



INCLUSIONARY HOUSING HOMEOWNERSHIP PROGRAM

APPLICATION & INFORMATION GUIDE

**Economic Development & Housing Department
1110 West Capitol Avenue
West Sacramento, CA 95691**

Phone: (916) 617-4555



SECTION 1. Application Form & Disclosure for Inclusionary Housing Program

A. APPLICANT INFORMATION

Applicant Name(s): _____

Phone Number: _____

Mailing Address: _____

E-mail: _____

B. HOUSEHOLD SIZE INFORMATION

How many persons (including applicant) will reside in the household?: _____

Number of Adults: _____ Number of Children: _____

Provide the following information for all adults and children (including applicant) who will reside in the household:

Household Member Name	Age	Employed? *	Estimated Monthly Income	Relationship to Applicant
1.		Yes No		APPLICANT
2.		Yes No		
3.		Yes No		
4.		Yes No		
5.		Yes No		

* For all employed members of the household age 18 or older, submit copies of the following:

- a. EMPLOYMENT PAY STUBS (for last 3-month period of employment)
- b. IRS FORM 1040 (most recently filed tax statements)
- c. W-2 FORMS (for most recently filed tax year)
- d. OTHER HOUSEHOLD INCOME DOCUMENTATION
(Social Security or pension statements, child support statements, etc.)

RETURN TO: City of West Sacramento
Economic Development & Housing Department
1110 West Capitol Avenue
West Sacramento, California 95691

C. DISCLOSURE STATEMENT

To qualify for the purchase of an affordable unit Borrower must be a “low or moderate-income household.” A household is “low-income” if the combined household income does not exceed eighty percent (80%) of the Yolo County area median income, adjusted for household size. A household is “moderate-income” if the combined household income does not exceed one hundred twenty percent (120%) of the Yolo County area median income, adjusted for household size. The current Yolo County area median income table is attached.

Borrower’s household income means the combined annual income of all adults who will reside in the unit at the time of purchase. The City will verify household income. **For each adult who lives in the unit**, Borrower must provide City with copies of most recently filed tax statements (IRS Form 1040), W-2’s, employment pay stubs for the most recent three-month period, and any means of demonstrating other household income (including income statements for child support, social security, etc.). These income verification documents must be mailed or delivered with this signed disclosure statement and attached application form to the Department of Housing and Community Investment at the address below (Monday-Friday, 8:00am-5:00pm):

**City of West Sacramento
Economic Development & Housing Department
1110 West Capitol Avenue
West Sacramento, California 95691**

Borrower’s household income verification documentation along with any follow-up information required to determine income eligibility will be promptly evaluated by City staff. The City will provide in writing the income eligibility determination results to Borrower, which may then be presented by Borrower to Developers of affordable units. Persons with questions about this disclosure statement or the attached forms may contact the Department at (916) 617-4555.

Occupancy and Resale Restrictions Apply to this Property

This property may only be used as owner-occupied housing and may only be sold to another lower or moderate-income household at the designated affordable price, as determined by the City. Details of these restrictions, and certain limited exceptions to them, are contained in the Regulatory (For-Sale) Agreement recorded against the property.

Qualified Borrowers will be required to agree to and sign a Promissory Note and Deed of Trust. The Promissory Note represents the difference between the appraised value of the property and the affordable housing price (at the time of purchase). The Deed of Trust will be recorded as a subordinate lien (to the principle lending institution) against the property which guarantees the City’s interest in the Property through the City’s Affordable Housing Program.

These restrictions will be in effect for forty-five (45) years. If you sell the property in violation of the restrictions, you will be required to pay the City the difference between the appraised value of the property and the affordable housing price, as determined by the City, at the time of sale, less your down payment and depreciated capital improvements.

Acknowledgement of Receipt

I acknowledge receipt of a completed copy of this statement and attachments.

Applicant’s Signature

Date

Co-Applicant’s Signature

SECTION 2. Information for Program Applicants

Introduction and Program Overview

In April 2005, the West Sacramento City Council passed an ordinance requiring all new for-sale housing developments in the City to include 15 percent of their homes as affordable to low and moderate-income homebuyers. Of this 15 percent, 10 percent must be offered at prices affordable to moderate-income households, with 5 percent affordable to low-income households. This program, called Inclusionary Housing, is applied city-wide regardless of the type of housing (single-family homes, condominiums, etc.) that is built or its location within the City.

Homes offered by builders to low and moderate-income buyers under the Inclusionary Housing Program are priced at affordable levels, usually substantially below the market-rate price of surrounding homes in the same development. These affordable homes are required to remain owner-occupied and affordable for a period of 45 years. For more information on the occupancy and affordability restrictions of the Inclusionary Housing Program, see Section 3 of this guide.

Qualification Requirements

In order to be eligible to purchase an affordable home under the City of West Sacramento's Inclusionary Housing Program, applicants must have a combined annual gross household income at or below 120 percent (moderate-income) or 80 percent (low-income) of the median income levels for Yolo County, adjusted for household size. The current annual gross household income limits are displayed in the table attached.

Application Process

The first step in qualifying to purchase an affordable home is to have your income verified by the City as a low or moderate-income household. To apply for income verification, fill out and sign the Application Form and Disclosure Statement contained in Section 1 of this guide. You should keep Sections 2 and 3 of this guide for your information.

The application asks for basic information on your household size, as well as income verification documentation for every employed household member age 18 and older. Before submitting your application, be certain to include complete information on each member of the household, including pay stubs, tax returns, W-2s, and any other statement of household income such as Social Security, pensions, or child support. If there are children in your household, your IRS Form 1040 (or equivalent tax return form) usually lists dependents. This page serves as adequate documentation of children in your household. However, if this documentation is unavailable to you, you must submit birth certificates or other proof of dependents in your household along with your application.

You may mail, drop off, or fax the application to the City at:

City of West Sacramento
Economic Development & Housing Department
1110 West Capitol Avenue
West Sacramento, CA 95691

Once the City receives your complete application materials, your total gross annual household income will be determined. If your household income falls within one of the program income limits for your household size, you will receive a letter from the City stating that you qualify for the program as either a low or moderate-income household. *Please allow for up to 2 weeks* from the time you submit your application materials to the time you receive your letter, as the City regularly receives a large number of applications.

When you receive your letter in the mail, it will include a list of current developments offering affordable homes under the Inclusionary Housing Program. The location and contact information for the sales offices at each development will be included on this list. *You must take a copy of your letter to each sales office to be placed on interest lists for affordable homes in each project.* Sales offices of each development independently process applicants with income verification letters from the City on a first-come first-served basis. Also, for information on the pricing and availability of affordable homes in individual developments, *you must contact each sales office directly.*

The income verification process is just the first step in qualifying to purchase an inclusionary home. The City is not a home mortgage lender, and only verifies that households meet one of the income limits (low or moderate). Your mortgage qualification process will begin once you make contact with the sales offices, usually by the lender designated by a home builder or by an outside lender. See the “Frequently Asked Questions” section below for information on the City’s mortgage financing requirements.

Frequently Asked Questions on Applying and Qualifying for the Program

Do I already need to live or work in West Sacramento to qualify for this program?

No – you are not required to live or work within the City of West Sacramento in order to qualify for this program.

If I have owned a home in the past, can I still apply for this program?

Yes – the City’s Inclusionary Housing Program is not restricted to first-time homebuyers. If you have owned a home in the past, you may still apply.

How do I know when new affordable homes are available?

Once you receive your income verification letter from the City, you will also receive a list of current developments with affordable units available. You should contact each of these developments to check their availability. **YOU MUST CONTACT EACH SALES OFFICE FOR PRICING AND AVAILABILITY OF AFFORDABLE UNITS**, as the City may not have this information readily available. Also, as new developments are built and affordable units are made available, the City will update you through the mail with sales office contact information.

Does this program apply to new homes in cities other than West Sacramento?

No—This program applies only to homes in new developments located within the City of West Sacramento. Other cities and counties in the Sacramento region and

throughout California may offer similar affordable housing homeownership programs. The City of West Sacramento does not distribute information on programs available in other jurisdictions. You should check directly with individual cities and counties to get more information on the availability of these programs.

Am I restricted to which mortgage lender I can use for my financing?

No—The City does not require you to receive your primary mortgage financing through any particular mortgage lender. Most builders will have lending partners associated with their projects, and may require you to pre-qualify for a mortgage through their lender. If you use an outside lender, be certain to have the lender contact the City’s Housing and Community Investment Department to become familiar with the mortgage financing requirements of the Inclusionary Housing Program.

Can I use any type of mortgage financing product to purchase an affordable home?

No—The financing you receive through your lender to purchase an affordable home must be in the form of a conventional, 30-year fixed-rate mortgage loan. In order to protect the City’s affordable housing resource provided through this program, higher-risk mortgage products such as interest-only or adjustable rate mortgages are not permitted unless their specific terms have been approved by the City.

Do I need a down payment to purchase an affordable home?

While the City’s Inclusionary Housing Program does not necessarily require you to have a specific percentage of the purchase price as a down payment to purchase an affordable home, most lenders will require some form of a down payment in order for you to qualify for a mortgage loan. For more information on down payment requirements, you should check directly with your mortgage lender.

SECTION 3. Information for Homebuyers of Inclusionary Housing Units

Before you apply to purchase an affordable home through the Inclusionary Housing Program, there are several important things to consider and understand regarding the owner-occupancy and affordability restrictions of the program. This section outlines these restrictions, which are also disclosed in Part C of the program application form (Disclosure Statement).

The specific restrictions on occupancy and affordability that apply to affordable homes under the Inclusionary Housing Program are contained in a document called an “Individual Regulatory Agreement.” These agreements are recorded by the City with the Yolo County Recorder’s Office as a secured lien against each affordable property. If you purchase an affordable home through this program, a copy of the Individual Regulatory Agreement will be provided to you by the City before you close escrow on the purchase of your home, along with an additional disclosure. You will also be required to sign a Deed of Trust securing your obligations under the program along with a Promissory Note representing the City’s reduction in the sales price of your affordable home from the market-rate value.

The occupancy and affordability restrictions of this program remain in effect for a period of *45 years*, regardless of changes in ownership of the affordable home. Essentially, the Individual Regulatory Agreement requires that for the duration of the 45-year period, the home must be occupied by the current homeowner’s household

and upon any resale must be sold to a low or moderate-income household at the current affordable price.

Owner-Occupancy Restrictions

If you purchase an affordable home through the Inclusionary Housing Program, as the owner (the person or persons listed as holding title to the property) the home must remain your principal place of residence for the duration of your ownership. This means that the home may only be occupied by you and your immediate family, and that you may not rent an affordable home during the 45-year period of affordability and owner-occupancy. The City will annually monitor owners' compliance with the owner-occupancy requirement through certified mailings and other necessary means.

However, in a very limited number of hardship circumstances such as serious illness or disability of the owner, divorce of the owners, and loss or relocation of the owner's employment, the City may allow owners to rent affordable homes for a period of up to one year. If you own an affordable unit under the Inclusionary Housing Program and wish to rent your unit due to one of these hardship circumstances, you should contact the City immediately to make this request.

Affordability Restrictions

When you purchase an affordable home through the Inclusionary Housing Program, the amount you pay for the home (represented by the amount borrowed for your first mortgage plus your down payment) is significantly below the market-rate value of the property. This affordable homeownership opportunity is made possible by the City's affordability restrictions placed on the property as a requirement of the home builder. Affordable home ownership offered through this program serves as an important community asset to the City of West Sacramento, and as such must be adequately preserved and sustained. The affordability restrictions of this program are intended to ensure that affordable homes remain affordable, and in doing so place certain restrictions on the owner's ability to re-sell or re-finance their home.

Re-sale Restrictions

The amount you pay for an affordable home through this program is based on an affordable housing price determined by the City. The City uses a formula to calculate this amount, based on several variables including the current mortgage interest rate, the current Yolo County income limit appropriate to the number of bedrooms and income level of the affordable unit, along with several other housing cost items. When a re-sale of an affordable home occurs, the City re-calculates the affordable housing price using this same formula with the updated variables. *This affordable price is not based at all on the market-rate value of the home*, but instead represents the restricted affordable value.

If during the 45-year affordability period you wish to sell your home, you or your realtor must immediately notify the City prior to listing the property for sale. Failure to notify the City could be a violation of your obligations under your Deed of Trust and Individual Regulatory Agreement, and will also result in a substantial delay in the sale of your home. Once the City has been notified of your intent to sell the affordable unit, the City will calculate the maximum sales price for your home, and provide the maximum household incomes for low or moderate-income purchasers. If requested,

the City can also notify its listing of income-qualified applicants for the program regarding the availability of your home.

Again, during the 45-year affordability period, you must sell the home at or below the affordable price calculated by the City. When your home is re-sold, you receive all proceeds from the sale and the new owner assumes responsibility for your original Deed of Trust and Promissory Note, along with the restrictions of the Individual Regulatory Agreement.

Re-financing Restrictions

As an owner of an affordable unit, you are restricted to the type of first mortgage re-finance you may receive on your home. Re-finances involving *no cash out* (i.e. a re-finance for a lower fixed interest rate and term of repayment) are generally allowable. CASH OUT REFINANCES ARE NOT PERMITTED. This means that you may not re-finance an affordable home to borrow cash or receive a home equity line of credit against the value of the home.

As a subordinate lender to the primary mortgage lender on your home, the City must review and approve any proposed re-finance of an affordable unit. If you are interested in re-financing an affordable home, you and your lender should contact the City as early in the re-finance process as possible to request a review for re-subordination of the City's lien.

Frequently Asked Questions on Owning an Inclusionary Housing Unit

Once I purchase an affordable unit, does my household income need to stay below the limit for a low or moderate-income household?

No—At the time you purchase an affordable unit, the combined annual gross income of your household must be below the income limit for a low or moderate-income, depending on the income designation of the unit. However, once you own the unit the City will not re-verify your household income (the City only monitors the owner-occupancy requirements of the program); your household income may increase beyond the income limits, and the size of your household may change as well.

Will my affordable home build any equity (increase in value) over time?

Generally the longer you own an affordable unit, the more its restricted re-sale value will increase. This is because the Yolo County Income Limits are adjusted by the Federal and State government once per year. Increases in these income limits act as one of the two primary variables in calculating affordable purchase prices, with the other variable being current mortgage interest rates. The longer you own an affordable home, the more income limits will have increased. As such, generally the longer you own the home, the more equity it will have accrued. However,

fluctuations in interest rates over time make it very difficult to estimate the actual amount of equity a homebuyer of an affordable unit can expect to receive upon re-sale of the home.

Due to the program's affordability restrictions, the maximum affordable re-sale price of your home will likely be an amount that is well below its market-rate value, which essentially acts as a limitation on the amount of equity your home will accrue over

time. It is important to note that this program is intended to provide low and moderate-income households the opportunity to purchase a home with an affordable mortgage payment, serving more as an affordable housing option than a wealth creation mechanism. While the program inhibits any potential to gain rapid increases in home equity, it does offer other benefits of home ownership such as tax benefits, the opportunity to enjoy the same community amenities such as neighborhood parks, schools, and shopping centers as market-rate homeowners, along with the general sense of pride of homeownership. The City imposes the 45-year affordability restriction in order to sustain the supply of affordable ownership housing made possible through this program that is eventually available to future low and moderate-income homebuyers.

2025 Income Limits – Yolo County

Number of Persons in Household:		1	2	3	4	5	6	7	8
Yolo County Area Median Income: \$135,900	Acutely Low	14300	16300	18350	20400	22050	23650	25300	26950
	Extremely Low	26450	30200	34000	37750	40800	43800	48650	54150
	Very Low Income	44100	50400	56650	62950	68000	73050	78100	83100
	Low Income	70500	80600	90650	100700	108800	116850	124900	132950
	Median Income	95150	108700	122300	135900	146750	157650	168500	179400
	Moderate Income	114150	130500	146800	163100	176150	189200	202250	215300