

# Affordable Senior Housing **Resale Guidelines and Procedures**





**Emerald Villas** Opened in 2000

**Pioneer Villas** Opened in 2001



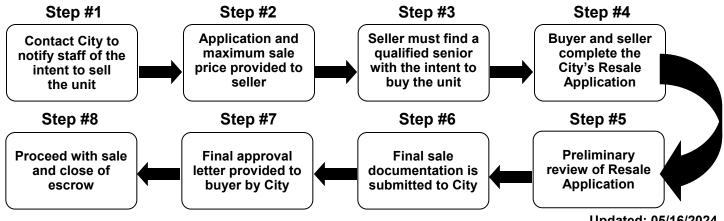
Fountain Walk Opened in 2007

### **Cerritos Affordable Housing Program – Community Information**

The City of Cerritos/former Cerritos Redevelopment Agency has developed an award winning affordable housing program in response to the demand for affordable senior housing in the community. Affordable housing in Cerritos is reserved for low- to moderate-income seniors age 62 or older. Emerald Villas, Pioneer Villas, and Fountain Walk contain multipurpose rooms for group activities, parties, and other community events. In addition, each senior housing community contains a community pool or spa, park-like landscaping and meandering pathways, and access to the City's local fixed-route transit system, Cerritos On Wheels (COW).

### **Resale Procedures**

In the event that an existing senior housing community homeowner within one of the City's senior housing communities would like to sell his/her home, the following is an illustrative example of the resale procedure:



Updated: 05/16/2024



Emerald Villas

**Pioneer Villas** 

Fountain Walk

### **Resale Procedures (continued)**

**Step #1: Current Homeowner (seller) to contact and notify City staff of the intent to sell unit:** The seller must immediately contact staff at (562) 916-1201 if he/she wishes to sell his/her affordable senior housing unit. City staff will assist sellers with the resale process.

**Step #2: Application and maximum sale price provided to seller:** Once the seller has notified the City of his/her intent to sell a unit, the City's resale application and maximum sale price is provided to the seller.

**Step #3: Seller must find a qualified senior with the intent to buy the unit:** The seller has the potential to sell to any buyer that meets applicable age and income requirements, as qualified and approved by the City, prior to any resale transaction.

**Step #4: Buyer and Seller complete the City's Resale Application:** Once a prospective buyer is selected by the seller, the buyer and seller must fill out the City's Resale Application and submit to the City for review

**Step #5: Preliminary review of Resale Application:** Upon receipt of an application by the City, the application will undergo a review for eligibility verification by the City. A preliminary approval or denial will be issued for the buyer.

**Step #6: Final sale documentation is submitted to City:** If an approval is issued by the City, the seller and buyer must submit final sale documentation to the City. Sale documentation includes a purchase contract between the seller and the buyer and a copy of escrow instructions.

**Step #7: Final approval letter provided to buyer by City:** When the buyer has submitted all necessary final sale documentation, the City will provide the buyer with a final approval letter and the buyer and seller can proceed with the sale of the unit.

**Step #8: Proceed with the sale and close of escrow:** Upon final approval, the keys and possession of the unit may be transferred to the new City-approved owner.

### **Contact Information**

For additional information regarding the City's Affordable Senior Housing Program, please contact: Department of Community Development 18125 Bloomfield Avenue, Cerritos, CA 90703 Phone: (562) 916-1366, www.cerritos.us

## **Frequently Asked Questions**

### 1. Does Cerritos have any existing affordable housing communities?

Yes. There are currently three existing for-sale senior housing communities in Cerritos (Emerald Villas, Pioneer Villas, and Fountain Walk) and one for-rent assisted living community (Ivy Park at Cerritos). At each of the for-sale senior housing communities, there are affordable units and market rate units.

### 2. What is an affordable unit?

An affordable unit is an income restricted unit designated for persons with either very low-, low-, or moderate household income levels. The maximum household income applicable to each income level is periodically determined by the State of California. Below is a table of the 2024 State Income Limits for Los Angeles County for households containing 1, 2, or 3 persons, as applicable. In order to be eligible based on income, the total annual household income cannot exceed the following state income limits:

Income Category	Number of Persons in Household				
income category	1	2	3		
Very Low Income	\$48,550	\$55,450	\$62,400		
Low Income	\$77,700	\$88,800	\$99,900		
Moderate Income	\$82,500	\$94,300	\$106,050		

### 3. Am I eligible to purchase affordable senior housing in Cerritos?

In order to be eligible to purchase a unit at any of the City's senior affordable housing communities, the potential buyer must be at least age 62 years or older and meet the income restrictions applicable to the unit.

### 4. Do I have to be a Cerritos resident to be eligible to purchase a unit?

No, City of Cerritos residency is not required.

#### 5. Does the City of Cerritos have a waiting list?

No. The City of Cerritos does not maintain a waiting list or an eligibility list to purchase an affordable senior housing unit.

#### 6. Is there a list of residents who are planning to sell an existing unit?

No. The City of Cerritos does not maintain a list of units for sale or potential units to be sold.

### 7. Can my unit be rented out?

No. All housing units must be owner-occupied and renting out of a unit is prohibited.

## Frequently Asked Questions (continued)

# 8. Can a homeowner transfer ownership of an affordable unit to his/her children or other family members?

There is no general right to transfer an affordable unit to one's children or other family members. A current owner may transfer ownership of his/her unit to a child or family member only if the new owner meets the age and income requirements necessary to be eligible. A transfer of ownership must always be approved by the City prior to the transfer.

#### 9. If a homeowner passes away, what will happen to his/her senior housing unit?

If a current homeowner passes away and does not have a legal spouse residing in the unit, the unit will be subject to the following conditions: (i) the personal representative or trustee, as identified on the homeowner's trust instrument or personal will, will be responsible for the re-selling of the unit, or (ii) if no one has been designated as the personal representative, the homeowner's unit may go through probate court. The probate court will appoint a personal representative to administer the unit and coordinate its resale. Any such unit must be resold to a qualifying senior household and may not be occupied by individuals who do not meet the required qualifications.

# 10. If I own an existing home and I wish to purchase an affordable senior housing unit, can I own both properties?

No. Anyone wishing to purchase an affordable senior housing unit may not own any additional residential real property at the time of purchase. If a potential buyer owns an existing residence, he/she will be required to sell the current residence prior to the purchase of an affordable senior housing unit.

#### 11. Is there a maximum resale price for the affordable units?

Yes. Each unit's maximum resale price for the affordable units is determined according to state law and the covenants and restrictions recorded against the unit. The maximum resale price is provided to the seller by the City upon notification of the intent to sell his/her affordable unit.



The Cerritos Senior Center at Pat Nixon Park is a place for senior citizens, age 50 and older to socialize, participate in educational programs, receive human services, and enjoy recreational activities.

## Frequently Asked Questions (continued)

#### 12. How is the maximum resale price determined?

The maximum resale price will be the <u>lesser</u> of (i) the purchase price originally paid for the unit by the seller, increased by the percentage increase in the Consumer Price Index (CPI) between the owner's acquisition of the unit and the date of the proposed resale, or (ii) the sales price as determined pursuant to California Health and Safety Code Section §50053(b) for an affordable unit of the applicable income restricted level, as such amount is determined by the City of Cerritos. Attached on pages 7-9 of this informational packet are examples of the maximum sales price calculations for very-low income, low-income, and moderate income units. Please note that these calculations serve as examples, and an actual maximum sales price will be determined on a unit by unit basis.

# 13. Can the buyer pay the seller's closing cost? Can the buyer pay the seller's side of the commission?

The maximum sales price is the maximum amount that may be charged by the seller, directly or indirectly, for the sale of the unit. The seller may not add any additional fees, charges, commissions or other consideration to be received by the seller, directly or I indirectly, in exchange for transfer of the residential unit. Any such fees, charges, commissions or other consideration will be added to the amount of the gross sales price being paid by the buyer and the gross sales price may not, directly or indirectly, exceed the maximum sales price.

For example, a unit with a maximum sales price of \$105,387 (see attached sample—Very Low Income unit) does not include closing costs, commission and any other real estate transactional related fees. The City will review the purchase contract between the buyer and seller to determine that the unit is sold at the maximum sales price. In addition, the buyer may <u>not</u> pay for the seller's closing costs and the buyer may <u>not</u> pay for the seller's portion of any commissions.

### **Contact Information**

For additional information regarding the City's Affordable Senior Housing Program, please contact: Department of Community Development 18125 Bloomfield Avenue, Cerritos, CA 90703

Phone: (562) 916-1366, www.cerritos.us

## Frequently Asked Questions (continued)

### 14. Can I refinance my unit?

You may only refinance with City approval. When refinancing, your new loan may not exceed the outstanding principal balance of the loan being refinanced, except in very limited circumstances.

### 15. Can I place my unit in a family trust?

Yes, homeowners may place their unit in a family trust upon receipt of prior City approval. All family trusts must be reviewed and approved by the City Attorney and homeowners are required to submit a copy of the draft trust to the City. Any changes to a family trust must be approved by the City Attorney.

# 16. If I want to create a family trust for an affordable unit, what language does the City recommended to include in the draft document?

The City recommends sample language to ensure that the units are sold from an approved senior to another qualified senior. Additionally, the City does not want these affordable units to have a recorded trust that requests a unit to be sold or gifted to children, grandchildren, family members, or other persons who are not qualified based on age and income requirements.

A family trust may have the following language and shall be submitted to the City of Cerritos for approval prior to any transfer or change in property title.

"Notwithstanding anything herein to the contrary, the trust estate property consisting of (address of affordable unit) shall be sold upon the death of Settlor to a qualifying purchaser approved by the City of Cerritos in accordance with the City restrictions recorded against the property (Covenants, Conditions and Restrictions and Right of First Refusal), and the net proceeds of such sale distributed to (name of beneficiaries) in equal shares, per capita."

This sample language will ensure that the family trust is in compliance with the City's affordable housing program requirements. If a family trust was completed without prior City approval, the trust should be amended with similar language and submitted to the City to ensure that the trust is in compliance with City requirements. Please contact the City for additional questions regarding the creation of a family trust or existing family trust.

### **Contact Information**

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	Maximum Sales Price Calcu	liation—v	ery Low income	
Cerritos Se	nior Housing	Unit Address: 1	2345 Senior Housing Circle, Unit A	
Maximum S	ale Price Calculation	APN: <u>1</u> of Bedroom s:	234-567-890	
			/ery Low Income Last updated:	2024
Calculation <b>①</b>	Based on the change in the Consumer Price	Index (CPI)	Lasi upuaicu.	2024
	Initial sale price of home: Original sale date:	\$55,741 Feb-2000	(A)	
	CP1 for LA/Riverside/Orange County http://www.bls.gov/cpi/ Original sale date: Feb-2000 Today's date: Apr-2024 Percentage Growth:	169.300 332.572 96.44%	(B) (C) (D) = (C - B) / B	
	Adjusted Sale Price based on CPI	\$109,497	$(E) = (A) \times (1 + D)$	
Calculation 🖲	Based on Median Income Standards			
	2024 LA County Median Income (LACMI):	For a 1-bedroo For a 2-bedroo		
	Identify the Maximum Annual Housing Expense for the subject unit:	Very Low 3 Low 3	ncome Factor     Maximum Housing Expense       0% x 50% LACMI     \$1       0% x 70% LACMI     \$1	e 1,783 6,496
	Reference California Health and Safety Code §50053(b)	For a 2-bedroo	m unit: ncome Factor Maximum Housing Expense	
	Maximum Annual Housing Expense: Maximum Monthly Housing Expense:	Moderate 3 \$11,783 \$982	5% x 110% LACMI \$3 Based on inputs and tables above (F)	34,034
	Annual Property Taxes	\$1,176	https://vcheck.ttc.lacounty.gov/	
	Less Allowable Monthly Expenses: Monthly Property Taxes Maintenance and Repairs Association Fees Gas and Electric	\$98 \$30 <mark>\$160</mark> \$50	Estimate Contact HOA Estimate	
	Total	\$338	(G)	
	Total Available for Principal and Interest (monthly)	\$644	(H) = G - F	
	Estimate of Loan Amount Length of Term (years) Interest Rate	30 7.21%	https://www.bankrate.com	
	Loan Principal Less Closing Costs (2%)	\$94,762 ( <mark>\$1,895)</mark>	(I) = (Present Value Function) (J) = I x 0.02	
	Loan Value	\$92,867	(K) = J - I	
	Downpayment at 20%	\$18,573	(L) = K x 0.2	
	Adjusted Sale Price based on Income Standards	\$111,440	(M) = K + L	
Maximum Sale	Price			
	The maximum sale price is equal to the lesser of $oldsymbol{0}$ a	nd 🕑.		

Maximum Sale Price \$109,497

Calculated: 5/16/2024

Certifies Senior Housing Maximum Sale Price Calculation   Unit Address: 1245 Senior Housing Crick, Unit 3     Maximum Sale Price Calculation   Arres: 1245 Senior Housing Crick, Unit 3     Number of Bedonom: 2   Discome Level for Unit 3     Income Level for Unit 3   Discome Level for Unit 3     Catculation I Based on the change in the Consumer Price Index (CPI)   Initial sale price of home: 0 right and the Consumer Price Index (CPI)     Initial sale price of home: 0 right and the Consumer Price Index (CPI)   Discome Level for Unit 3     Initial sale price of home: 0 right and the Consumer Price Index (CPI)   Discome Level for Unit 3     Initial sale price of home: 0 right and the Consumer Price Index (CPI)   Discome Level for Unit 3     Initial sale price of home: 0 regression   Discome Level for Unit 3     Initial sale price of home: 0 regression   Discome Level for Unit 3     Initial sale price of home: 0 regression   Discome Level for Unit 3     Initial sale price of the subject unit 3   Discome Level for Unit 3     Initial sale price of the subject unit 4   Discome Level for Unit 3     Reference: California   For a 1-bedroom unit 378, 50% LCOMI 538     Health and Salety Code geo033(b)   For a 2-bedroom unit 388, 400     Very Low 30% x 70% LCOMI 538   Discome Level for Unit 3     Nameum Annual Housing E	Comiter - C	nion Housinn		
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		0	\$201,899	

Maximum Sale Price \$193,991 Calculated: 5/16/2024

Cerritos Se	nior Housing	Unit Address: 1234	5 Senior Housing Circle, Unit C	
	ale Price Calculation	APN: 1234-		
		nber of Bedrooms: 2 ome Level for Unit: Mode		
- · · · •			Last upd	ated: 202
Calculation <b>1</b>	Based on the change in the Consumer Pri	ice Index (CPI)		
	Initial sale price of home: Original sale date:	\$127,794 Apr-2000	(A)	
	CPI for LA/Riverside/Orange County http://www.bls.gov/cpi/ Original sale date: Apr-2000 Today's date: Apr-2024 Percentage Growth:	170.600 332.572 94.94%	(B) (C) (D) = (C - B) / B	
	Adjusted Sale Price based on CPI	\$249,125	$(E) = (A) \times (1 + D)$	
Calculation 🔒	Based on Median Income Standards			
	2024 LA County Median Income (LACMI):	For a 1-bedroom un For a 2-bedroom un	• • • • •	
	Identify the Maximum Annual Housing Expense for the subject unit:	Very Low 30% 2 Low 30% 2	ne Factor Maximum Housing Exp x 50% LACMI x 70% LACMI	\$11,78 \$16,49
	Reference California Health and Safety Code §50053(b)	For a 2-bedroom ur Incom Very Low 30% 2 Low 30% 2	x 110% LACMI nit: he Factor Maximum Housing Exp x 50% LACMI x 70% LACMI x 110% LACMI	\$30,24 pense \$13,26 \$18,56 \$34,03
	Maximum Annual Housing Expense: Maximum Monthly Housing Expense:	\$34,034 \$2,836	Based on inputs and tables above (F)	
	Annual Property Taxes	\$2,289	https://vcheck.ttc.lacounty.gov/	
	Less Allowable Monthly Expenses: Monthly Property Taxes Maintenance and Repairs Association Fees Gas and Electric	\$191 \$30 <u>\$457</u> \$50	Estimate Contact HOA Estimate	
	Total	\$728	(G)	
	Total Available for Principal and Interest (monthly)	\$2,108	(H) = G - F	
	Estimate of Loan Amount Length of Term (years) Interest Rate	30 7.21%	https://www.bankrate.com	
	Loan Principal Less Closing Costs (2%)	\$310,305 (\$6,206)	(I) = (Present Value Function) (J) = I × 0.02	
	Loan Value	\$304,099	(K) = J - I	
	Downpayment at 20%	\$60,820	$(L) = K \times 0.2$	
	Adjusted Sale Price based on Income Standar	ds \$364,919	(M) = K + L	
Maximum Sale I	Price			

0

\$364,919 Maximum Sale Price \$249,125 Calculated: 5/16/2024

#### Page 10

## **Frequently Asked Questions (continued)**

### Additional Housing Resources

Los Angeles County Development Authority 700 West Main Street Alhambra, CA 91801 Phone: (626) 262-4511 Telecommunications Device for the Deaf (TDD): (626) 943-3898

> Orange County Housing Authority 1501 E. St. Andrew Place Santa Ana, CA 92705 (714) 480-2700