

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/17/01

AGENDA ITEM 4

WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Approval of a Joint Powers Agreement to participate in the Eastbay Delta Housing & Finance Agency (EDHFA) Affordable Homeownership Lease Purchase Program

RECOMMENDATION:

It is recommended that the City Council approve the attached resolution authorizing the City Manager to execute a Joint Powers Agreement with the East Bay-Delta Housing and Finance Agency.

BACKGROUND:

The City currently operates a homeownership assistance program for first-time homebuyers who earn no more than 120 percent of the area median income – approximately \$85,900 for a family of four. The program provides a deferred payment loan to pay for a portion of the down payment and closing costs. These homebuyers earn enough to afford a mortgage payment, but are unable to save for a down payment due to the high cost of living in the Bay Area. To date, the City's program has provided assistance to more than 150 homebuyers since its inception in 1995.

This program is a successful tool for increasing the percentage of Hayward residents that are homeowners, however the high cost of even modest "starter" homes in Hayward now limits the number of families that the City may assist to approximately 10-20 each year.

A new program for assisting moderate-income homebuyers is now available. A number of Bay Area communities have formed the Eastbay Delta Housing & Finance Agency (Eastbay Delta). A list of these communities is attached. This consortium was established through a joint-powers agreement to create a Lease-Purchase program so that moderate-income homebuyers who do not have funds for a down payment and/or some credit problems may purchase homes within the participating jurisdictions. The City must join Eastbay Delta in order for buyers to use the program to purchase homes located in Hayward.

The Lease-Purchase program will provide assistance to households earning up to 140% of the area median income (\$91,980 for a family of four). Participants do not have to be first time homebuyers to qualify for the program. Since a significant percentage of households, particularly families who rent, are currently paying more than 50 percent of their income for

housing costs, the Eastbay Delta program allows participants to pay up to 45 percent for housing costs.

The following is a brief description of the lease-purchase process:

- An eligible participant selects a single family home, town home or condominium. The purchase price must not exceed \$283,505.
- The participant enters into an agreement with Eastbay Delta.
- Eastbay Delta purchases the home. (Funds used to purchase properties are repaid from the revenue generated by program participants making lease and mortgage payments.) The purchase price of the home is secured at the time of the lease. All properties undergo a home inspection and Eastbay Delta purchases a home warranty for the term of the lease.
- Eastbay Delta leases the home to the participant for up to three years.
- During the lease period, the program participant pays a monthly lease payment equal to the monthly mortgage amount. At the end of the lease term the buyer receives the equity growth achieved during the lease period.

At the end of the three-year period, they purchase the home from Eastbay Delta by assuming the existing mortgage and paying a fee equal to 1% of the purchase price.

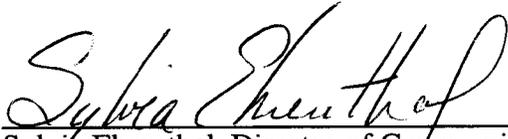
There is no cost to the city for participation in the program. Eastbay Delta has the authority to issue mortgage revenue bonds. Proceeds from the sale of these bonds are used to fund the mortgage loans and pay for program administration costs. Eastbay Delta staff has indicated that there is approximately \$90 million to be shared among the participating jurisdictions. A program administrator coordinates program operations including marketing the program to the local real estate community. Bank of America will originate the mortgage loans. Current City staff would coordinate City participation in the Program.

Prepared by:



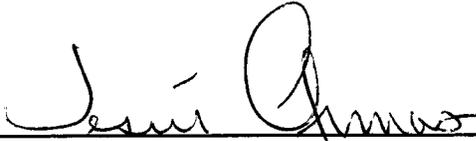
David C. Stark, Housing Development Specialist

Recommended by:



Sylvia Ehrental, Director of Community
and Economic Development

Approved by:



Jesús Armas, City Manager

Attachment: Attachment A – East Bay-Delta Housing and Finance Agency Participating
Jurisdictions

Resolution

Attachment A – East Bay-Delta Housing and Finance Agency Participating Jurisdictions

- Contra Costa County (all cities)
- City of East Palo Alto
- City of Fremont
- City of Livermore
- City of Oakland
- City of Pleasanton
- City of Richmond

DRAFT 

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

**RESOLUTION AUTHORIZING CITY MANAGER TO
EXECUTE THE JOINT POWERS AGREEMENT TO
PARTICIPATE IN THE EAST BAY-DELTA HOUSING
AND FINANCE AGENCY'S HOMEOWNERSHIP LEASE-
PURCHASE PROGRAM SHELTER PROJECT**

BE IT RESOLVED by the City Council of the City of Hayward that the City Manager is authorized and directed to execute on behalf of the City of Hayward the Joint Powers Agreement to participate in the East Bay-Delta Housing and Finance Agency's Homeownership Lease-Purchase Program Shelter project, in substantially the form of the agreement on file in the office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2001

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward