



Affordable Housing Models Case Studies

June 13, 2024

Strategies Explored

Model Name	Funding / Investment Amount	# Affordable Units Created
ADU Incentives	\$40,000 grant toward ADU installation	13 units x 30 years
Buy Affordability Deeds	\$40,000 in exchange for 30 year deed restriction	13 units x 30 years
Lease-to-Locals Program	\$3,000 grant per lease	13 units x 13 years
Housing Assistance for Public Employees	\$12,000 grant per unit for housing assistance	14 units x 3 years
Buying an Option-to-Purchase	\$50,000 payment for option-to-purchase	10 units x 15 years

ADU INCENTIVES

Financial incentives to property owners toward the installation of an ADU in exchange for affordable deed restriction.

ADU INCENTIVES

SAN DIEGO ADU INCENTIVE PROGRAM SUMMARY



4% interest construction loans up to \$250,000 as 75% of project cost (loan-to-value) to owner-occupied homeowners earning up to 150% of area median income.

Loan terms are for 15 years. New ADU must be rented affordable to 80% AMI for 7 years. Relatives cannot be tenants during 7-year period.

Free technical assistance from the municipality on permitting, construction project management, and new landlord training.



ADU INCENTIVES



ADU Finance Program

The San Diego Housing Commission's (SDHC) Accessory Dwelling Unit (ADU) Finance Program helps homeowners with moderate income in the City of San Diego build ADUs on their property. The program provides financial assistance in the form of construction-to-permanent loans (up to \$250,000) and technical assistance at no cost that helps homeowners understand and complete the process of building an ADU. Participating homeowners may generate wealth for themselves through the increase in their property's value and the rental income from their ADU. In addition, the program helps create affordable rental housing in the City of San Diego because the rents for the ADUs built with help from the program are required to remain affordable for seven years.

Eligible Households

- Income up to \$236,600 (150% of San Diego's Area Median Income [AMI])
- Residential property (detached single-family residence) in the City of San Diego
- Main home must be owner-occupied
- Minimum Credit Score of 680
- Application Fee of \$2,500 due after SDHC approval at construction loan closing

Technical Assistance (Help with the Process)

- ADU Consultant provided by SDHC to help with pre-design, permits, and construction
- Vendor selection tips
- Project management support
- Potential landlord-tenant training and help with leasing
- No cost to the homeowner



ADU INCENTIVES



Construction Loan Details

The SDHC construction loan funds the construction of one ADU per property. The SDHC construction loan is then refinanced into a permanent first mortgage with SDHC or homeowners may refinance with a lender they choose.

- Maximum loan amount: \$250,000 (subject to SDHC and first mortgage lender underwriting)
- Interest rate: 1% Fixed
- Maximum 75% Loan-to-Value ratio

Permanent Loan Details

- Maximum loan amount: \$250,000 (subject to SDHC underwriting and approval)
- Interest rate: 4% Fixed, with amortizing monthly payments
- Term: 15 years, 30 years due in 15 years
- Maximum 75% Loan-to-Value ratio
- SDHC Permanent Loan must be in first or second lien position

Affordability Restrictions on ADU

- The rent for the ADU must remain affordable for **seven** years for tenants with income up to 80% of [AMI](#). The property owner cannot rent to a family member during this seven-year period.
- "Affordable" means 30% or less of the renter's monthly household income
- AMI and Rent charts are updated annually



BUY AFFORDABILITY DEEDS

Directly purchases deed restrictions from landlords.

BUY AFFORDABILITY DEEDS



Y.E.S. DEED RESTRICTION PROGRAM SUMMARY MOUNTAIN VIEW, CO

In this tourism-driven housing market, the Town buys deeds to restrict occupancy in a house to local workers.

The Town buys a deed restriction on a home for 15-18% of the home's appraised value, capped at a \$200,000 incentive. (For example, 15% of an appraised \$600,000 house is \$90,000.)

“Occupancy” can be homeowners or tenants renting the house, so long as one occupant works locally.



BUY AFFORDABILITY DEEDS

No appreciation cap, no income cap and no household size requirement on deed restrictions!

Help the Town of Mountain Village add more deed-restricted inventory to the market and deed restrict your property.

The Your Equity Support (YES) Incentive Program, the Town's new deed-restriction purchase program, is designed to incentivize those purchasing property in Mountain Village, as well as current homeowners, to deed restrict their property to expand the permanent pool of housing for full-time residents and promote affordability to purchase a home in Mountain Village.

How does the YES Program work?

The YES Program is a deed-restriction purchase program whereby the town will pay homeowners a portion of the home's value (15-20% of the appraised value of the property, not to exceed \$200,000) in exchange for placing a deed restriction on the property. This would require that the home be occupied by people working 1,560 hours or more per year within the R-1 School District Boundary. These occupants can either be owners or long-term renters.



LEASE TO LOCALS PROGRAM

Grants to landlords for qualifying leases to local workers.

LEASE TO LOCALS PROGRAM

PLACEMATE SUMMARY IN WOODSTOCK, VT



Annual financial incentive to landlords at different amounts depending on a long-term or seasonal rental and the size of rental, leased to tenants working locally at an affordable price.

Placemate is an independent company working with eight municipalities right now. Placemate handles the application process and monitors compliance.



LEASE TO LOCALS PROGRAM



Incentive Amounts For Property Owners

Unit Size	Rent Cap per Month	Long-term Incentive per Qualified Tenant	Seasonal Incentive per Qualified Tenant
Private Room	\$800	\$2,400	\$1,200
Studio	\$1,000	\$3,000	\$1,500
1 Bedroom	\$1,500	\$3,000	\$1,500
2 Bedrooms	\$2,500	\$3,000	\$1,500
3 Bedrooms	\$2,800	\$3,000	\$1,500



LEASE TO LOCALS PROGRAM



1

Verify property qualifies

The property must be located within Woodstock's town limits and must not have been leased long-term in the past 12 months. The property must be a single-family home, condo, townhome, multi-family home of up to 4 units, or a vacant room in an owner-occupied property.

2

Secure Tenants

The Property Owner must identify a Qualified Household to rent their property to that is not of blood relation to the homeowner. See more info on Qualified Households in the FAQ below.

3

Sign a Lease

Property Owners must sign a seasonal (5-11 months) or long-term (12+ months) lease with a Qualified Household. The homeowner must rent at or below the maximum rental rates indicated in the chart below.

4

Complete full application

Placemate will provide tenants and property owners with an online application which needs to be completed before the incentive can be disbursed. The payments will be issued in two equal installments – half at the beginning of the lease, and half at the end of the lease.

5

Compliance

Owners and tenants must comply with midway (long-term leases only) and lease-end check-ins to ensure they are in compliance. If the property is found out of compliance, the Owner is disqualified from the Program and the incentive must be repaid.



HOUSING ASSISTANCE FOR PUBLIC EMPLOYEES

Direct cash assistance toward housing -- could be rent or mortgage subsidies or security deposit or downpayment assistance.

HOUSING ASSISTANCE FOR PUBLIC EMPLOYEES

DISTRICT OF COLUMBIA EMPLOYEES' HOUSING ASSISTANCE PROGRAM SUMMARY

For first responders and teachers, DC will provide \$10,000 in downpayment assistance as a recoverable grant in exchange for a 5-year contract.

If 5-year contract not met, grant is converted into a 0% interest loan and recaptured when the property is sold or mortgaged.

Some employees are also eligible for a matching grant up to \$15,000. (Note: this is a matching grant, so it matches cash-in by the buyers.)



HOUSING ASSISTANCE FOR PUBLIC EMPLOYEES

Employer-Assisted Housing Program (EAHP)

The Employer-Assisted Housing Program (EAHP) offers eligible District government employees a deferred, 0% interest loan and a matching funds grant for down payment and closing costs to purchase their first single family home, condominium, or cooperative unit in the District.

The down payment assistance is a loan for the purchase of a principal residence in the District. The borrowers sign a promissory note secured with a subordinate deed of trust recorded against the property. The loan has zero interest, and no payments are required until the property is: (1) is sold or transferred; (2) no longer occupied as principal residence; or (3) refinanced with cash out.

There is no income cap for EAHP applicants, nor is there a cash contribution requirement. The maximum first trust loan amount cannot exceed the Federal Housing Administration's (FHA) conventional loan limit for the District of Columbia. The provision of EAHP assistance is subject to funding availability.

2. For first responders and educators*:

- Up to \$10,000 in down payment assistance in the form of a recoverable grant is available to participants who agree to a five-year service obligation.
- Participants must maintain the property as their principal residence for five years and satisfy a five-year service commitment signed at the time of the home purchase.
- If those conditions are not met, the \$10,000 grant converts to a deferred zero interest loan.
- Can also receive a matching funds grant up to \$15,000.

1. For all District government employees:

- An expansion of the maximum loan amount to \$20,000.
- An increase in a matching funds grant to a maximum \$5,000.



BUYING AN OPTION-TO-PURCHASE

A lump-sum payment to homeowner for the right to sell
the property at an affordable price.

BUYING AN OPTION-TO-PURCHASE

RIGHT OF FIRST REFUSAL IN CAMARILLO, CA

Many of the city's affordable housing deeded properties were expiring, so the city used CDBG money to purchase properties and re-set the deeds before re-selling.

The right of first refusal was already written into the affordability deeds; this is the first time the city plans to execute that right.

It's cheaper and easier to "re-up" an affordable building than constructing new affordable housing.



BUYING AN OPTION TO PURCHASE

NEWS

Learn how the city of Camarillo is buying homes to keep them affordable



Erin Rode

Ventura

Published 6:00 a.m. PT Feb. 22, 2020 | Updated 12:27 p.m. PT Feb. 23, 2020

Under the new program, Camarillo can use its “first right of refusal” to purchase units as they become available. The first right of refusal is written into the Affordable Housing Agreement covenants, and it gives Camarillo the option to buy the homes before they enter the open market.

The city has already bought and resold three homes. One four-bedroom condo off Cedarbrook Walk near Pitts Ranch Park sold for \$200,000. The city sold the other two condos for \$186,000 and \$184,385. According to Zillow, the market-rate prices for the three homes are between \$460,000 and \$590,000.

According to Vacca, the city is using [Community Development Block Grant funding](#) set aside for affordable housing to purchase homes. Camarillo is also



QUESTIONS?