

AFFORDABLE HOUSING EQUITY SHARE City of Sacramento Inclusionary Ordinance Model

ASSUMPTIONS:	
Affordable Price (year 1)	\$160,000
Market Price (year 1)	\$300,000
Affordable Appreciation	2.00%
Market Appreciation	5.00%

Year	Market Value	Affordable Price	Developer Investment	Homebuyer Investment	Homebuyer Appreciation	City Appreciation
1	\$ 300,000	\$ 160,000	\$ 140,000	\$ 160,000	\$ -	\$ -
2	\$ 315,000	\$ 163,200	\$ 140,000	\$ 160,000	\$ 3,200	\$ 11,800
3	\$ 330,750	\$ 166,464	\$ 140,000	\$ 160,000	\$ 6,464	\$ 24,286
4	\$ 347,288	\$ 169,793	\$ 140,000	\$ 160,000	\$ 9,793	\$ 37,494
5	\$ 364,652	\$ 173,189	\$ 140,000	\$ 160,000	\$ 13,189	\$ 51,463
6	\$ 382,884	\$ 176,653	\$ 140,000	\$ 160,000	\$ 16,653	\$ 66,232
7	\$ 402,029	\$ 180,186	\$ 140,000	\$ 160,000	\$ 20,186	\$ 81,843
8	\$ 422,130	\$ 183,790	\$ 140,000	\$ 160,000	\$ 23,790	\$ 98,340
9	\$ 443,237	\$ 187,466	\$ 140,000	\$ 160,000	\$ 27,466	\$ 115,771
10	\$ 465,398	\$ 191,215	\$ 140,000	\$ 160,000	\$ 31,215	\$ 134,184
11	\$ 488,668	\$ 195,039	\$ 140,000	\$ 160,000	\$ 35,039	\$ 153,629
12	\$ 513,102	\$ 198,940	\$ 140,000	\$ 160,000	\$ 38,940	\$ 174,162
13	\$ 538,757	\$ 202,919	\$ 140,000	\$ 160,000	\$ 42,919	\$ 195,838
14	\$ 565,695	\$ 206,977	\$ 140,000	\$ 160,000	\$ 46,977	\$ 218,718
15	\$ 593,979	\$ 211,117	\$ 140,000	\$ 160,000	\$ 51,117	\$ 242,863
16	\$ 623,678	\$ 215,339	\$ 140,000	\$ 160,000	\$ 55,339	\$ 268,340
17	\$ 654,862	\$ 219,646	\$ 140,000	\$ 160,000	\$ 59,646	\$ 295,217
18	\$ 687,605	\$ 224,039	\$ 140,000	\$ 160,000	\$ 64,039	\$ 323,567
19	\$ 721,986	\$ 228,519	\$ 140,000	\$ 160,000	\$ 68,519	\$ 353,466
20	\$ 758,085	\$ 233,090	\$ 140,000	\$ 160,000	\$ 73,090	\$ 384,995
21	\$ 795,989	\$ 237,752	\$ 140,000	\$ 160,000	\$ 77,752	\$ 418,238
22	\$ 835,789	\$ 242,507	\$ 140,000	\$ 160,000	\$ 82,507	\$ 453,282
23	\$ 877,578	\$ 247,357	\$ 140,000	\$ 160,000	\$ 87,357	\$ 490,221
24	\$ 921,457	\$ 252,304	\$ 140,000	\$ 160,000	\$ 92,304	\$ 529,153
25	\$ 967,530	\$ 257,350	\$ 140,000	\$ 160,000	\$ 97,350	\$ 570,180
26	\$ 1,015,906	\$ 262,497	\$ 140,000	\$ 160,000	\$ 102,497	\$ 613,410
27	\$ 1,066,702	\$ 267,747	\$ 140,000	\$ 160,000	\$ 107,747	\$ 658,955
28	\$ 1,120,037	\$ 273,102	\$ 140,000	\$ 160,000	\$ 113,102	\$ 706,935
29	\$ 1,176,039	\$ 278,564	\$ 140,000	\$ 160,000	\$ 118,564	\$ 757,475
30	\$ 1,234,841	\$ 284,135	\$ 140,000	\$ 160,000	\$ 124,135	\$ 810,706

This model shows how the City's current re-sale and re-capture requirements work.

Developer Investment (blue):

Initial difference between market value and affordable price that developer "contributes" as their inclusionary obligation (not shown in graph). In this model, this is \$140,000. In a restricted re-sale, this stays in the home, in an un-restricted re-sale, this goes to the City.

Homebuyer Investment (red):

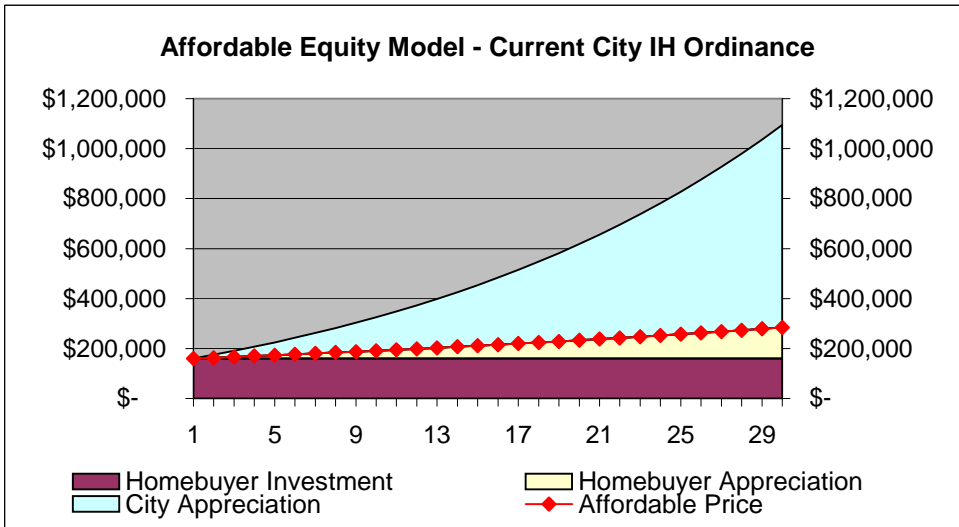
Value of the initial homebuyer's mortgage; the "affordable" price of the home. In any type of re-sale, the homebuyer receives any portion of the principle paid down.

Homebuyer Appreciation (yellow):

This is the increase in **affordable** sales price over time (2% annually), and represents the only appreciation received by the homeowner, whether the re-sale is restricted or not.

City Appreciation (green):

This is the increase in market sales price over time (5% annually). In a restricted re-sale, this stays in the home, as the sales price is limited to the affordable price (yellow bar). In an un-restricted re-sale, the City re



AFFORDABLE HOUSING EQUITY SHARE County of Sacramento Affordable Housing Ordinance Model

ASSUMPTIONS:	
Affordable Price (year 1)	\$160,000
Market Price (year 1)	\$300,000
Affordable Appreciation	2.00%
Market Appreciation	5.00%

Year	Market Value	Affordable Price	Developer Investment	Homebuyer Investment	Homebuyer Appreciation	City Appreciation
1	\$ 300,000	\$ 160,000	\$ 140,000	\$ 160,000	\$ -	\$ -
2	\$ 315,000	\$ 163,200	\$ 140,000	\$ 160,000	\$ 1,000	\$ 14,000
3	\$ 330,750	\$ 166,464	\$ 140,000	\$ 160,000	\$ 3,075	\$ 27,675
4	\$ 347,288	\$ 169,793	\$ 140,000	\$ 160,000	\$ 6,305	\$ 40,983
5	\$ 364,652	\$ 173,189	\$ 140,000	\$ 160,000	\$ 10,775	\$ 53,877
6	\$ 382,884	\$ 176,653	\$ 140,000	\$ 160,000	\$ 16,577	\$ 66,308
7	\$ 402,029	\$ 180,186	\$ 140,000	\$ 160,000	\$ 23,807	\$ 78,222
8	\$ 422,130	\$ 183,790	\$ 140,000	\$ 160,000	\$ 32,568	\$ 89,562
9	\$ 443,237	\$ 187,466	\$ 140,000	\$ 160,000	\$ 42,971	\$ 100,266
10	\$ 465,398	\$ 191,215	\$ 140,000	\$ 160,000	\$ 55,133	\$ 110,266
11	\$ 488,668	\$ 195,039	\$ 140,000	\$ 160,000	\$ 69,178	\$ 119,490
12	\$ 513,102	\$ 198,940	\$ 140,000	\$ 160,000	\$ 85,241	\$ 127,861
13	\$ 538,757	\$ 202,919	\$ 140,000	\$ 160,000	\$ 103,461	\$ 135,296
14	\$ 565,695	\$ 206,977	\$ 140,000	\$ 160,000	\$ 123,991	\$ 141,704
15	\$ 593,979	\$ 211,117	\$ 140,000	\$ 160,000	\$ 146,990	\$ 146,990
16	\$ 623,678	\$ 215,339	\$ 140,000	\$ 160,000	\$ 172,629	\$ 151,050
17	\$ 654,862	\$ 219,646	\$ 140,000	\$ 160,000	\$ 201,089	\$ 153,774
18	\$ 687,605	\$ 224,039	\$ 140,000	\$ 160,000	\$ 232,563	\$ 155,042
19	\$ 721,986	\$ 228,519	\$ 140,000	\$ 160,000	\$ 267,258	\$ 154,728
20	\$ 758,085	\$ 233,090	\$ 140,000	\$ 160,000	\$ 305,390	\$ 152,695
21	\$ 795,989	\$ 237,752	\$ 140,000	\$ 160,000	\$ 347,193	\$ 148,797
22	\$ 835,789	\$ 242,507	\$ 140,000	\$ 160,000	\$ 392,912	\$ 142,877
23	\$ 877,578	\$ 247,357	\$ 140,000	\$ 160,000	\$ 442,810	\$ 134,768
24	\$ 921,457	\$ 252,304	\$ 140,000	\$ 160,000	\$ 497,166	\$ 124,291
25	\$ 967,530	\$ 257,350	\$ 140,000	\$ 160,000	\$ 556,275	\$ 111,255
26	\$ 1,015,906	\$ 262,497	\$ 140,000	\$ 160,000	\$ 620,452	\$ 95,454
27	\$ 1,066,702	\$ 267,747	\$ 140,000	\$ 160,000	\$ 690,032	\$ 76,670
28	\$ 1,120,037	\$ 273,102	\$ 140,000	\$ 160,000	\$ 765,368	\$ 54,669
29	\$ 1,176,039	\$ 278,564	\$ 140,000	\$ 160,000	\$ 846,837	\$ 29,201
30	\$ 1,234,841	\$ 284,135	\$ 140,000	\$ 160,000	\$ 934,841	\$ -

This shows a model where market appreciation is shared between homebuyer and the City proportionally over time. The homebuyer receives 1/30th of the market appreciation for each year of ownership, based on a 30 year regulatory term. This is the model used in the Sacramento County ordinance.

Developer Investment:

Initial difference between market value and affordable price that developer "contributes" as their inclusionary obligation (not shown in graph). In this model, this is \$140,000. In a restricted re-sale, this stays in the home, in an un-restricted re-sale, this goes to the City.

Homebuyer Investment (red):

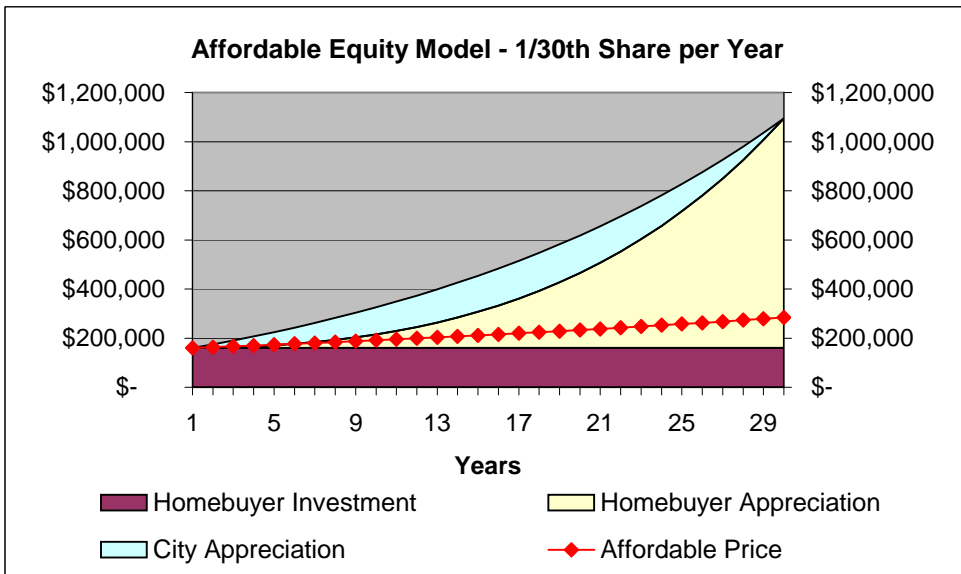
Value of the initial homebuyer's mortgage; the "affordable" price of the home. In any type of re-sale, the homebuyer receives any portion of the principle paid down.

Homebuyer Appreciation (yellow):

This is 1/30th of the market appreciation for each year of occupancy in the home. If the home is re-sold at a restricted price, the City must pay that portion of the appreciation above the affordable sales price (red line). If the home is re-sold at an unrestricted price, this appreciation is paid from sales proceeds.

City Appreciation (green):

This is the City's share of the market appreciation, after the seller receives 1/30th for each year of occupancy. In a restricted re-sale, this stays in the home, and in an un-restricted re-sale, the City receives this appreciation from the sales proceeds.



AFFORDABLE HOUSING EQUITY SHARE Proportional Share Model

ASSUMPTIONS:	
Affordable Price (year 1)	\$160,000
Market Price (year 1)	\$300,000
Proportionate "Share" of Price	47%
Affordable Appreciation	2.00%
Market Appreciation	5.00%

Year	Market Value	Affordable Price	Developer Investment	Homebuyer Investment	Homebuyer Appreciation	City Appreciation
1	\$ 300,000	\$ 160,000	\$ 140,000	\$ 160,000	\$ -	\$ -
2	\$ 315,000	\$ 163,200	\$ 140,000	\$ 160,000	\$ 8,000	\$ 7,000
3	\$ 330,750	\$ 166,464	\$ 140,000	\$ 160,000	\$ 16,400	\$ 14,350
4	\$ 347,288	\$ 169,793	\$ 140,000	\$ 160,000	\$ 25,220	\$ 22,068
5	\$ 364,652	\$ 173,189	\$ 140,000	\$ 160,000	\$ 34,481	\$ 30,171
6	\$ 382,884	\$ 176,653	\$ 140,000	\$ 160,000	\$ 44,205	\$ 38,679
7	\$ 402,029	\$ 180,186	\$ 140,000	\$ 160,000	\$ 54,415	\$ 47,613
8	\$ 422,130	\$ 183,790	\$ 140,000	\$ 160,000	\$ 65,136	\$ 56,994
9	\$ 443,237	\$ 187,466	\$ 140,000	\$ 160,000	\$ 76,393	\$ 66,844
10	\$ 465,398	\$ 191,215	\$ 140,000	\$ 160,000	\$ 88,213	\$ 77,186
11	\$ 488,668	\$ 195,039	\$ 140,000	\$ 160,000	\$ 100,623	\$ 88,045
12	\$ 513,102	\$ 198,940	\$ 140,000	\$ 160,000	\$ 113,654	\$ 99,448
13	\$ 538,757	\$ 202,919	\$ 140,000	\$ 160,000	\$ 127,337	\$ 111,420
14	\$ 565,695	\$ 206,977	\$ 140,000	\$ 160,000	\$ 141,704	\$ 123,991
15	\$ 593,979	\$ 211,117	\$ 140,000	\$ 160,000	\$ 156,789	\$ 137,190
16	\$ 623,678	\$ 215,339	\$ 140,000	\$ 160,000	\$ 172,629	\$ 151,050
17	\$ 654,862	\$ 219,646	\$ 140,000	\$ 160,000	\$ 189,260	\$ 165,602
18	\$ 687,605	\$ 224,039	\$ 140,000	\$ 160,000	\$ 206,723	\$ 180,883
19	\$ 721,986	\$ 228,519	\$ 140,000	\$ 160,000	\$ 225,059	\$ 196,927
20	\$ 758,085	\$ 233,090	\$ 140,000	\$ 160,000	\$ 244,312	\$ 213,773
21	\$ 795,989	\$ 237,752	\$ 140,000	\$ 160,000	\$ 264,528	\$ 231,462
22	\$ 835,789	\$ 242,507	\$ 140,000	\$ 160,000	\$ 285,754	\$ 250,035
23	\$ 877,578	\$ 247,357	\$ 140,000	\$ 160,000	\$ 308,042	\$ 269,537
24	\$ 921,457	\$ 252,304	\$ 140,000	\$ 160,000	\$ 331,444	\$ 290,013
25	\$ 967,530	\$ 257,350	\$ 140,000	\$ 160,000	\$ 356,016	\$ 311,514
26	\$ 1,015,906	\$ 262,497	\$ 140,000	\$ 160,000	\$ 381,817	\$ 334,090
27	\$ 1,066,702	\$ 267,747	\$ 140,000	\$ 160,000	\$ 408,908	\$ 357,794
28	\$ 1,120,037	\$ 273,102	\$ 140,000	\$ 160,000	\$ 437,353	\$ 382,684
29	\$ 1,176,039	\$ 278,564	\$ 140,000	\$ 160,000	\$ 467,221	\$ 408,818
30	\$ 1,234,841	\$ 284,135	\$ 140,000	\$ 160,000	\$ 498,582	\$ 436,259

This shows a model where market appreciation is shared between homebuyer and the City based on the initial proportional share of the subsidy (developer investment) to the value of the home. In this example, the subsidy is 47% of the value of the home, so the City receives 47% of the appreciation and the buyer receives 53%. This is the model used in redevelopment law.

Developer Investment (blue):

Initial difference between market value and affordable price that developer "contributes" as their inclusionary obligation (not shown in graph). In this model, this is \$140,000. In a restricted re-sale, this stays in the home, in an un-restricted re-sale, this goes to the City.

Homebuyer Investment (red):

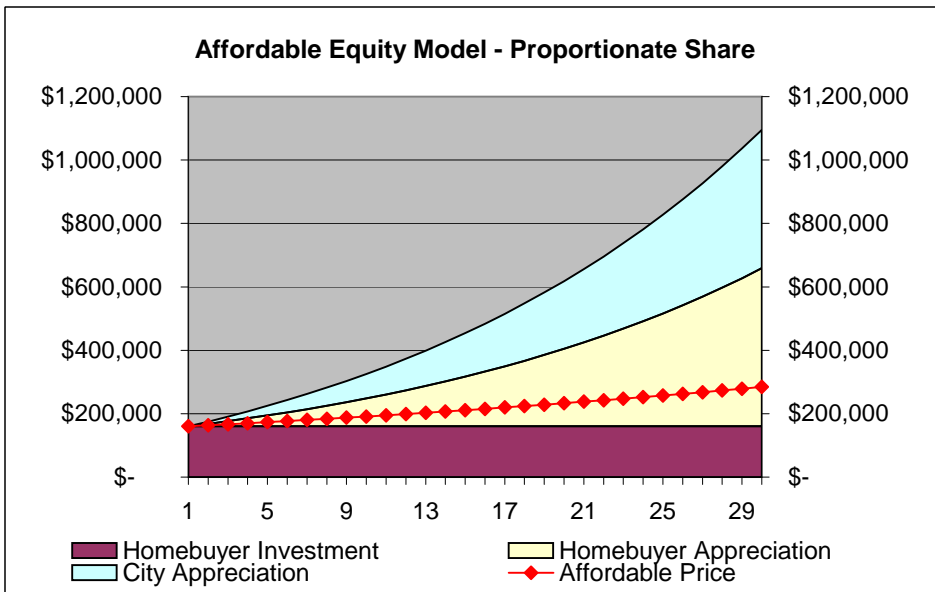
Value of the initial homebuyer's mortgage; the "affordable" price of the home. In any type of re-sale, the homebuyer receives any portion of the principle paid down.

Homebuyer Appreciation (yellow):

This is 53% of the market appreciation. If the home is re-sold at a restricted price, the City must pay that portion of the appreciation above the affordable sales price (red line). If the home is re-sold at an unrestricted price, this appreciation is paid from sales proceeds.

City Appreciation (green):

This is 47% of the market appreciation. In a restricted re-sale, this stays in the home, and in an un-restricted re-sale, the City receives this appreciation from the sales proceeds.



AFFORDABLE HOUSING EQUITY SHARE Graduated Share Model

ASSUMPTIONS:	
Affordable Price (year 1)	\$160,000
Market Price (year 1)	\$300,000
Affordable Appreciation	2.00%
Market Appreciation	5.00%

Year	Market Value	Affordable Price	Developer Investment	Homebuyer Investment	Homebuyer Appreciation	City Appreciation
1	\$ 300,000	\$ 160,000	\$ 140,000	\$ 160,000	\$ -	\$ -
2	\$ 315,000	\$ 163,200	\$ 140,000	\$ 160,000	\$ 3,000	\$ 12,000
3	\$ 330,750	\$ 166,464	\$ 140,000	\$ 160,000	\$ 6,150	\$ 24,600
4	\$ 347,288	\$ 169,793	\$ 140,000	\$ 160,000	\$ 9,458	\$ 37,830
5	\$ 364,652	\$ 173,189	\$ 140,000	\$ 160,000	\$ 12,930	\$ 51,722
6	\$ 382,884	\$ 176,653	\$ 140,000	\$ 160,000	\$ 66,308	\$ 16,577
7	\$ 402,029	\$ 180,186	\$ 140,000	\$ 160,000	\$ 81,623	\$ 20,406
8	\$ 422,130	\$ 183,790	\$ 140,000	\$ 160,000	\$ 97,704	\$ 24,426
9	\$ 443,237	\$ 187,466	\$ 140,000	\$ 160,000	\$ 114,589	\$ 28,647
10	\$ 465,398	\$ 191,215	\$ 140,000	\$ 160,000	\$ 132,319	\$ 33,080
11	\$ 488,668	\$ 195,039	\$ 140,000	\$ 160,000	\$ 150,935	\$ 37,734
12	\$ 513,102	\$ 198,940	\$ 140,000	\$ 160,000	\$ 170,481	\$ 42,620
13	\$ 538,757	\$ 202,919	\$ 140,000	\$ 160,000	\$ 191,006	\$ 47,751
14	\$ 565,695	\$ 206,977	\$ 140,000	\$ 160,000	\$ 212,556	\$ 53,139
15	\$ 593,979	\$ 211,117	\$ 140,000	\$ 160,000	\$ 235,184	\$ 58,796
16	\$ 623,678	\$ 215,339	\$ 140,000	\$ 160,000	\$ 258,943	\$ 64,736
17	\$ 654,862	\$ 219,646	\$ 140,000	\$ 160,000	\$ 283,890	\$ 70,972
18	\$ 687,605	\$ 224,039	\$ 140,000	\$ 160,000	\$ 310,084	\$ 77,521
19	\$ 721,986	\$ 228,519	\$ 140,000	\$ 160,000	\$ 337,589	\$ 84,397
20	\$ 758,085	\$ 233,090	\$ 140,000	\$ 160,000	\$ 366,468	\$ 91,617
21	\$ 795,989	\$ 237,752	\$ 140,000	\$ 160,000	\$ 396,791	\$ 99,198
22	\$ 835,789	\$ 242,507	\$ 140,000	\$ 160,000	\$ 428,631	\$ 107,158
23	\$ 877,578	\$ 247,357	\$ 140,000	\$ 160,000	\$ 462,063	\$ 115,516
24	\$ 921,457	\$ 252,304	\$ 140,000	\$ 160,000	\$ 497,166	\$ 124,291
25	\$ 967,530	\$ 257,350	\$ 140,000	\$ 160,000	\$ 534,024	\$ 133,506
26	\$ 1,015,906	\$ 262,497	\$ 140,000	\$ 160,000	\$ 572,725	\$ 143,181
27	\$ 1,066,702	\$ 267,747	\$ 140,000	\$ 160,000	\$ 613,361	\$ 153,340
28	\$ 1,120,037	\$ 273,102	\$ 140,000	\$ 160,000	\$ 656,030	\$ 164,007
29	\$ 1,176,039	\$ 278,564	\$ 140,000	\$ 160,000	\$ 700,831	\$ 175,208
30	\$ 1,234,841	\$ 284,135	\$ 140,000	\$ 160,000	\$ 747,873	\$ 186,968

This shows a model where market appreciation is tilted heavily towards the City for an initial time period (5 years in this example) to discourage "flipping" of the house, and then tilted heavily towards the owner to allow for wealth building. In this example, 80% of the market appreciation is given to the City for the first five years, and 20% to the buyer. Starting in year 6, this share is flipped for the duration of the affordable period.

Developer Investment (blue):

Initial difference between market value and affordable price that developer "contributes" as their inclusionary obligation (not shown in graph). In this model, this is \$140,000. In a restricted re-sale, this stays in the home, in an un-restricted re-sale, this goes to the City.

Homebuyer Investment (red):

Value of the initial homebuyer's mortgage; the "affordable" price of the home. In any type of re-sale, the homebuyer receives any portion of the principle paid

Homebuyer Appreciation (yellow):

This is 20% of the market appreciation in year 1-5 and then 80% starting in year 6. If the home is re-sold at a restricted price, the City must pay that portion of the appreciation above the affordable sales price (red line). If the home is re-sold at an unrestricted price, this appreciation is paid from sales proceeds.

City Appreciation (green):

This is 80% of the market appreciation in years 1-5 and then 20% starting in year 6. In a restricted re-sale, this stays in the home, and in an un-restricted re-sale, the City receives this appreciation from the sales proceeds.

