

December 5, 2006

Board of Commissioners
Housing Authority of the County of Marin
Marin County Civic Center
3501 Civic Center Drive
San Rafael, California 94903

SUBJECT: Below Market Rate Homeownership Program Revisions for 2007

RECOMMENDATION: 1) Approve revisions to the Below Market Rate Homeownership Program for 2007; 2) authorize the Executive Director to sign a Memorandum of Understanding with each participating local jurisdiction regarding the administration of the BMR program within its jurisdiction; 3) authorize the Executive Director to execute a contract with auxiliary staff for coordinating BMR sales transactions.

SUMMARY: For the past 26 years the Housing Authority has provided a range of services to most local jurisdictions in Marin through its Below Market Rate (BMR) Homeownership Program that includes the following activities: consult with developers on affordability and inclusionary housing requirements; structure BMR Housing Agreements for new residential developments; maintain a waiting list of prospective first-time homebuyers; facilitate the initial sales and subsequent resales of BMR units to qualified low and moderate-income first-time homebuyers selected through a lottery; record resale restrictions with each BMR property that ensure the property will be retained in the program and that it will remain affordable; respond to a variety of inquiries and requests from BMR owners and lenders regarding refinancing, capital improvements, defaults, current valuation, and resale procedures for BMR properties.

In looking at the projected operating costs for the BMR Program for 2007, we have determined that we must increase some of the program fees to reflect the current cost of delivering these services. We propose entering into a new Memorandum of Understanding (MOU) with each local jurisdiction that wishes to contract with the Housing Authority for the BMR Program. The attached MOU outlines the services that the Housing Authority will provide to the local jurisdiction, along with an updated fee schedule. The MOU has been structured with a three-year term and an option to renew, which will allow us to review our program fees periodically with the local jurisdiction and revise them as necessary. We will also offer the locality the alternative of "opting out," in which case the Housing Authority will assign its option on the BMR units back to the locality to be administered directly by the locality or its assignee.

With respect to program staffing for 2007, after early retirements and some reorganization takes place, we plan to contract with auxiliary staff to cover BMR sales transactions for a short duration in early 2007 until we have permanent staff in place to cover this function.

FISCAL IMPACT: The proposed revisions to the BMR Program are in keeping with the Housing Authority's overall goal of beginning the new calendar year with a balanced budget for 2007. These revisions will ensure that the program fully covers its own costs for staff, overhead and related central office costs. No other source of funding, subsidy or reserves will underwrite any part of the Housing Authority's administration of the BMR Program.

BARBARA COLLINS
Executive Director