

HRB HOMEOWNERSHIP PROGRAM
2019 REPORT ON EXECUTION OF SERVICES

REPORT ON EXECUTION OF SERVICES

A. The Service Provider shall submit a quarterly report to accompany each quarterly invoice for the first, second, and third quarters of each calendar year. The quarterly report shall provide information on the number of clients served in the quarter and the percent of clients served who were Bainbridge Island residents.

B. Information for the fourth quarter shall be provided within an annual report. The Service Provider shall submit an annual report prior to or accompanying its fourth quarter invoice for each calendar year. For 2019 activities, the annual report will be due on January 17, 2020. For 2020 activities, the annual report will be due on January 15, 2021. In each annual report, the Service Provider shall:

1. Summarize the activities undertaken in providing the scope of services described in Attachment A.

A. Prepare potential homebuyers.

- Contacted every household on the wait list (total of 37 households at start 2019) and updated status and qualifications.
- Removed from the wait list those who asked to be removed, could not be reached, or were not going to be able to become eligible (total of 13 households removed from wait list)
- Received applications for homeownership from eight new households, screened for eligibility, and added all to the waitlist.
- Worked with four households, preparing them for homeownership and becoming mortgage ready.
- Successfully moved one existing Bainbridge Island household with ADA requirements for accommodation from being a renter into homeownership at Ferncliff Village.

B. Provide stewardship to owners of 42 CLT homes.

- Held annual meeting of the owners of the Sparrows Condominium and adopted a budget for 2019.
- Held annual Ferncliff Village Association (FVA) meeting of owners where we adopted a budget for 2019 elected board members for new term.
- Provided bill paying and accounting services for the Ferncliff and Sparrows HOAs.
- Coordinated with board members and participated in bi-monthly HOA Board meetings of the FVA.
- Provided and reviewed quarterly financial reports to the FVA Board.
- Provided resources and education for HOA leadership
- Provided support and resources for individual homeowners.
- Tracked individual homeowner Repair Reserves and authorized disbursement of funds for house painting, etc.
- Helped a homeowner prepare for selling her ADA compliant Ferncliff Village home, found a qualified buyer who required an ADA compliant home, and conducted the real estate transaction with zero commission to keep real estate transaction costs to a minimum for the seller.

2. Reference the project objectives identified in Attachment A. Were those objectives achieved? Why or why not? Were there any unexpected positive outcomes or challenges?

A. Prepare potential homebuyers.

Overall the identified objectives and more were achieved. In reaching out to the households on the existing wait list, we were able to discuss their housing needs and assess their qualifications at a deeper level. In several cases, the household's housing needs were satisfied elsewhere or their needs changed since they submitted their application and we removed them from the wait list. There were also several households who never responded to multiple attempts to contact them who were ultimately removed from the wait list. There were also a handful of applications that upon closer examination revealed that the household was not going to qualify for CLT homeownership either because they had too many or not enough income/assets, or large debt. This shortened the wait list considerably and moved the rest of the qualified applicants up on the list.

From the updated wait list we worked closely with four households and lenders as a team to get them preapproved for lending and become buyer ready.

During the year HRB also took in several new applications, 6 of whom were added to the wait list, as we marketed our CLT homeownership program in anticipation of the possibility of adding five new homes to the CLT in 2019. Unfortunately, no new homes were added to the CLT in 2019, however HRB is working to add several homes to the CLT in 2020.

Finally, the CLT had a resale of an ADA compliant townhome at Ferncliff Village requiring a buyer at or below 80% of the Area Median Income (AMI). With no one on our wait list requiring ADA accommodations, we reached out to a long time Bainbridge Island resident with a disability requiring ADA accessibility who has been renting and becoming increasingly rent burdened. She was shocked to think that she might qualify for affordable and accessible homeownership on Bainbridge and enthusiastically applied. We were able to qualify her for the home, and she was able to secure a mortgage. She is now the proud owner of an affordable ADA compliant CLT home at Ferncliff Village.

B. Provide stewardship to the owners of 42 existing CLT homes.

HRB's stewardship program grew in strength and stability in 2019. HRB's and owners ongoing engagement with each other is building trust in relationships and best practices in maintenance and care of homes and common areas.

Annual meetings of the HOAs were adequately attended with a quorum of homeowners to discuss and adopt budgets and elect board members as required.

Regular meetings of the Ferncliff Village Association (FVA) Board are productive and positive. Board members have an appropriate sense of responsibility and accountability to oversee sound spending in accordance with the adopted budget, and attention to overall health, safety and

welfare of the community. The community is notified of FVA meetings and receive the Agenda at least a week in advance, and minutes are taken and delivered to the community within five days after the meeting. Agendas, minutes, budgets, and supplemental handouts are kept on file at the HRB office.

There are regular community work parties for common area landscaping and maintenance. Several homeowners painted their homes in 2019 as recommended in the maintenance schedule, and a few other owners made home improvements as approved by the architectural committees.

HRB staff is responsible for tracking payment of CLT and HOA dues and fees, home resale values, repair reserve accruals and withdrawals, health of mortgages and proof of insurance, budget spending, paying bills approved by the HOA, and filing annual taxes of the HOAs. HRB is also responsible for helping owners sell their homes, finding a qualified buyer, and seeing the real estate transaction through to closing.

3. Reference the specific measurable results identified in Attachment A. Were they achieved? If not, what challenges prevented the achievement of the anticipated results? How many Bainbridge Island residents were served? Are the conditions for those residents generally improving or worsening?

A. Prepare potential Homebuyers for Homeownership in HRB's Community Land Trust

Year 1 Goal— We will work to prepare 20 households on our current waitlist for homeownership. We will add 5 additional households to the wait list. At least 8 of these households will become homeownership ready.

Year 1 Outcome: Worked with all 37 households on the waitlist, updating income/assets/debts and removing 13 from the list, leaving 24 screened households on the list. We added 8 additional households to the wait list, bring the total number on the wait list to 32 at year end. Of those, four became homeownership ready and preapproved for lending. One applicant became a CLT homeowner in 2019.

B. Provide stewardship to the homes and current owners in HRB's Community Land Trust

Year 1 Goal – All households will be informed on the value of their home should they decide to sell, and the amount of funds in the repair reserve, as well as the process around selling or accessing funds for repair needs. All homeowners will receive training on annual and long term home maintenance needs. HRB will monitor to ensure mortgage payment and residency requirements of the ground lease. HRB will work with the Ferncliff HOA to continue to strengthen the HOA and move toward greater independence and leadership.

Year 1 Outcome: All households are informed of the value of their home prior to the annual meeting each year, and are updated on the value of their home upon request throughout the year. The amount of funds in the repair reserves are tracked and updated by HRB staff and available upon request. All owners are delivered of copies of the CC&R's, Bylaws, HRB Management Agreement, and Homeowner's Handbook upon possession of their home and whenever updates or changes are made by the HOA or CLT. Additionally, all owners are

notified and receive copies of meeting agendas, minutes, quarterly budget reports, and supplemental documents presented at bi-monthly FVA meetings.

4. Describe the involvement of any partners identified in Attachment A, as well as any unexpected cooperative relationships that developed through implementation of the project. Did the City funding help the Service Provider attract additional funding or other types of support?

Four qualified applicants for HRB's CLT homeownership went through the process of becoming approved for lending with one of our three lending partners. As CLT's have strict requirements for income-to-debt ratios and caps on assets that open market conventional loans don't have, it is a team effort between HRB and our partner mortgage lenders to make sure that all our CLT requirements are met in addition to their lending requirements. We were very successful in this collaboration with our partner lenders who are almost over the moon in their enthusiasm to be a part of this affordable homeownership model. This is also true for our title and escrow team who are knowledgeable about the uncommon title recording requirements of a CLT home, and the Windermere Real Estate Agents who are willing to forego their sale commissions to reduce costs and promote affordable home ownership.

HRB is grateful to have support from developers who want to do their part in helping to ensure a diverse housing market on Bainbridge Island, including Clark Construction and Central Highland Homes. Also, from those private members of the community who support HRB through donations of money or land for the purpose of preservation and development of affordable housing on Bainbridge Island.

5. Reference the project budget specified in Attachment A. Provide an analysis of actual expenses and income in relation to the projected budget.

HRB spent nearly the entire budget by the end of Q3, but continued to deliver full services through the end of the year, drawing on other operating funds. We were busiest during the second quarter of the year when we were very active in trying to secure five new CLT homes and buyers.

6. Provide a short description of how the City funding has helped the Service Provider or helped the community, including any quotes or stories related to this support.

The work HRB had been doing until receiving this funding was very limited. While our efforts were primarily dedicated to development of new CLT homes, there was only a loosely defined program for ongoing stewardship and cultivation of potential homebuyers in the future. The funding has made it possible to dedicate more staff hours to working to create and preserve a successful CLT for the Bainbridge Island community.

7. Provide recommendations, if any, that the Service Provider may have regarding future funding cycles.

This program is essential to the preservation of successful, affordable workforce housing on Bainbridge Island. As HRB is able to add more homes into the CLT, our stewardship duties will grow.