Attachment 1

Mortgage Assistance Program – Equity Share Units
February 2010

Address	Date Equity Shared	Covenant Expiration	Equity Received
3341 Helms Avenue	August 2003	2018	$40,227.74
11256 Franklin Avenue	January 2004	2016	$52,919.86
10112 Summertime Lane	May 2004	2011	$25,246.82
5306 Summertime Lane #109	March 2004	2011	$21,787.83
6375 Green Valley Circle #206	June 2004	2011	$18,484.48
6355 Green Valley Circle #303	August 2004	2010	$35,456.94
5405 Slauson Avenue	October 2004	2016	$22,349.01
5845 Doverwood Dr. #316	November 2004	2011	$42,886.80
5005 Stoney Creek Rd. #437	June 2005	2020	$32,927.63
7304 Summertime Lane	July 2005	2017	$37,713.78
5950 Buckingham Pkwy. #404	August 2005	2019	$35,928.48
6000 Canterbury Dr. #208D	December 2005	2014	$25,298.25
6505 Green Valley Cir. #301	February 2006	2016	$44,191.76
6050 Canterbury Dr. #E119	October 2006	2020	$52,114.20
5901 Canterbury Dr. #5	November 2006	2047	$38,394.10
3836 Bentley Ave. #1	January 2007	2017	$33,770.58
5845 Doverwood Dr. #209	April 2007	2019	$35,040.09
5651 Sumner Way #203	April 2008	2011	$33,583.40
6375 Green Valley Cir. #302	April 2009	2020	$26,125.72
4363 Globe Ave.	August 2009	2016	$32,745.50
5950 Buckingham Pkwy. #410	October 2009	2018	$85,000
TOTAL EQUITY SHARED – 21			**TOTAL $772,192.97**

Mortgage Assistance Program Participants
February 2010

Address	Covenant Expires	Description
5900 Canterbury Dr. #B114	03/02/2014	BEGIN 20 YEAR COVENANT
5005 Maytime Lane	06/09/2014	
3105 Raintree Cir. #1	06/27/2014	
4133 Harter Ave	07/15/2014	
5651 Windsor Way #304	08/29/2014	
4304 Duquesne Ave	08/30/2014	
10731 Oregon Ave	10/17/2014	
5215 Sepulveda Bl. #26C	11/28/2014	
5815 Doverwood Drive #6		Resold to MAP participant
Originally 5451 Overland Ave. 10770 Deshire Pl.	02/01/2015	
11221 Hannum Ave.	07/18/2015	
5007 Stony Creek Rd. #329	09/25/2015	
10845 Garfield Ave.	07/18/2015	
4207 Neosho Ave	07/10/2015	
5950 Canterbury Dr #C113	07/31/2015	
5950 Canterbury Dr. #C205	08/25/2015	
3401 Cattaraugus Ave.	08/28/2015	
11237 Braddock Dr.	09/12/2015	
3410 Fay Ave.	09/11/2015	
4830 Hollow Corner Rd. #189	10/04/2015	
4828 Hollow Corner Rd. #190	12/21/2015	
5427 Emporia Ave.	02/16/2016	
4362 Huntley Ave.	03/06/2016	
3439 McManus Ave.	03/20/2016	
3900 Lenawee Ave. #2	06/18/2016	
3594 Wesley St.	05/02/2016	
6124 Buckingham Pkwy #205	04/26/2016	
5236 Emporia Ave.	06/18/2016	
3042 Reid Ave.	08/30/2016	
5035 Maytime Lane	09/12/2016	
5900 Canterbury Dr. #A211	10/15/2016	
4056 Jackson Ave. #6	11/14/2016	
3948 Bentley Ave. #104	12/02/2016	
6001 Canterbury Dr. #103	12/11/2016	
11022 Culver Blvd.	03/14/2017	
5017 Butterfield Ct.	04/15/2017	
5901 Canterbury Dr. #16	05/30/2017	
11028 Braddock Dr.	07/14/2017	
4450 Elenda St.	08/18/2017	

5900 Canterbury Dr. #A319	08/12/2017	
4104 Summertime Lane	09/03/2017	
4915 Indian Wood Rd. #603	12/31/2017	
5870 Green Valley Cir. #319	12/18/2017	
4116 Harter Ave.	06/03/2018	
5001 Stony Creek Rd. #353	06/12/2018	
5950 Buckingham Pkwy. #403	08/06/2018	
3948 Bentley Ave.#102	11/19/2018	
5625 Sumner Way #111	11/25/2018	
5027 Overland Ave.	01/26/2019	
6525 Green Valley Cir. #212	02/15/2019	
5116 Westwood Blvd.	03/09/2019	
6050 Canterbury Dr. #F122	04/27/2019	
6000 Canterbury Drive #D111		Resold to MAP participant
6375 Green Valley Circle #206		Resold to MAP participant
6315 Green Valley Cir. #202	11/19/2019	
5900 Canterbury Drive #A101		Resold to MAP participant
6225 Canterbury Dr. #108	02/18/2020	
4112 Raintree Cir.	05/31/2020	
6050 Canterbury Dr. #F311	09/28/2020	
3610 Helms Ave.	09/29/2020	
11116 Matteson Ave.	10/27/2010	BEGIN 10 YEAR COVENANT
5815 Doverwood Dr. #6	11/10/2010	
4840 Hollow Corner Rd. #422	11/13/2010	
5950 Buckingham Pkwy. #412	11/20/2010	
5245 Slauson Ave.	12/01/2010	
3430 Sherbourne Dr.	12/04/2010	
6375 Green Valley Cir. #306	12/18/2010	
5815 Doverwood Dr. #33	12/29/2010	
3109 Summertime Lane		Resold to MAP participant
6151 Canterbury Dr. #107	03/16/2011	
5215 S. Sepulveda Blvd. #9D	04/17/2011	
4802 Hollow Corner Rd. #220	05/11/2011	
4236 Tuller Ave.	06/04/2011	
5625 Sumner Way #107	06/28/2011	
5650 Sumner Way #304	07/10/2011	
3969 Globe Ave.	08/21/2011	
4047 Sawtelle Blvd.	10/11/2011	
6001 Canterbury Dr. #307	10/18/2011	
4842 Hollow Corner Rd. #307	10/24/2011	
6050 Canterbury Dr. #E117	10/30/2011	
3109 Summertime Lane #109	11/05/2011	

6199 Canterbury Dr. #202	11/05/2011	
4900 Overland Ave. #205	11/12/2011	
6305 Green Valley Cir. #303	11/26/2011	
6000 Canterbury Dr. #D111	04/12/2011	
6000 Canterbury Dr. #D306	12/19/2011	
5845 Doverwood Dr. #201	01/23/2012	
4211 Summertime Lane	03/12/2012	
6151 Canterbury Dr. #208	03/12/2012	
5870 Green Valley Cir. #231	07/10/2047	BEGIN 45 YEAR COVENANT
6515 Green Valley Cir. #106	07/24/2047	
4919 Indian Wood Rd. #395	09/02/2047	
6151 Canterbury Dr. #205	09/17/2047	
6050 Canterbury Dr. #E219	10/31/2047	
5900 Canterbury Dr. #A101	12/22/2019	
5901 Canterbury Dr. #9	03/18/2048	
6050 Canterbury Dr. #F306	05/12/2048	
6575 Green Valley Cir. #214	10/28/2048	

Total Mortgage Assistance Program participants 93

Attachment 3

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CULVER CITY
HOUSING OFFICE

City of Culver City, California

Redevelopment Agency Agenda Item Report

Meeting Date: 06/02/03	Item Number: 6B
AGENDA ITEM: **Approve Modification of the Mortgage Assistance Program (MAP) to Allow Equity Sharing.**	
Contact Person/Dept.: Lillian Ikeda	Phone Number: (310) 253-5797
Fiscal Impact: Yes [X] No []	General Fund: Yes [] No [X]
Public Hearing: [] Action Item: [X]	Attachments: []
Public Notification: Master Notification List	
Department Approval: Susan Evans 5/23/03	Exec. Director Approval: Mike Thompson 5/27/03
City Controller Approval: Eric Shapiro	

Approved 5-0

RECOMMENDATION:

Staff recommends that the Culver City Redevelopment Agency ("Agency") review and approve modification of the Mortgage Assistance Program (MAP) to allow equity sharing after the first 24 months (two years).

BACKGROUND:

In 1993, the Agency approved the creation of the Mortgage Assistance Program (MAP). This program is designed to assist first-time homebuyers in the form of Second Deed of Trust loans to eligible homebuyers purchasing in Culver City. To be eligible, the homebuyer must have an income below one hundred-twenty percent (120%) of median, and must not have owned a home in the past three (3) years. Additionally, the buyer must supply five percent (5%) of the purchase price from his/her own funds for the down payment and have sufficient funds available for closing costs. To insure that the home is affordable to the buyer and to prevent the risk of future foreclosure, the buyer's total monthly housing expenses for mortgage principle, interest, taxes, insurance (PITI), and Homeowner Association dues (HOA) must be within the affordability limits for moderate–income households as specified in the State Health and Safety Code, Section 50052.5. MAP loans provide a qualified borrower with twenty percent (20%) of the purchase price of the home, or up to a maximum of $60,000 to use towards the down payment. The loans are interest free and due and payable in full at time of sale, transfer of title, or if the homeowner refinances their first trust deed loan for any reason other than to lower their monthly mortgage payments.

The MAP Program has assisted 123 Culver City residents achieve the "American Dream" of homeownership.

DISCUSSION:

The MAP Program is funded under the Redevelopment Agency Property Tax Increment Housing Set-Aside Fund. Based on this fact, properties purchased utilizing MAP must be covenanted for affordability to up to moderate income households. The affordability covenant period for fiscal 2002-2003 is forty-five (45) years. Under provisions of Assembly Bill 637 (AB 637), which was signed into law in October 2001, the covenant period was changed from ten (10) years to forty-five (45) years (State Health and Safety Code, Section 33334.3(f)). Thus, if the homeowner wishes to sell prior to the expiration of the forty-five (45) year covenant period, they must sell to a qualified up-to-moderate income buyer.

In fiscal year 2001-2002, twenty-one (21) MAP loans were processed and the budgeted funds of $800,000 were spent by May 1, 2002. Staff contends that this was due to the covenant period being only ten (10) years. Conversely, during fiscal year 2002-2003, only eight (8) MAP loans have been processed to date. There are also two (2) applications pending. Interest and awareness about the MAP Program remains high, and the Community Development Department Housing Division receives six (6) to eight (8) inquiries daily. Thus, the drop in processed loans is not attributed to lack of interest or public awareness about the program; it is assumed that the decline in participation is a result of the enactment of the forty-five (45) year covenant period [Health and Safety Code, Section 33334.3(f)]. In a brief survey conducted by the Community Development Department Housing Division of Mortgage Lenders, many expressed concern over the new covenant rule being longer than the repayment period of the first loan. Staff also reviewed a number of Mortgage Assistance Programs currently provided by other Redevelopment Agencies.

Equity Sharing

To address the declining interest in the MAP Program due to the new forty-five (45) year covenant rule and to increase the marketability of the program, equity sharing is being recommended.

California Redevelopment provides that the Agency may permit sales of owner-occupied units prior to the expiration of the forty-five (45) year covenant pursuant to an adopted program which protects the Agency's investment through an equity sharing program.

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To illustrate, for a typical MAP loan for the purchase of a property priced at $300,000, the Agency would loan twenty percent (20%) or $60,000 in the form of a second trust deed. The purchaser puts down five percent (5%) ($15,000), thus leaving a $225,000 first trust deed loan.

$300,000	Original Cost of Property
$ 15,000	Down Payment by Purchaser (5%)
$ 60,000	Assistance from the Agency – Second Trust Deed (20%)
$225,000	First Trust Deed Loan

Under equity sharing, if after 24 months (2 years) the homeowner wants to sell the property, now worth $450,000, the owner would repay the first trust deed loan of $225,000 and receive the five percent (5%) contributed towards down payment. Additionally, the owner would repay the Agency the twenty percent (20%) assistance, as well as pay the escrow costs and fees of $3,000. This would leave a balance of $147,000. With equity sharing, the Agency would receive twenty percent (20%), or the percentage loaned, of the remaining $147,000 or $29,400 in profit, and the homeowner would realize a profit of $117,600. The equity sharing scenario is depicted below.

$450,000	Price of Property Sold – 2 years later
$225,000	First Trust Deed Loan
$ 15,000	Down Payment Contributed by Homeowner
$ 60,000	20% Assistance from the Agency
$ 3,000	Escrow Cost and Fees
$147,000	Profit
$117,600	80% of the Profit for the Homeowner
$ 29,400	20% of the Profit for the Agency

FISCAL ANALYSIS:

The Agency's adopted fiscal year 2002-2003 budget allocates a total of $1 million for the MAP Program.

Loans are not due and payable until the property is sold, title is transferred, or the property is refinanced. Equity sharing is only implemented if the homeowner sells to someone who is beyond the moderate income limits. Funds generated under equity sharing would be returned to the MAP Program to assist additional households purchase homes. Modification of the MAP Program to allow equity sharing could eventually reduce the amount provided to the MAP Program from Tax Increment funds if equity sharing was able to become a recurring revenue source.

MOTION:

That the Agency approve the modification of the Mortgage Assistance Program (MAP) to Allow Equity Sharing.

CULVER CITY REDEVELOPMENT AGENCY

MORTGAGE ASSISTANCE PROGRAM
EQUITY SHARING

On June 2, 2003, the Culver City Redevelopment Agency ("Agency") approved current Mortgage Assistance Program (MAP) participants to utilize the option equity sharing when selling their property.

The MAP Program is funded through the Redevelopment Agency Housing Set-Aside Fund. Based on this, properties purchased utilizing MAP must be covenanted for affordability to up-to-moderate income households. Thus, if the homeowners wished to sell prior to the expiration of their covenant period, they must sell to a qualified up-to-moderate income buyer.

Redevelopment Law provides that the Agency may permit sales of owner-occupied units prior to the expiration of the covenanted period pursuant to an adopted program which protects the Agency's investment through an equity sharing program.

Equity sharing is only implemented if the homeowner sells to someone who is beyond the moderate income limits. An example of equity sharing is depicted below.

$300,000	Original Cost of Property
$ 15,000	Down Payment by Purchaser (5%)
$ 60,000	Assistance from Agency – Second Trust Deed (20%)
$225,000	First Trust Deed Loan
$450,000	Price of Property Sold Now
$225,000	Original First Trust Deed Loan
$ 15,000	Down Payment Contributed by Homeowner
$ 60,000	Assistance from the Agency (20% to be Repaid)
$ 3,000	Escrow Closing Costs (No commissions allowed)
$147,000	Profit
$117,600	80% of the Profit for the Homeowner
$ 29,400	20% of the Profit for the Agency (or percentage borrowed From the Agency)

Capital Improvements may be an allowable deduction. Original receipts and an inspection by our Senior Structural Rehabilitation Specialist are required.

A penalty will apply if equity sharing is optioned within 24 months of purchase.

For more information, please call the Housing Division at (310) 253-5780.