



together we build strength, stability,
self-reliance, and shelter

Ponderosa Mobile Home Stabilization Project

FAQ-Habitat Home Purchase

- 1. What will the cost of the home be to me?** The City of Boulder has created specific pricing for Ponderosa households that were residents of Ponderosa at the time the City purchased the property on August 1, 2017. A table of 2020 house pricing for each size home is included. Depending on your income, you may be offered a second mortgage which will reduce your monthly payments to comply with the maximum of 30% gross income for housing costs (mortgage principal, mortgage interest, taxes, homeowner insurance and HOA/community fees). Applicants who accept this financing are expected to contribute a minimum of 80% of the value of their mobile home towards a down payment.
- 2. How will it be determined which houses are built first and who will be offered the opportunity to purchase?** Phase I housing – the 12 homes planned on the western edge of the property – are scheduled to be built first. If space opens up in other areas of the site and there is high demand for a different floor plan than what is available on the western edge, some homes in other areas of the site may be constructed before Phase I is complete. The City of Boulder has developed a prioritization schedule. Ponderosa households will have first priority for new homes. Among Ponderosa households, factors such as prior displacement in Ponderosa due to infrastructure improvements (e.g., detention ponds) and need for certain floor plans (e.g., a person with mobility challenges would be prioritized for an accessible unit over someone without a mobility need), homebuyer readiness, etc., will all impact which households are prioritized.
- 3. Permanently Affordable Land Leases.** The city will ensure homes remain permanently affordable through the terms of the permanently affordable land lease. The land lease will restrict the amount for which a resell their home. The land lease details the rights, responsibilities, and restrictions of owning an affordable home, including resale price restrictions, refinancing restrictions, owner occupancy requirements, and rental restrictions. Affordable homes appreciate between 1 and 3.5% per year, calculated based on the original purchase price. Two indices are used to adjust the home price annually; Area Median Income and the Consumer Price Index (CPI), whichever changes the least. Annual increases must be at

least 1%. Additional information including copies of the land leases can be obtained by emailing: homeownership@bouldercolorado.gov.

4. **Program-eligible Homebuyers:** When you sell your home, you must sell to a qualified buyer through the City of Boulder Affordable Homeownership Program. This includes selling only to a buyer whose income does not exceed the maximum income for the home.
5. **Home Value on Resale:** The home has a maximum resale price that limits how much the value of a home can increase each year. Affordable homes appreciate between 1 and 3.5% per year, calculated based on the original purchase price. The two indices used to adjust the home price annually are Area Median Income and the Consumer Price Index (CPI), whichever changes the least. Annual increases must be at least 1%.
6. **Maintaining Your Home:** You are required to maintain your home so that when it is sold to a future owner it is in a safe, healthy and livable condition.
7. **Home Improvements:** You are welcome to make improvements to your home, such as adding living space and increasing energy efficiency. Some specific improvements can increase your home's value. You must first receive pre-approval from the City. Then, a portion of the improvement cost can be added to the future limited sale price.
8. **Refinancing Your Home:** Homeowners refinance their homes for a variety of reasons, such as to lower the interest rate on the home loan, get a lower interest on credit card debt and other debt owed, and to take out cash from their home for home improvements. Homes that are a part of the City's affordable homeownership program may, in most cases, only refinance up to 93%, of the maximum resale price. Homebuyers must contact the City before arranging refinancing with a lender to ensure this limit is not exceeded. This is to ensure that the homes and homeowners are not at increased risk of foreclosure.
9. **Renting Your Home:** The homeowner must live in the home unless the City has approved a rental arrangement as described in the covenant. The entire home cannot be rented during the first five years of ownership. After five years of ownership, the home may be rented for one year out of every seven. One bedroom in the home may be rented at any time of owner occupancy, providing no City code is violated. The homeowner must contact the homeownership program staff before renting any part of their property to receive specific information about the process. Homeowners must always comply with the short-term rental ordinance.
10. **Inheritance and Legacy:** The home can only be left to a child, children, or a spouse. Those individuals could live in the home and follow the covenant restrictions, or they could sell the home. Any other person inheriting the home (outside of children, spouse or domestic partner) will need to sell it through the program to a qualified buyer. If a property received a second mortgage at the time of purchase, this mortgage and the shared appreciation are due upon inheritance, except if the spouse/domestic partner or child/children are part of the original purchase and their name is on the title of the property.

11. **Flatirons Habitat Second Mortgage.** If a family is offered a second mortgage, it will be a zero-interest Second Mortgage carried by Flatirons Habitat for Humanity. While the original homeowner(s) own the home, no payments are required on this second mortgage. When the original homeowner(s) sell or transfer the home (transfer includes to an owners' child/children, or to an estate/beneficiary), the payment of this mortgage in full is required. The amount of the second mortgage to be paid back will also include the amount of shared appreciation in addition to the second mortgage. The amount of the second mortgage will be calculated such that the primary mortgage and other housing costs will be an affordable portion of the one's gross monthly income.

12. **Flatirons Habitat Shared Appreciation Contract.** Homebuyers with a Flatirons Habitat Second Mortgage will also have a Shared Appreciation Contract. Flatirons Habitat will loan the homebuyer the Second Mortgage with no interest. The Shared Appreciation Contract allows Flatirons Habitat to recoup a portion of the costs of carrying this zero-interest mortgage when the property is sold or transferred. The percentage of the appreciation on this property will be equal to the percentage the second mortgage of the purchase price (e.g. if the Flatirons Habitat Second Mortgage is for 25% of the purchase price, the Shared Appreciation Contract will be for 25 % of the appreciation upon the sale or transfer of the property). The contract only applies to the appreciation of the property from original purchase price to the selling price. Flatirons Habitat will not receive a percentage of any down payments or principal that homeowners have paid.