

# MEMO

DATE: June 1, 2020  
TO: Housing Department - Affordable Housing and Redevelopment Division  
FROM: Emilio Ramirez, Housing Director  
SUBJECT: **Affordable Restricted Units**



The City Council of the City of Oxnard adopted the City's HCD-required 2013-2021 Housing Element on October 10, 2017 (Resolution 15,060). The 2013-2021 Housing Element provides housing and affordability information for the City, uses an HCD-assigned target of 7,301 new units as a new housing goal, and establishes 31 implementing programs to be administered by various City departments. One of those programs is the "Inclusionary Housing Program" administered by the Affordable Housing & Rehabilitation Division. Visit the City's Development Services Department website for more information on the other programs [https://www.oxnard.org/oxnard\\_affordable\\_housing/](https://www.oxnard.org/oxnard_affordable_housing/).

In general, developers of new residential projects containing ten (10) or more for-sale or for-rent dwelling units are required by the City Code to either make an in-lieu Affordable Housing Payment to the City's Affordable Housing Trust Fund or provide 10 percent of the total units as on-site affordable housing in the manner specified in Ordinances 2615, 2688, and 2721 (PDF). Unless authorized by the City Council in advance of the development application being processed by the City, the default is to provide the affordable restricted units within the project and record a deed restriction with a term from 20 to 45 years. Only households that can be documented to have a household income in each unit's respective affordability range may buy own these units whenever available.

There are approximately 560 Low and Moderate Income Affordable Restricted units throughout the city in the following developments; La Puerta, Village of San Miguel, El Paseo, Sonrisa, Mayfield Village, Sycamore, Sonria, Sunset Pacific, Casa Bonita, Meadowcrest, Heritage Walk, Daybreak, Destination, Hacienda Guadalupe, Orbela, Vista Urbana and some Habitat for Humanity. Upon sale of these units, the Affordable Housing & Rehabilitation Division calculates the resale value using the formula stated in the Resale Restriction Agreement pertaining to each unit and property cannot be listed for more than the calculated value. The buyer of the unit would need to meet the Low or Moderate-Income guidelines, depending on the restriction the unit and whether or not the buyer is receiving downpayment assistance, the household must meet the debt ratios that are used for the city's downpayment assistance program, which are currently 38% front end & 45% back end. Please refer to the Affordable Housing & Rehabilitation Division HOME & CDBG Policies, which can be accessed at <https://www.oxnard.org/city-department/housing/affordable-housing/program-policies/>

A list of the restricted properties can be found online at:  
<https://www.oxnard.org/city-department/housing/affordable-housing/restricted-units/>

PRE-APPROVAL/ ESCROW/ APPROVAL	<ul style="list-style-type: none"> <li>To determine eligibility, the borrower must submit an application package to include at a minimum the following documentation: income, assets, legal residency, Fannie Mae Form 1003, credit report, full income and asset documentation, bank statements, HUD-approved homebuyer education certificate and Good Faith Estimate (GFE).</li> <li>Upon review and approval of the documentation submitted, the City will issue a Pre-Approval Letter to the Borrower which may be submitted with an offer to purchase.</li> <li>Escrow must open within ninety (90) days from the date of the pre-approval letter.</li> <li>Upon written request, a thirty (30) day extension to open escrow will be granted from the expiration date of the pre-approval letter.</li> <li>Escrow should close within sixty (60) days of opening.</li> <li>Final Loan Approval will be granted upon receipt of the Estimated Settlement Statement (HUD-1) and the property passing the required inspections.</li> <li>Loans will be submitted to the City's Loan Review Committee (LRC) for final approval.</li> </ul>
AGREEMENT APPROVAL	<ul style="list-style-type: none"> <li>Loan Agreements will be present to the City's Contract Compliance Review Committee (CCRC) for approval.</li> </ul>
FIRST TRUST DEED LOAN TERMS	<ul style="list-style-type: none"> <li>First Mortgage Product Type: fixed rate 30-year fully amortized loans only. Balloon, interest-only, adjustable rate, negatively amortizing loans, temporary buy-downs, or loans with prepayment penalties are not allowed.</li> <li>Maximum Loan Amount: determined by the lender (limited by Program's maximum debt ratios.)</li> <li>Additional Liens: must be approved by the City.</li> <li>Impounds: not required</li> <li>Lender Fees: must be reasonable and customary based on industry standards.</li> <li>FHA Loans: <ol style="list-style-type: none"> <li>Closing costs can be charged to the borrower per FHA closing cost allowances; and</li> <li>The maximum front end ratio [Principal Interest, Taxes, and Insurance (PITI)] shall be 38%.</li> </ol> </li> <li>Ratios are utilized to ensure responsible lending practices and protect against predatory lending.</li> </ul>
PROPERTY TAX AND INSURANCE CALCULATIONS	<p>When determining the monthly amount of property taxes, fire and mortgage insurance premiums on all down payment assistance loans, the following standard factors will be used, unless documentation can be provided to justify actual figures:</p> <ul style="list-style-type: none"> <li>Property Taxes: .0125 of the purchase price, adjusted monthly.</li> <li>Hazard Insurance Premiums: are estimated at .03 of the loan amount, adjusted monthly.</li> <li>Private Mortgage Insurance (PMI) or Mortgage Insurance (MI): actual amount, adjusted monthly.</li> </ul>
MAXIMUM FRONT END RATIO	<p>Under the Program, HOME does not place restrictions on the minimum front end ratio, therefore assistance will be provided to the extent that will ensure that the household's front end ratio does not exceed 38% of their income.</p>

MAXIMUM BACK END RATIO	<ul style="list-style-type: none"> <li>• 45% of the applicant(s) monthly income</li> <li>• Co-signed, Deferred and Secured Loans shall be included in the determination of the debt-to-income ratio unless paid or refinanced by a joint responsible party prior to or at close of escrow.</li> </ul>
MAXIMUM COMBINED LOAN-TO-VALUE (CLTV)	100% of the purchase price or appraised value, whichever is less.
HOMEBUYER EDUCATION	<ul style="list-style-type: none"> <li>• The course must be attended in person, through a HUD-approved Homebuyer Education Provider located within Ventura County.</li> <li>• A Homebuyer Education Certificate must be issued for all buyers within the last 12 months from the date of application.</li> </ul>
NON PURCHASING SPOUSE	The income, assets, debts, and liabilities of the non-purchasing spouse will be considered in qualifying the household.
COSIGNERS / COMORTAGORS/ COBORROWERS	Must meet borrower eligibility requirements.
SUBORDINATION	See APPENDIX "B" for Subordination Requirements.
PAYOFF DEMAND REQUESTS	See APPENDIX "C" for Payoff Demand Requests Process.
PAYMENT OF LOAN	The Program Loan payments (principal and interest) will be deferred for the term of the loan.
LOAN PAYMENTS	Payment may be made by mail or in person at 435 South D Street, Oxnard, CA 93030. <i>Payments must be in the form of personal check, cashier's check or money order, no cash allowed.</i>
ACCELERATION/RECAPTURE	<p>The Program Loan, shall become due and immediately payable upon the occurrence of any one of the following events prior to the expiration of the Loan term:</p> <ul style="list-style-type: none"> <li>• Sale of the Property; (short sale; see short sale section)</li> <li>• Unauthorized refinancing;</li> <li>• Borrower non-occupancy;</li> <li>• Changes/transfers of title;</li> <li>• Fails to maintain hazard insurance;</li> <li>• Fails to pay property taxes;</li> <li>• An uncured default by Borrower under this Agreement, the Note or the Deed of Trust;</li> <li>• An uncured default by Borrower on the Promissory Note evidencing or Deed of Trust securing any loan.</li> <li>• Upon triggering the Acceleration Clause, the full balance of the loan (principal and accrued interest) is recaptured (due and payable) to the City. (See Appendix G).</li> </ul> <p>The acceleration clause will be in effect: upon discovery of willful misrepresentation or fraud in connection with the Program. Borrower non-occupancy of the property is prohibited and will cause the loan to be accelerated.</p>
SHORT SALES	<ul style="list-style-type: none"> <li>• Short sales will be considered on a case by case basis.</li> </ul> <p>Requests of short sales must be approved by City Council.</p>
EXTENDED ABSENCE	<ul style="list-style-type: none"> <li>• In the event the borrower will be away from the premises for more than 90 consecutive days, borrower agrees to notify City in writing within 10 days of such absence.</li> </ul>
ASSUMABILITY	The Loan is not assumable.