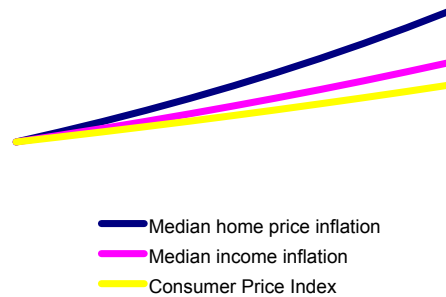


# Resale Formula Comparison

## Inputs

Holding period	10
Median home price inflation	6.0%
Median income inflation	4.0%
Consumer Price Index	3.0%
Initial mortgage interest rate	6.0%
Interest rate at resale	6.0%



Outcomes	Market	Equity Schedule	Affordable Cost	AMI Index	Shared Equity %
Initial price	400,000	295,000	295,000	295,000	295,000
Resale price	716,339	716,339	436,672	436,672	716,339
Homeowner's gain/(loss) on sale	251,032	219,136	127,039	127,039	167,993
Affordability at Resale	151%	111%	100%	100%	114%
Gain/(loss) of affordability	-26%	-12%	0%	0%	-15%
Additional subsidy to maintain affordabil	n/a	72,875	-	-	87,901

## Initial Values

Median income - Initial	82,000	100%
Market Value	400,000	
Discount - below market sale	105,000	

## Constants

Downpayment % of price	3.0%
Closing costs as percent of price	2.0%
Other Housing Costs	2.0% of purchase price per year
Homebuyer program selling costs as % of price	2.0%
Broker and other market selling costs	8.0%
Mortgage is "affordable" at % of income	35.0%

# Shared Equity - Equity Schedule

This shared equity formula recaptures a percentage of the appreciation based on a predetermined schedule that gives the homeowner a higher percentage for each year that they live in the unit.

## Initial Costs

Total development cost	400,000
Downpayment	12,000
Closing costs	8,000

## Initial Financing

Discount	105,000
First mortgage	283,000

## Initial Affordability

Monthly mortgage payment	1,697
Other housing costs	667
Total housing costs	2,363
Affordable to % of Area Median Income	99%

## Scenario Summary

### Resale Formula Comparison

These are the assumptions about inflation and interest rates

[Click here to adjust inputs](#)

Holding period	10
Median home price inflation	6.0%
Median income inflation	4.0%
Initial mortgage interest rate	6.0%
Interest rate at resale	6.0%

## Resale

Initial appraised value	400,000	
Appraised value at time of sale	716,339	
Total appreciation	316,339	
Homeowner's share of appreciation	218,274	69%
Sponsor's share of appreciation	98,065	31%
Repayment of Subsidy	105,000	
<b>Sale Price</b>	<b>716,339</b>	
Transaction costs of sale	57,307	
First mortgage payoff	236,831	
Homeowner's Net Proceeds From Sale	219,136	
Homeowner's investment at purchase	20,000	
Total of mortgage principal payments	46,169	
Homeowner's total investment	66,169	
<b>Homeowner's gain/(loss) on sale</b>	<b>152,967</b>	

## Equity Sharing Schedule

Year	Percent to Homeowner
1	15%
2	21%
3	27%
4	33%
5	39%
6	45%
7	51%
8	57%
9	63%
10	69%
11	75%
12	81%
13	87%
14	93%
15	100%

## Continuing Affordability

Second buyer's downpayment	21,490
Reinvestment of subsidy - 2nd Mortgage	203,065
Second buyer's first mortgage	491,784
Monthly payment	2,948
Other housing costs	987
Total housing costs	3,935
Affordable to % median income	111%
<b>Gain/(loss) of affordability</b>	<b>-12%</b>

## Additional Subsidy

Affordability target	119,945	99%
Supportable mortgage at time of resale	418,909	
Subsidy required to maintain affordability	72,875	

# Affordable Housing Cost Formula

This mortgage based formula sets the sale price at a level that will insure that it is affordable to the target income level regardless of changes in interest rates.

## Initial Costs

Total development cost	400,000
Discount	105,000
Initial purchase price	295,000
Downpayment	8,850
Closing costs	5,900

## Initial Financing

First mortgage	286,150
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## Initial Affordability

Monthly mortgage payment	1,716
Other housing costs	667
Total housing costs	2,382
Affordable to % of Area Median Income	100%

## Scenario Summary

### Resale Formula Comparison

These are the assumptions about inflation and interest rates

[Click here to adjust inputs](#)

Holding period	10
Median home price inflation	6.0%
Median income inflation	4.0%
Initial mortgage interest rate	6.0%
Interest rate at resale	6.0%

## Resale

Median income at time of resale	121,380	
Target income	120,904	100%
Est. other housing costs	987	
Max monthly mortgage payment	2,540	
Supportable Mortgage	423,572	
Downpayment	13,100	
<b>Sale Price</b>	<b>436,672</b>	

Transaction costs of sale	8,733	Assumes no broker
First mortgage payoff	239,467	
Homeowner's Net Proceeds From Sale	188,472	

Homeowner's investment at purchase	14,750
Total of mortgage principal payments	46,683
Homeowner's total investment	61,433

**Homeowner's gain/(loss) on sale** 127,039

## Continuing Affordability

Second buyer's downpayment	13,100
Second buyer's first mortgage	423,572
Monthly payment	2,540
Other housing costs	987
Total housing costs	3,526
Affordable to % median income	100%
<b>Gain/(loss) of affordability</b>	<b>0.0%</b>

## Additional Subsidy

Affordability target	120,904	100%
Supportable mortgage at time of resale	588,167	
Subsidy required to maintain affordability	-	

# Index Formula - Area Median Income

This index formula allows the purchase price to rise along with changes in the Area Median Income (AMI).

## Initial Costs

Total development cost	<b>400,000</b>
Discount	<b>105,000</b>
Initial purchase price	<b>295,000</b>
Downpayment	<b>8,850</b>
Closing costs	<b>5,900</b>

## Initial Financing

First mortgage	<b>286,150</b>
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## Initial Affordability

Monthly mortgage payment	<b>1,716</b>
Other housing costs	<b>667</b>
Total housing costs	<b>2,382</b>
Affordable to % of Area Median Income	<b>100%</b>

## Scenario Summary

### Resale Formula Comparison

*These are the assumptions about inflation and interest rates*

[Click here to adjust inputs](#)

Holding period	10
Median home price inflation	6.0%
Median income inflation	4.0%
Consumer Price Index	3.0%
Initial mortgage interest rate	6.0%
Interest rate at resale	6.0%

## Resale

Change in index	<b>48%</b>
Total appreciation	<b>141,672</b>
<b>Sale Price</b>	<b>436,672</b>

Transaction costs of sale	<b>8,733</b>
First mortgage payoff	<b>239,467</b>
Homeowner's Net Proceeds From Sale	<b>188,472</b>

*Assumes no broker*

Homeowner's investment at purchase	<b>14,750</b>
Total of mortgage principal payments	<b>46,683</b>
Homeowner's total investment	<b>61,433</b>

**Homeowner's gain/(loss) on sale** **127,039**

## Continuing Affordability

Second buyer's downpayment	<b>13,100</b>
Second buyer's first mortgage	<b>423,572</b>
Monthly payment	<b>2,540</b>
Other housing costs	<b>987</b>
Total housing costs	<b>3,526</b>
Affordable to % median income	<b>100%</b>
<b>Gain/(loss) of affordability</b>	<b>0%</b>

## Additional Subsidy

Affordability target	<b>120,904</b>	<b>100%</b>
Supportable mortgage at time of resale	<b>423,572</b>	
Subsidy required to maintain affordability	-	