements to consider. Add Increased Base Price + Base Price]	X _____ (approp. Multiplier)
	\$ _____

~~C. 10% Adjusted Increase Base Price Credit (Considering Improvements)~~

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Qualifying Improvements Must:

1. Be substantial or permanently fixed additional or fixtures that cannot be removed without substantial damage to the residence or substantial or total loss of value of the additions or fixtures;
2. Made or installed by or under the direction of the Owner/Participant
3. Approved by the County in advance of the implementation of the improvement; and
4. Have initial costs that were \$2,000.00 or more

Value of qualifying improvements: \$ _____

(Attached supporting documentation including: County approval and contributory value by appraiser)

Deduct the cost of any necessary repairs from the "Value of qualifying improvements" to have the residence be marketable. This may include cleaning painting, structural, mechanical, electrical, plumbing, and appliance repairs as determined by San Benito County.

Cost of Repairs \$ _____

Total Adjusted Increased Base Price _____

CALCULATE RESALE/REFINANCING VALUE EXAMPLE

Assumptions:

Originally, unit was a 3 bedroom, 2 bath single family unit (moderate income) Initial Sale Price was \$150,000 in 1995.

Calculation:

\$150,000 Initial Sale Price

+ 34,110 22.74% change in median income, 1995-2003

\$184,110 Maximum resale/refinancing value with following modifications:

+ 15,000 10% of Initial Sale Price "credit" for improvements and/or maintenance

= 199,110 Resale Value

\$199,100 Modified Resale/Refinancing Value

Appendix J: Home Loan Subordination Requirements

For San Benito County Resource Management Agency

The information below and on the following page outlines the process for refinancing existing City/County loans and Agreements, or subordination of any loan or deed of trust associated with an Inclusionary Unit property. Subordination of loans not issued by the County of San Benito is necessary to protect the County's interest in maintaining the affordability of the property for the duration of the restriction term (typically 30k years). In most cases, the County's interest will be subordinate to any mortgage loans on the home, as outlined in the deed of trust and/or the signed resale restriction documents.

Information San Benito County needs to review for a subordination related to a refinance.

- 1) The interest rate and balance due on the existing first mortgage
- 2) County of San Benito's Deed of Trust shall be no lower than third lien position
- 3) New mortgage must be a fixed rate only and must not be longer than a 30 year term
- 4) The interest rate for the new first mortgage is less than the interest rate on the original first mortgage
- 5) Copy of Subordination Package
 - a. Completed Form of Owner Request for City Subordination to Refinance First Mortgage Loan
 - b. Loan Application (Form 1003 & 1008-Completed in last 30 days)
 - c. Copy of Appraisal (completed in the last 60 days)
 - i. Loan to Value cannot exceed 90% of the restricted resale value
 - d. New first mortgage Deed of Trust & Promissory Note
 - e. Estimated closing statement
 - f. Escrow Officer's Contact Information
 - g. Escrow #
- 6) NO CASH OUT
 - a. Unless there is documentation it will be used for necessary home maintenance (e.g. current bid documents for a reroof, additional room to the home)
 - b. A Home Equity Line/Loan of Credit is not an available option as stated in the Resale Restriction Requirement.

Housing Programs Coordinator Responsibility:

- 1) Once the Housing Programs Coordinator receives the subordination package, the documents will be reviewed for completeness. Staff will send an e-mail to the title company/broker if any documentation is missing. The review and approval process will not proceed until all of the required subordination documents are submitted.

- 2) Housing Programs Coordinator will review the subordination package and determine if the subordination is approved or denied.
- 3) Housing Programs Coordinator will relay approval or denial of the subordination to title company/broker.
- 4) If approved, staff will request Subordination Agreement from title company/broker. Staff will complete Request for Notice of Default, and subordination escrow instructions. The County requires **at least two weeks** to process the Subordination Agreement and Request for Notice of Default for signature.
- 5) Staff will prepare and submit the County's executed documents to the Title Company.

FOR FURTHER INFORMATION:
San Benito County Resource Management Agency
2301 Technology Parkway
Hollister, CA 95023
Phone: 831-673-5313
Fax: 831-637-5334

Appendix K: Home Loan Subordination Requirements

Form of Owner Request for City Subordination to Refinance First Mortgage Loan

To: San Benito County

From: _____ ("Owner")

Property Address: _____ ("Home")

Date: _____

The Owner hereby requests the County of San Benito to approve the Owner's refinance of the existing first mortgage on the Home. The Owner provides the following information which it certifies to be true and correct:

1. Original Purchase Price of Home: \$ _____
2. Original Principal Balance of exiting First Mortgage Loan \$ _____
3. Interest Rate of Existing First Mortgage Loan: \$ _____
4. Outstanding Principal and Interest on existing First Mortgage Loan (as of date of this Request) \$ _____
5. Outstanding Principal and Interest due on all other mortgage loans on the Home. \$ _____
 - (a) \$ _____
 - (b) \$ _____
6. Principal Amount of Proposed New First Mortgage Loan: \$ _____
7. Interest Rate of Proposed New First Mortgage Loan: \$ _____

The Owner hereby certifies the above information is true and correct and this Owner Request is executed under penalty of perjury on _____ [insert date].

By: _____