



February 24, 2009
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 801 12th Street, Sacramento, CA 95814 (916) 440-1318

Neighborhood Stabilization Program Sacramento Vacant Properties Program (PROGRAM GUIDELINES)

Vacant Properties Program

The Vacant Properties Program will promote the acquisition and rehabilitation of foreclosed, single-family vacant homes in targeted areas of the City and County of Sacramento for sale to owner-occupants. Vacant properties are unoccupied homes that have proceeded through Trustee Sale or ownership has transferred to a bank, lending institution, or private equity lender qualifying the property as Real Estate Owned (REO). Participating developers may receive a loan for the rehabilitation of qualified homes and will receive a developer fee upon sale of the home to qualified buyers. The program may be modified or changed based on funding requirements and regulations.

Participation. Submit “over-the-counter” application for designation as “Preferred Builder” to Sacramento Housing and Redevelopment Agency (SHRA), 801 12th Street, Sacramento, CA 95814. Once designated a Preferred Builder, participants are eligible to apply for funding under the program.

Developer Fee. Participating developers shall receive a developer fee of \$30,000 for each home successfully completed if no rehabilitation loan is provided by SHRA. If participating developers receive a rehabilitation loan, the developer fee is to be \$20,000 for each home successfully completed. Payment of developer fee is provided upon approved completion and sale of home to income qualified owner-occupant.

Eligible Properties. Properties must be purchased **after** the “Preferred Builder” has submitted their application and successfully been accepted into the Vacant Property Program. Need at minimum \$15,000 worth of rehabilitation (but not more than \$60,000 without prior SHRA approval). Approval is contingent upon SHRA inspection and construction/rehabilitation standards.

Eligible Areas. Neighborhood Stabilization Program (NSP) target areas have been identified for NSP1 and NSP3 funding allocations. Eligible target area boundaries can be viewed on SHRA’s website at:
<http://www.shra.org/RecoveryActPrograms/NSPNeighborhoodStabilizationPrograms.aspx>

Construction Requirements. Applicants shall follow Housing Quality Standards (HQS) and shall complete the SHRA Existing Home Checklist. Green building standards are also required and included in the Checklist. Lead based paint clearance and prevailing wage requirements apply.

Loan Provisions. There shall be no interest accrued on the loan. The loan may be partially forgivable if the total acquisition, rehabilitation, and disposition costs exceed the sale price. Initial home sales must start at the after rehabilitation appraisal. All properties must be aggressively marketed; upon the request of the Preferred Builder, SHRA may consider a price reduction to the home after 30 days of the unit being on the market.

Sales Price. Maximum sales prices will not exceed the total of acquisition, rehabilitation, and disposition costs. Acquisition of the property out of foreclosure must be at no more than the current market appraised value at the time of purchase. The current market appraised value is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103. Disposition costs may include real estate commissions and closing costs but shall not exceed 10 percent of the sales price. The loan shall include a provision to forgive the difference in acquisition, rehabilitation, and disposition costs and actual sales price. All property scopes of work will be approved by SHRA and inspected to meet construction requirements prior to sale.

Eligible Sales. Homes must be sold to homeowner occupants making no more than 120% of area median income, adjusted for family size, and who have completed 8 hours of HUD approved homebuyer education counseling.

Eligible Applicants. Developers interested in the Vacant Properties Program must:

- have experience in rehabilitating or constructing and selling at least Five single-family homes;
- can demonstrate to the satisfaction of SHRA financial resources or funding commitments sufficient to meet acquisition and holding costs;
- be a licensed general contractor or work with a licensed general contractor, either as an employee or through agreement, be in good standing with the Contractor State Licensing Board and not listed on the federally debarred contractor list;
- have SHRA required insurance coverage;
- have no code enforcement violations on property owned within the last three years;
- demonstrate that work meets or exceeds SHRA construction standards;
- provide at least two client/sub-contractor references; and
- SHRA has the right to remove participants based on noncompliance with provision of program.

Eligible Home Purchasers. Purchasers of the rehabilitated homes must:

- have a household income not to exceed 120% of the area median income adjusted for family size;
- have completed HUD approved homebuyer counseling courses; and
- Enter into a fixed rate 30 year loan. Adjustable rate loans are discouraged but maybe eligible subject to review by SHRA.