

ORDINANCE NO. 3007

AN ORDINANCE ADOPTING A NEW HOUSING PURCHASE ASSISTANCE PROGRAM.

WHEREAS, the City of Paola, Kansas is authorized by Article 12, Section 5, of the Kansas Constitution to determine, by ordinance, its local affairs and government; and

WHEREAS, the Governing Body of the City of Paola, Kansas has determined it is in the public interest to establish a policy and guidelines to stimulate the development of new single family residential housing, broaden the tax base, stimulate private investment, and support new development opportunities; and

WHEREAS, the Governing Body of the City of Paola, Kansas, hereby wishes to adopt a plan to encourage housing development within the City of Paola; and

WHEREAS, the Governing Body of the City of Paola, Kansas, hereby wishes to establish a New Housing Purchase Assistance Trust Fund for the provision of a financial program to provide for the direct expenditures of such monies for the New Housing Purchase Assistance Program as established by the Governing Body;

NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF PAOLA, KANSAS:

SECTION 1. New Housing Purchase Assistance Program. That the Governing Body of the City of Paola does hereby adopt the New Housing Purchase Assistance Program, attached herein, labeled as “Exhibit A” and incorporated by reference as if fully set forth herein.

SECTION 2. New Housing Purchase Assistance Trust Fund. That the Governing Body of the City of Paola does hereby create a New Housing Purchase Assistance Trust Fund to finance grants to provide assistance to purchasers of newly constructed homes as set forth in the New Housing Purchase Assistance Program and that monies for said Fund shall be set aside from the City of Paola Water and Sanitary Sewer Funds.

SECTION 3. Reservations. That the Governing Body of the City of Paola reserves the right to change grant amounts, funding sources, term of the program, and to make any adjustments to the program as it deems necessary and prudent including extensions or termination.

SECTION 4. That this ordinance shall become effective upon passage and publication in the Official City Newspaper.

PASSED by the Governing Body of the City of Paola this 26th day of January, 2010.

APPROVED by the Mayor of the City of Paola this 26th day of January, 2010.

Artie Stuteville, Mayor

ATTEST: [Seal]

Daniel G. Droste, City Clerk

EXHIBIT A of Ordinance No. 3007

BEFORE THE GOVERNING BODY
OF THE CITY OF PAOLA,
MIAMI COUNTY, KANSAS

IN THE MATTER OF ADOPTION OF A NEW HOUSING PURCHASE ASSISTANCE
PROGRAM

NEW HOUSING PURCHASE ASSISTANCE PROGRAM

The Governing Body of the City of Paola, Miami County, Kansas, pursuant to the provisions of K.S.A. 12-16, 114 et. seq.; does hereby adopt a New Housing Purchase Assistance Program (herein sometimes called "Program") for the City of Paola as follows:

PURPOSE

The purpose of the City of Paola, Kansas New Housing Purchase Assistance Program is to provide the community with a long-term increase and stabilization of the property tax base by encouraging the construction and purchase of new homes which might not otherwise occur. The New Housing Purchase Assistance Program is designed to assist purchasers of new homes within the corporate limits of the City of Paola. The Program is being created to provide a cash incentive by means of a one-time grant to home buyers to: (1) have a new home constructed, (2) have a partially-constructed home completed, or (3) purchase a newly-constructed but previously unoccupied home. The New Housing Purchase Assistance Program is funded by the City of Paola New Housing Purchase Assistance Trust Fund.

Under the New Housing Purchase Assistance Program, approved home buyers whose income does not exceed the Program's limits and who meet all other requirements of the Program are eligible to receive a \$5,000 grant. Grants through the Program will be available for a period of 12 months from the date of implementation unless the Program is extended by action of the City Council.

ELIGIBILITY

The New Housing Purchase Assistance Program is available to a home buyer who meets the following qualifications:

- 1) The home buyer must occupy the purchased home as a primary, permanent residence no later than 60 days after closing.
- 2) The home buyer must complete and submit an application for a New Housing Purchase Assistance Program grant including all required documentation. When

the home buyer (if applicable) has selected a lender for the purpose of securing a mortgage on the eligible property, the home buyer and the lender will be required to complete and submit a Grant Funding Agreement.

ELIGIBLE HOUSING

Eligible housing for the purposes of the New Housing Purchase Assistance Program shall be defined as follows:

- 1) Homes must be recently constructed, single family residences that have a certificate of occupancy or a final inspection certificate, a partially constructed single family residence to be finished, or a proposed single family home to be constructed.
- 2) Homes cannot have been previously occupied.
- 3) The single family home property types include single family detached homes, single family attached homes, condominiums, and manufactured homes permanently affixed to a foundation.
- 4) A single family home that meets the above criteria that was under construction prior to the implementation of this policy may be considered as being eligible for grant consideration provided all permit and impact fees have been paid in full.
- 5) Construction of an eligible single family home must be completed and occupied within 6 months of the date the Program first expires.
- 6) All newly constructed single family homes must comply with all zoning and building codes, rules, and regulations in effect at the time the application for Program funding is submitted, and must remain in compliance with all such codes, rules, and regulations.
- 7) All ad valorem property taxes and any special assessments on the property for which the application is submitted may not be delinquent. If the ad valorem property taxes and any special assessments are delinquent, the property will not be eligible for grant consideration until such time as all taxes and special assessments due and owing are paid in full and proof of thereof provided to the City of Paola.

GRANT APPLICATION PROCESS

To apply for and receive a written commitment for a New Housing Purchase Assistance Program grant, a home buyer must complete an application form as provided and

approved by the City of Paola, and provide all documentation that may be required including but not limited to:

- 1) A Lender Agreement when the home buyer is using a lender for mortgage loan purposes
- 2) A Certificate of Occupancy or Final Inspection Report from the City of Paola Community Development Department for completed homes
- 3) A copy of the purchase contract
- 4) A copy of the appraisal on the property
- 5) A copy of the HUD 1 Settlement Statement
- 6) Lender's commitment letter (if applicable)
- 7) A copy of the purchase contract and a copy of the construction contract (if applicable) for partially constructed homes to be finished
- 8) A copy of the land purchase contract or a title report showing whose name title is vested and a copy of the construction contract for proposed homes to be constructed
- 9) Name and address of the title company to whom the funds will be dispersed
- 10) Agreement to occupy the home within 60 days after closing

OTHER PROGRAM CRITERIA

The New Housing Purchase Assistance Program is available to all home buyers who meet the income and eligibility requirements. It is not limited to first time home buyers. First time home buyers who are eligible for the Federal First Time Home Buyers Program and/or the Kansas First Time Home Buyers Program are encouraged to take advantage of all home buyer assistance that is available.

The home buyer may obtain a mortgage loan from any qualified lender. Qualifying loans include:

- Conventional
- FHA
- VA
- Rural Development

Any mortgage lender qualified to make mortgage loans under Kansas law may assist home buyers in securing a New Housing Purchase Assistance Program grant.

The New Housing Purchase Assistance Program grant at the discretion of the home buyer may be, but not limited to, used for closing costs, down payment, or mortgage principal and interest reduction.

Cash purchasers of new homes may also qualify for the Program.

The New Housing Purchase Assistance Program may not be used in conjunction with any other housing initiative program of the City of Paola.

In a subdivision where either sanitary sewer or water service is not provided by the City of Paola and certain water or sanitary sewer connection fees are not paid to the City of Paola, the amount of the grant will be reduced by 50%.

DEFINITIONS

When used in this Program document and any subsequent documents, the following terms shall have the meanings hereinafter indicated:

- 1) "Appraisal" shall mean, with respect to each Eligible Home (whether completed, partially completed, or proposed), the appraisal of the Eligible Home that has been approved by the lender in connection with the making of the First Mortgage Loan.
- 2) "Buyer" shall mean the individual or individuals purchasing an Eligible Home.
- 3) "Closing" shall mean, with respect to an Eligible Home, the purchase of an Eligible Home by a Buyer.
- 4) "Eligible Home" shall mean a single family, never occupied residence within the corporate limits of the City of Paola. When completed, such single family residence must be permanently affixed to the real property and must have achieved the status of an improvement to real property.
- 5) "Final Certificate of Occupancy" shall mean, with respect to each completed Eligible Home, a final certificate of occupancy issued by the City of Paola Community Development Department.
- 6) "Final Closing Documents" shall mean the final documents prepared by the mortgage lender.
- 7) "Person" shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint stock company, trust, estate, unincorporated organization.
- 8) "Seller" shall mean, with respect to an Eligible Home, the person selling the Eligible Home to the Buyer.

- 9) "Term" shall mean the period of time commencing on March 1, 2010 and ending on February 28, 2011.
- 10) "Title Company" shall mean with respect to a closing, the title and escrow company given responsibility for the closing.

AMENDMENT OR REPEAL

This Program may, at any time after adoption, be amended, supplemented, or repealed by a majority vote of the Governing Body.

APPROVED AND ADOPTED by the Governing Body of the City of Paola, Miami County, Kansas this 26th day of January, 2010.

APPROVED AND SIGNED by the Mayor

Artie Stuteville, Mayor

ATTEST: [Seal]

Daniel G. Droste, City Clerk