

## **SUBSIDIZED HOME SALE AND RENTALS POLICIES AND SELECTION PROCESS**

### **Purpose**

The four subsidized houses at Island Cohousing have deed restrictions that limit the home sales and rentals to households who meet certain criteria. The Dukes County Regional Housing Authority (DCRHA) is the Monitoring Agent for this process.

### **General Application and Review Process**

Island Cohousing maintains a standing wait list for those who wish to join the community by renting or purchasing a home. The following steps must be taken to join the wait list:

- a. Meet with or talk to a member of the Administration Committee to ask questions, tour the community, and go over the basic dynamics of the community.
- b. Send a letter to announce your intentions and give brief background about yourself (and other household members) and why are you considering moving to ICoho.
- c. Attend at least one general meeting.
- d. Attend at least one social event or Community dinner.
- e. Request acceptance to the Wait List.
- f. Pay the \$20.00 annual fee (to Island Cohousing Community Association) to cover copying and mailing. Keep fees current each year to demonstrate continuing interest.
- g. An applicant officially becomes a member of the Wait List upon receipt of a letter from the ICoho Administration Committee.

Before a home is rented, or a portion of the home rented, the prospective renter should go through steps a-d of the wait list process and be provided with a copy of the Community Policies and Guiding Principles. It shall be the responsibility of the owner to make sure this happens.

Before a home is sold, the prospective purchaser should go through steps a-d of the wait list process and be provided a copy of the Deed Rider; Covenants, Conditions, and Restrictions (CC&R); Island Cohousing Community Association By-laws, Community Policies, and Guiding Principles. It shall be the responsibility of the owner to make sure this happens.

### **Rental Process**

If a subsidized home is available for rent, the owner will notify the Administration Committee, who in turn will provide the owner with a copy of the Wait List. The owner will deal directly with Wait List members.

Prospective renters must complete a DCRHA application and be eligible under the DCRHA's selection criteria. Applications will be reviewed by the DCRHA to determine eligibility. Applicants will either be qualified or rejected because they do not appear to meet the minimum criteria.

The owner can only rent to a DCRHA qualified renter and the lease can be for no more than the carrying costs of the property (the sum of mortgage payments, interest, taxes, insurance, and assessments). The DCRHA, in its sole discretion, must consent to the lease with the condition that all rents that exceed the carrying costs must be paid to DCRHA.

### **Home Sale Process**

The Administration Committee will conduct the process for the re-sale of the subsidized homes and the DCRHA will certify the resale for compliance with the terms of the Deed Rider.

If a subsidized home is for sale, the owner must first notify Island Cohousing and the DCRHA in writing (e.g. the “Notice”). The Notice states the Resale Price. The Resale Price is determined by adding the Base Price (initial price plus the cost of capital improvements to the property and the pro rata share of the cost of capital improvements to common facilities) to the Escalation Amount (Base Price multiplied by 5% per year or 0.0417% per month). The Deed Rider also caps the Resale Price so that it’s affordable to households making 80% of the area’s median income. See Deed Rider for detailed explanation.

Island Cohousing has a 30-day right of first refusal to purchase the property at the Resale Price, according to the Covenant, Conditions & Restrictions (CC&R). If Island Cohousing intends to exercise its option to purchase, it must notify the owner and the DCRHA (i.e. “Exercise Notice”). If Island Cohousing does not exercise its option to purchase the owner has 60-days to find a qualified buyer. If the owner can’t find a qualified buyer within the initial 60-day period, Island Cohousing and the DCRHA have an additional 60-days to find a qualified buyer (120-day in total), before the owner can sell to an ineligible buyer.

A qualified buyer should have gone through steps a-d of Island Cohousing’s wait list procedure above and must have completed an Island Cohousing subsidized housing application, including a mortgage pre-qualification letter from a local banking institution. Applications will be reviewed by the Administration Committee to determine preliminary eligibility. This review will be based upon the criteria outlined below. Applicants will be pre-qualified and put on the Wait List or they will be rejected because they do not appear to meet the minimum criteria. If Island Cohousing or the DCRHA has more than one qualified buyer it must choose by lottery between the qualified buyers. The selection criteria outlined below will be used for the lottery.

Island Cohousing Community Association or DCRHA does not discriminate on any basis, including but not limited to race, color, religion and/or peaceful religious practices, sex, national origin and/or native language, age, handicap or disability, political affiliation or involvement, marital status, sexual orientation, physical appearance, gender identification, household composition, or legal sources of income, etc., excluding income limits, size of households and other criteria established in this document.

A. Minimum Qualifications

1. Households must meet HUD income guidelines. Total income of households cannot exceed 80% of the area’s median income for the household size of applicants, as defined annually by HUD.
2. Minimum five-years of Island residency shall be required. *Weighted preference will be given to applicants with established long-term Island residency and/or Island Cohousing residency.*

*Preference for Island Cohousing residency (of more than one year) is as follows:*

- *Island Cohousing residency: One year or more. (3 extra chances)*

*For island residency, additional as follows:*

- *Long-term residency: Ten or more total years on-island (2 extra chances)*
- *Moderate-term residency: Five to nine total years on-island (1 extra chance)*

3. Household size shall be appropriate to the unit size. Household size cannot be too large or too small for the appropriate house size and weighted preference will be given to larger household sizes as follows:

<u>House Size</u>	<u>Household Size</u>
Two Bedroom	One to four people <ul style="list-style-type: none"><li>• Three person household (1 extra chance)</li><li>• Four person household (2 extra chance)</li></ul>
Three Bedroom	Three to six people <ul style="list-style-type: none"><li>• Five person household (1 extra chance)</li><li>• Six person household (2 extra chance)</li></ul>

If a three-bedroom house is for sale and no qualifying applicants have a household size appropriate to the three-bedroom unit, it will be offered as a two-bedroom unit.

4. Applicants must possess and provide a valid original paper Social Security card. Valid U.S. Social Security numbers are required for all applicants and all members of the applicant household. Resident aliens with appropriate work visas or other legal papers permitting them to work or live in the United States for extended periods, with valid social security numbers, and who meet minimum residency requirements, are qualified to apply.
5. Price and Ability to Pay. The houses' resale value are limited and determined at the time of the sale in the "Notice". Applicants must be able to pay the 10% down payment and pre-qualify for a mortgage for the remainder of the purchase price. A pre-qualification letter from a banking institution must be included.
6. Applicants must demonstrate an interest in co-operating effectively in this unique living situation. Applicants must accept the obligations and responsibilities other members of Island Cohousing as follows:
  - i. Payment of annual assessments;
  - ii. Attendance at monthly General Membership meetings and participation in committee work;
  - iii. Satisfy monthly community work requirement established by the Island Cohousing;
  - iv. Compliance with all other provisions contained in the Island Cohousing Association By-laws, Covenants, Conditions, and Restrictions (CC&R), and Community Policies.

B. Application Rejection Criteria

Island Cohousing the DCRHA may reject any and all applications for one or more of the following reasons:

1. Applicant is unable to meet one or more of the Minimum Qualification Guidelines listed above.
2. Applicant cannot pay down payment and/or doesn't qualify for mortgage.
3. Applicant submits an incomplete, unsubstantiated or unreadable application;
4. Applicant submits false or unsubstantiated information or misrepresents the size and configuration of the household;

5. Any household member is a convicted felon.
6. Applicant expresses unwillingness to accept the responsibilities and obligations stated in the Island Cohousing Association By-laws, Covenants, Conditions, and Restrictions (CC&R), and Community Policies.

C. Selection Process and Decisions

The Administration Committee will make decisions. These decisions must be acceptable to and certified by the DCRHA, in accordance with the Island Cohousing/ DCRHA Regulatory Agreement and Monitoring Services Agreement, before becoming effective. If there are more qualified applicants than houses, selections will be by lottery after giving weighted preference for Island Cohousing residency, length of Island residency, size of household, as well as for previous Island Cohousing lottery participants. *The weighted preference will be as described in A-2 and A-3 above, as well as one additional chance(s) given to previous eligible Island Cohousing lottery applicants.*

Successful applicants will be expected to sign the Island Cohousing Association By-Laws, sign a Purchase and Sale agreement for their house, and pay their required down payment within 30 days of the selection.