

2009-2013 Consolidated Plan Amendments

The following three (3) amendments to the 2009-2013 Consolidated Plan have been adopted:

Amendment 1 – Adopted May 27, 2010 (Longview City Council) Progress Center Addition Construction Activity

*5-Year Strategic Plan (Section C)
Specific Community Development Objectives*

Proposed Accomplishment and Outcome:

- Upgrading essential public infrastructure and community facilities in city neighborhoods to improve safety and quality of life”

SL-.3.5 Improve Public/Community Facilities for persons with disabilities - Progress Center Addition”

Objective: Suitable Living Environment

Outcome: Sustainability

Amendment 2 – Adopted October 14, 2010 (Longview City Council) Revised February 20, 2011 adding Resale Affordability Resale/Recapture Guidelines

*Program Policies (Section E)
Replaces existing Resale/Recapture Guidelines*

RESALE / RECAPTURE GUIDELINES

The HOME Period of Affordability will be enforced through Resale or Recapture provisions as follows:

Subrecipients:

Each subrecipient may select either Recapture or Resale provisions for their project. All homebuyers in the project must be in the same category, i.e. the subrecipient cannot mix recapture and resale provisions within the same project.

Self-Help projects and Downpayment Assistance projects should use the Recapture provisions; and Habitat for Humanity projects should use the Resale provisions. A direct subsidy to the homeowner must be shown. If the HOME assistance is a grant the Resale approach must be used. Recapture provisions will be enforced through an upfront agreement with the homebuyer, a recorded Deed of Trust, and a Promissory Note.

Resale (rather than recapture) of HOME funds is the preferred method to be used for the HOME Consortium to maintain long-term affordability. This allows the affected housing unit to be purchased by another low or moderate income-eligible buyer rather than recapturing HOME funds and being sold to person who is above the HOME income guidelines. Resale provisions will be enforced through an upfront agreement with the homebuyer, a recorded Deed Restriction, Deed of Trust, and a Promissory Note.

Under Resale it is the subrecipients responsibility to try to find another low-income buyer if the initial homeowner does not continue to occupy the home during the Period of Affordability. This may be accomplished by working with real estate agents, maintaining a waiting list, and through affirmative marketing and advertisement.

For both Resale and Recapture, the new purchaser must be low or moderate income, meeting the HOME Program definition, and occupy the property as the family's principal residence during the entire period of affordability.

The subrecipient shall work with the homeowner to avoid foreclosure, if at all possible.

Recapture

- An upfront agreement between the original homebuyer and the City must be signed prior to purchase. This must state the amount of HOME subsidy and the Period of Affordability.
- The new purchaser must be low or moderate income, meeting the HOME Program definition, and occupy the property as the family's principal residence during the entire period of affordability.
- A Deed of Trust and Promissory Note must be executed and recorded by the Subrecipient on behalf of the Consortium. It must include the number of years for Period of Affordability, the amount of HOME subsidy it used for the Homebuyer, and the terms of occupancy required as their principal residence.
- The Recapture is triggered in the event that the house is sold or occupied by other than the new purchaser during the period of affordability. Non-compliance with the residency requirement will require the immediate payback of outstanding HOME funds not forgiven.
- Pre-payment of the HOME Investment loan does not terminate the Period of Affordability. The owner will be required to complete the Period of Affordability as their principal residence. The exception to this is the sale of the residence or foreclosure.
- The Recapture amount shall be forgiven on a pro-rated basis based on the period of affordability, times the number of each remaining (partial and full) years left in that period.
- The Consortium will collect the HOME Investment due when the house is sold or goes into foreclosure which shall be limited by the net proceeds available (if any). The net-proceeds of a sale are the sales price minus the non-home loan repayments and closing costs.

Resale

- An upfront agreement between the original homebuyer and the City must be signed prior to purchase. This must state the amount of HOME subsidy, the Period of Affordability, and state the Fair Return equity sharing provision. A capital improvement list shall be attached.
- The new homebuyer must be low or moderate income, meeting the HOME Program definition, and occupy the property as the family's principal residence during the entire period of affordability.
- A Deed Restriction running with the land, Deed of Trust, and Promissory Note must be executed and recorded by the Subrecipient on behalf of the Consortium. It must include the number of years for Period of Affordability, the amount of HOME subsidy it used for the Homebuyer, the terms of occupancy required as their principal residence, and the

restriction of the property's sale to only HOME income-eligible buyers during the Period of Affordability.

- A capital improvement list shall be included with the up-front agreement. Prior to any capital improvements being made during the Period of Affordability, the owner shall submit plans and specifications for approval as a capital cost. Capital improvements made without approval will not be credited within the Fair Return calculation.
- The original homebuyer, now the home seller, must receive a "fair return" on their Investment. "Fair Return" is defined as the return of the homeowner's original investment plus any capital improvements, not to exceed the newly assessed value at the time of sale, plus 60% of the remaining professionally appraised increase in value at the time of sale, during the affordability period. The Consortium shall receive the remaining 40% of the newly assessed value upon the sale. Capital Improvements exclude maintenance.
- The Resale is triggered in the event that the house is sold or occupied by other than the new purchaser during the period of affordability. Non-compliance with the residency requirement will require the immediate payback of HOME funds invested into the property unless the house is sold. Upon a sale the Consortium will enforce the equity-sharing provision.
- Upon a Resale triggered during the Period of Affordability the subrecipient shall notify the Consortium lead agency whom shall 1) agree to the new sale price with consultation from the subrecipient and a written determination from a realtor or appraiser; 2) confirm the Fair Return calculation to the seller and equity-sharing amounts to the seller and Consortium; 3) the review the income eligibility of the subsequent buyer; and 4) determine whether the subsequent homebuyer will continue the Period of Affordability in effect.
- The housing must be sold at a price that is affordable to a range of low-income homebuyers. Affordability will be defined as PITI (Principal, Interest, Taxes, and Insurance) that is preferably below 30% of the household adjusted gross income or as determined by the lender at their discretion.
- Upon a Resale, if new HOME funds are provided to the subsequent buyer the Period of Affordability will be based upon HOME regulations. At that time the property may keep Resale provisions in effect or use Recapture provisions, as agreed upon by the subrecipient.
- Pre-payment of the HOME Investment loan does not terminate the Period of Affordability. The owner will be required to complete the Period of Affordability as their principal residence. The exception to this is the sale of the residence or foreclosure.
- The Consortium will collect the HOME Investment due when the house is sold or goes into foreclosure which shall be limited by the net proceeds available (if any). The net-proceeds of a sale are the sales price minus the non-home loan repayments and closing costs.
- New HOME funds invested for the subsequent low-income homebuyer will extend the period of affordability according to HOME guidelines.

**Amendment 3 – Adopted November 3, 2011 (Longview City Council)
Reallocating HOME and CDBG Funds to Another Activity**

*Program Policies (Section E)
New Policy*

Reallocating HOME and CDBG Funds to Another Activity

HOME and CDBG funding recipients wishing to reallocate HOME and CDBG funds to another activity should request the reallocation during the annual “Request for Proposal” process. If during the Program Year the recipient can no longer use the allocated HOME and CDBG Funds, they should request that the funds be deobligated by January 15th for reallocation by the City Council to the next program year.

End