

**BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY**

Meeting Date: October 17, 2007

Division: Monroe County Housing Authority

Bulk Item: Yes No

Department: Special Programs Office

AGENDA ITEM WORDING: A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA ADOPTING AN AMENDMENT TO THE MONROE COUNTY STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM LOCAL HOUSING ASSISTANCE PLAN. (LHAP).

ITEM BACKGROUND: The purpose of this amendment to the LHAP is to provide a fair and equitable method of awarding SHIP Homebuyer Assistance funding when the demand for funding exceeds the supply.

PREVIOUS RELEVANT BOCC ACTION: Approval by Resolution of the State Housing Initiatives Partnership (SHIP) LHAP for State of Florida fiscal years 2007-2008, 2008-2009 and 2009-2010.

CONTRACT/AGREEMENT CHANGES:

N/A

STAFF RECOMMENDATION:

Approval

TOTAL COST: \$-0- **BUDGETED:** Yes No

COST TO COUNTY: \$-0- **SOURCE OF FUNDS:** N/A

REVENUE PRODUCING: Yes No **AMOUNT PER:** Month Year

APPROVED BY: County Atty. OMB/Purchasing Risk Management

DIVISION DIRECTOR APPROVAL:


10/2/07
J. Manuel Castillo, Sr., Executive Director

DOCUMENTATION: Included To Follow Not Required

DISPOSITION: _____ **AGENDA ITEM #** _____

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF MONROE COUNTY, FLORIDA APPROVING AN AMENDMENT TO THE MONROE COUNTY LOCAL HOUSING ASSISTANCE PLAN (LHAP) FOR FLORIDA FISCAL YEARS 2007-2008, 2008-2009 AND 2009-2010.

WHEREAS, the State Housing Initiatives Partnership (SHIP) Act, SS. 420.907-420.9079, Florida Statutes (1992), and Rule Chapter 67-37, Florida Administrative Code, required local governments to develop a one or three-year Local Housing Assistance Plans outlining how funds will be used; and,

WHEREAS, the Monroe County LHAP for the State of Florida fiscal years 2007-2008, 2008-2009 and 2009-2010 was previously adopted by the Monroe County Board of County Commissioners and approved by the Florida Housing Finance Corporation; and,

WHEREAS, the Monroe County Housing Authority, Administrator of the Monroe County State Housing Initiatives Partnership (SHIP) Program, is recommending approval of the amendment attached as Exhibit A in order to fairly and equitably distribute Homebuyer Assistance funding due to the demand for funding exceeding the supply; and,

WHEREAS, the Monroe County Housing Authority conducted an advertised Workshop to solicit inputs from the various stakeholders on September 12, 2007 to address the issues raised in the attached Status Report, and,

WHEREAS, the proposed amended Homebuyer Strategy addresses many of the stakeholders concerns.

NOW, THEREFORE, BE IT RESOLVED, by the Board of County Commissioners of Monroe County Florida, that the County hereby:

Approves the amendment to the Monroe County State Housing Initiatives Partnership (SHIP) Program, 2007-2008, 2008-2009 and 2009-2010 Local Housing Assistance Plan (LHAP), Homebuyer Assistance Strategy, attached hereto as "Exhibit A".

PASSED AND ADOPTED THIS _____ DAY OF OCTOBER, 2007.

BOARD OF COUNTY COMMISSIONERS
OF MONROE COUNTY, FLORIDA

Mayor Di Gennaro _____
Mayor Pro Tem Spehar _____
Commissioner McCoy _____
Commissioner Murphy _____
Commissioner Nugent _____

By: _____
Mayor Mario Di Gennaro

SEAL:

ATTEST:

Approved as to legal sufficiency: _____

Date: _____

B. Name of the Strategy: HOMEBUYER ASSISTANCE

a. Summary of the Strategy:

Funding assistance for the purchase of single-family residential property, including condominiums or townhouses.

b. Fiscal Years Covered:

2007-2008/2008-2009/2009-2010

c. Income Categories to be served:

Very low, low and moderate

d. Maximum award is noted on the Housing Delivery Goals Charts:

Mortgage loan not to exceed \$45,000. Inspection costs in excess of the maximum award will be a program expense, shall not exceed \$750.00 and will be a grant to the borrower.

e. Terms, Recapture and Default:

Mortgage loans will be a deferred payment loan for a period of thirty (30) years with zero % interest. The loan will be due and payable in full upon sale, transfer or refinancing of the property, thirty (30) years or failure to comply with the terms of the SHIP mortgage or death of the last surviving homeowner. In the event of the death of the last surviving homeowner, any income eligible heir residing in the home may assume the SHIP Loan as long as they can obtain title to the entire property within one (1) year of the death of the last surviving homeowner and the first mortgagee consents to the assumption of their loan.

f. Recipient Selection Criteria:

Applications for Homebuyer Assistance may only be made by individual purchasers and must include:

1. A contract for purchase of an existing housing unit or one under construction. An "under construction" housing unit shall be defined as having a building permit and pilings/foundation complete and inspected.
2. A lending institution pre-qualification letter for the amount to be financed which may assume a \$45,000 SHIP loan.
3. An affidavit from the Seller in the event this is a unit under construction, indicating the delivery date of the housing unit [cannot be more than five months from the date of the SHIP Notice of Funding Availability (NOFA)].

Annually, 85% of funds budgeted under this strategy will be allocated to individual purchasers for housing units built by public entities and non-

profit affordable housing providers. In the event there are more applicants than funds available upon completion of the initial advertising, lotteries will be utilized to determine the order of funding for the market rate housing units and public entities and non-profit affordable housing units.

Applicants who fail to submit complete applications, who do not meet SHIP threshold requirements or can't close due to financing or any other reason, may not reapply for SHIP assistance until October 2008.

No new applications will be accepted for this strategy until all previous applicants ranked by lottery have had an opportunity to participate. In the event additional funding slots become available and all previous applicants have had an opportunity to participate, the program will re-advertise the availability of funds and conduct additional lotteries.

g. Sponsor Selection Criteria:

N/A

h. Additional Information:

Buyer(s) must contribute a minimum three percent (3%) down payment. Property must meet minimum health and safety standards as defined under the U.S Department of Housing and Urban Development's, Housing Quality Standards (HQS). Any HQS deficiencies must be corrected prior to or as part of the purchase transaction. In the case of new construction, a Certificate of Occupancy (CO) may be substituted for the HQS inspection. Mortgage loans to public entities, which retain ownership of the land under the terms of a ground lease, shall extend to the improvements.

Public agencies and/or non-profit affordable housing development organization may request the SHIP loan be re-loaned to subsequent buyers if the following conditions are determined to exist at the time of sale:

1. Prospective buyer meets SHIP income eligibility guidelines for very low or low income.
2. The transaction maintains the properties affordability to the prospective buyer.
3. Long term affordability criteria are recorded, enforced and for a period not less than the term of the SHIP mortgage and the transaction is consistent with such affordability criteria.

i. Shared Appreciation Provision:

All SHIP funds under this strategy are subject to a mortgage that shall contain recapture provisions which provides for shared appreciation between the buyer(s) and the Monroe County SHIP Program. The amount due Monroe County upon sale, transfer or refinancing of the property shall be calculated by adding the sum of the principal balance of the SHIP loan

and 50% of the appreciated value.

The appreciated value shall be the difference between the original purchase price and the sales price or appraised value less any real estate commission, less the value of any permitted improvements. Housing units constructed utilizing Affordable Housing Permits which restrict appreciation in the housing unit's value, shall not be subject to the Shared Appreciation Provision.

**MONROE COUNTY SHIP PROGRAM
HOMEOWNERSHIP STRATEGY
STATUS REPORT**

STATUS:

1. The SHIP County FY 2008 budget has \$1,595,000 budgeted for Homeownership down-payment and closing cost assistance. Of this amount, \$315,000 has been committed to the Middle Keys Community Land Trust leaving \$1,280,000 available or enough money to fund 28 homebuyer transactions at \$45,000 per transaction.
2. Four affordable housing permit developments containing 179 units have or will shortly break ground. All have started accepting reservations and/or contracts on units.
3. FY 2008 SHIP State funding will be funded quarterly starting in July 2007 due to a projected revenue shortfall (see attached) at the State level. Approximately \$900,000 of the \$1,280,000 available for homeownership will be funded from FY 08 interest, repayments and receipts from the State.
4. We estimate that 65 to 75% of the purchasers of the 179 units will need some form of down-payment and closing cost assistance to be able to purchase a unit.
5. The SHIP Rule requires the county to advertise the availability of funds which is scheduled for 10/01/2007 thru 10/31/2007. The SHIP Program could receive as many as 75 applications from households having a contract to purchase an affordable unit by 10/31/2007.

ISSUES:

1. The current SHIP Local Housing Assistance Plan (LHAP) was not written to address the current demand for SHIP Homeownership funds and availability of affordable housing units.

GOAL:

1. Develop a fair and equitable method of distributing SHIP Homeownership Funds prior to advertising the Notice of Funding Available.

RECOMMENDATIONS:

1. Advertise a SHIP Homeownership workshop and invite all of the stakeholders and public to obtain their inputs on revising the current LHAP Homeownership Strategy.
2. Advise the County Mayor, Commissioners and County Administrator on the status of Homeownership Strategy funding.
3. Modify the LHAP Homeownership Strategy to ensure the award to eligible purchasers is fair and equitable.

mb/LHAP