

Attachment E

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The basis for the Applicants' request is included in Exhibit F. The summary below has been prepared by staff:

1. The Subdivision homeowners face challenges selling their deed-restricted homes due to plummeting home prices and because the price of market rate homes currently approach or in some cases equal the price of the deed restricted units;
2. Buyers that qualify to purchase affordable housing are generally not willing to purchase deed-restricted units when they can afford similarly priced homes that are not deed-restricted;
3. No other mutual self-help housing projects built by the applicants' representative (CHISPA) require that the units remain affordable in perpetuity;
4. Affordable units with long restrictions either remain on the market for significant periods of time before they are ultimately sold or are taken off the market due to the lack of offers;
5. Revising the affordability term for the units from perpetuity to a 15-year term will make the units more attractive and competitive in the current real estate market;
6. Section 33334.3 of the California Health and Safety Code establishes a 15-year affordability term for mutual self-help projects;
7. Policy LU-2.12 of the 2010 General Plan eliminated any perpetuity requirement for inclusionary housing units and established that affordable housing units either conform to the affordability provisions in State Redevelopment law or be subject to new guidelines that provide for an equity share component;
8. Correspondence from the California Coalition for Rural Housing, a low income housing coalition, indicating that mutual self-help affordable housing projects are not typically subject to a deed restriction with a term of perpetuity. The correspondence also summarizes that "a resale deed restriction in perpetuity significantly limits the families' ability to access the full equity they earn from their significant labor contributions to construct their home" and that "a restriction in perpetuity makes it difficult for homeowners to refinance their home."
9. Correspondence from homeowners stating that they have been unable to refinance their existing loans to obtain more favorable financing terms due to the perpetuity restriction and that they are therefore unable or unwilling to invest in their homes to enhance their value due to the uncertainty of recouping their investment. Further, their inability to refinance their homes and obtain a loan prevents the consolidation of debt that they may have already incurred to repair, maintain and improve their homes.

