

## UNIDEV'S AFFILIATED WORKFORCE HOUSING MODEL

### Housing Program & Policy Issues

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The following sets forth the primary policy issues that should be carefully considered and resolved in order to establish a successful sponsor-assisted housing program.

#### Goals

- What are the Sponsor's primary objectives for the program? (ie: assist in recruitment & retention of employees; provide affordable housing for employees / area residents; provide housing closer to work; provide better quality / sized housing for employees / area residents; generate revenue for the Sponsor to undertake other projects)
- What affordability levels does the Sponsor desire to be achieved? (ie: 80 – 120% of AMI; some units for households earning below 80% of AMI)
- What type of persons will be served? (ie: workforce; seniors; families; students)
- What type of community environment is desired? (ie: full-service vs. bedroom community; campus-like atmosphere)

#### Development / Facilities

- What will be the total # of units in the community? (ie: sufficient to provide cost efficiencies in development and management, and meet but not exceed market demand)
- Will the units be for-sale or rental units or some combination? (ie: market preferences; upfront lump sum income vs. long-term income stream)
- What will be the development phasing plan for the project? (ie: timing; mix of types & products or one to start and others to follow; units vs. amenities)
- What will be the product mix? For for-sale vs. rental units? (ie: single-family detached houses, single-family attached houses, townhomes, stacked flats; custom home sites; level / availability of options, upgrades and finishes)
- Will retail amenities be developed? (ie: support retail, restaurants)
- Will recreational / cultural / community amenities be developed? (ie: community center, fitness facility, swimming pool, walking / biking trails, tot lots, play fields, barbeque areas)

#### Entities & Relationships

- Who will be the landowner? (ie: Sponsor or related non-profit entity)
- Who will serve as the developer? (ie: non-profit entity, related to Sponsor)
- What will be the developer's role? (ie: holds long-term (ie: 99 years, evergreening) ground lease of land; finances construction; constructs, using one or more builders, for-sale and rental units; gives long-term (ie: 99 years, evergreening) sub-ground leases of land to homeowners)
- Who will serve as the property manager? (ie: non-profit entity, related to Sponsor)
- What will be the property manager's role? (ie: serve as agent in the initial & subsequent sale and rental of units, and manage assets; collect brokerage fees, asset management fees; assist homebuyer in obtaining mortgage loan; provide homeownership training, credit counseling)

#### Homeowner / Renter Costs

- What are the homeowner's upfront costs? (ie: downpayment, closing costs, capitalized ground rent; deposit requirements)
- What are the homeowner's periodic costs? (ie: mortgage, insurance, property taxes, infrastructure assessment, community fee)
- What are the renter's upfront costs? (ie: security deposit)

- What are the renter's periodic costs? (ie: rent, community fee)

### Resident Priority System

- Who will be given priority for the initial sale / rental of units? (ie: employees of Sponsor and related entities vs. public employees vs. local area residents; new vs. current vs. seasoned (X years of tenure) employees; first-time homebuyers; special persons designated by Sponsor / other entities; full-time vs. part-time employees; management vs. staff; Sponsor's right to step into any priority level on its own or another party's behalf)
- Who will be given priority for subsequent resales / rental of units? (ie: right of first refusal by Sponsor / other entities and/or right to step into any priority level; same priorities as upon initial sale / rental vs. different priorities)
- Who will be given priority for sale / rental of unit units in subsequent phases of the development? (ie: current community owners / renters vs. new owners / renters vs. owners / rents on priority list vs. new recruits)
- How will the priority system process be implemented? (ie: 30 day exclusive window for each priority level vs. simultaneous contracting opportunity; notice procedures; waitlist procedures; priority for person who enters into a contract but doesn't get unit)

### Ownership / Occupancy Requirements

- Who is eligible to own / rent a unit? (ie: employees of Sponsor and related entities; public employees; local area residents; general public; heir)
- What triggering events will cause a homeowner / lessee to no longer be eligible to own / rent the unit? (ie: employee vs. non-employee rules; retirement, termination, divorce, death, not occupied as principal residence, sale of > 50% interest) Are there exceptions? (ie: permanent disability; certain percentage held for retirees)
- What happens if an owner / lessee no longer meets eligibility requirements? (ie: Sponsor given opportunity to purchase / take back unit; sale within X years; exceptions)
- Who is eligible to occupy a unit, in addition to owner / renter? (ie: immediate family, extended family, short-term lessee)
- Can the unit be held for investment purposes? (ie: never, in certain short-term circumstances)
- Can the owner / renter hold title to another unit simultaneously? (ie: principal residence vs. investment property; joint ownership)

### Resale Limitations / Requirements

- What share of appreciation (if any) will be paid to Sponsor upon sale or refinancing? (ie: amount: flat amount or percentage, dependent upon assistance provided, dependent upon eligibility status; circumstances: all owners, only if purchase assistance received)
- How will the maximum sales price be set, to provide a fair return of owner's investment while maintaining affordability for subsequent buyers? (ie: initial purchase price, plus increase based on CPI or another standard, plus the cost of approved capital improvements above a certain amount)

### Providing Affordability

- How far below market price will the for-sale / rental units be set initially? At resale / lease turnover? (ie: 80% of market vs. range depending on product type / market needs)
- What purchase / rental assistance mechanisms will be made available? (ie: below market home mortgage loans; down payment assistance programs; mortgage

payment assistance programs; waiver or reduction of ground lease payments based on a reduced imputed land value, then step up over time and/or repay upon sale out of appreciation; restriction on increases in ground lease payment)

- Who may be a recipient of purchase / rental assistance? (ie: all buyers / lessees vs. certain employees vs. certain income levels; graduated assistance based on income level)

#### Sources of Funds for Housing Program Use

- What Sponsor assets will be contributed? (ie: land; capital; human resources)
- How much of a surcharge will be placed on units resold? (ie: brokerage fees; mark up to current project market rate)
- How much will be charged for capitalized lease payments? (ie: flat amount vs. percentage of value)
- How much will be received from repayments of assistance loans? When? (ie: full repayment; partial forgiveness; interest)
- How much will be received from land rent charged to homeowners? (ie: restrictions on increases)
- How much will be received from rental income charged to lessees?
- How much will be the share of capital appreciation paid to Sponsor upon sale or refinancing?
- How much will residents be charged for HOA fees? (ie: cover costs vs. profit; restrictions on increases)

#### Uses of Funds Accumulated Through Housing Program

- What property management services will be provided?
- What amenities will be provided to the community without additional cost to residents?
- How much will be kept in an operating reserve?
- How much will be kept in a repurchase reserve?
- What other capital projects does the Sponsor want to support?
- How much will be available for purchase / rental assistance loans?

#### Miscellaneous Community Concerns / Regulations

- Will there be an RV / trailer / boat storage area? (ie: market demand; space requirements vs. parking in driveways / street)
- Will residents be allowed to keep a firearm in their unit?
- Who will be responsible for maintenance of the unit? Of landscaping?
- Which utilities will be separately metered?
- Is the home subject to any warranties?
- Can a homeowner make alterations / additions to a unit? (ie: approved capital improvements; design review)
- Can a homeowner / lessee rent / sublet their unit?
- Are pets allowed?