

City of Deltona, Volusia County, Florida

Planning and Development Services, Community Development
SHIP Affordable Housing Programs

AFFORDABLE HOUSING ADVISORY COMMITTEE

Thursday – January 8, 2009 @ 7:00 PM

**Deltona City Hall, 2nd Floor Conference Room
2345 Providence Boulevard, Deltona, Volusia County, Florida**

I. Call to Order

Chair Steve Westbrook called the January 8, 2009 meeting of the Affordable Housing Advisory Committee to order at 7:00 p.m. in the second floor conference room of the Deltona City Hall, 2345 Providence Boulevard, Deltona, Volusia County, Florida.

Members, Richard Rowland, James Steele, Phillip Stephens, Mylene Valderrama, Ramon Villanueva, Steve Westbrook, and Harry Wilkins were present.

Members Robert MacDonald, Carl Stephens and Mike Williams had unexcused absences.

Member Caroline Turgeon had an excused absence.

Alternate Member Lori Lamb was not present but had an excused absence as she was appointed to the Committee January 5, 2009, three days ago, and did not have adequate notice of the meeting.

Staff members Ms. Lori Serino, Community Development Manager; Diane Marinaro-Tyler, Recording Secretary; Cheri Wight, Information Specialist; and Dawna Parent-Phillips, Financial Analyst were present.

II. Approval of Minutes December 4, 2009

By motion, the December 4, 2008 minutes were adopted with a correction to reflect that Members Robert MacDonald and Carl Stephens were present.

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III. New Business

A. Local Housing Incentive Strategies

- 1. Purchase Assistance Program** – This program targets first time homebuyers with a deferred payment loan to be applied toward a down payment, closing costs, interest rate buy down and/or principal reduction and rehabilitation. The home must be owner-occupied. Single family homes, townhouses, condominiums, villas or state approved modular homes are included. However, at this time manufactured homes are not included in the program.

Applicants that fall into the very low, low and moderate income category may be served under this program, with maximum funding as follows.

Income Limit	Max DPA		Max Rehab		Max Award Per Unit
Very Low	\$40,000	+	\$10,000	=	\$50,000
Low	\$30,000	+	\$10,000	=	\$40,000
Moderate	\$20,000	+	\$10,000	=	\$30,000

Down payment assistance for this strategy is provided in the form of a 2nd mortgage, zero (0%) interest deferred payment, forgivable loan for a term of 30 years. When SHIP funds are combined with Florida Housing Finance Corporation Programs for purchase assistance, the SHIP Administrator has the option of offering the City's SHIP funds as a 3rd mortgage, zero interest (0%) deferred payment, forgivable loan for a term of 30 years.

Repairs to the home, if applicable, may not begin until after the closing. City SHIP funds for repairs are provided as a subordinate mortgage to the City SHIP funds for down payment assistance at zero (0%) interest, deferred payment, forgivable loan for 5 years. The deferred payment forgivable loans shall immediately become due and payable to the City if ownership of the home changes or the owner refinances. An heir may assume the debt as long as they are income eligible and become the owner-occupant.

Funds are available on a first come, first complete, first served basis while funds are available. All units assisted will be within the Deltona city limits. Mobile Homes are not eligible for assistance.

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Applicants must be credit ready and have sufficient income required to obtain mortgage financing from participating lenders. Further, applicants must provide a pre-approval letter from the lending institution. They must attend and complete a Homebuyer Education Counseling provided by or approved by the City.

Mortgage payments, including taxes and insurance may not exceed 30% of an amount representing the percentage of area’s median annual gross income for household; and no more than 45% combined mortgage payment, including taxes insurance and overall debt.

Ms. Serino invited discussion regarding the above percentages. There was general consensus that the words “or compatible with FHA guidelines” be added.

- 2. Acquisition and Rehabilitation of Homes Program** - SHIP funds may be used to acquire and rehabilitate existing homes for resale to a low or very low income household. Maximum awards are \$150,000. The City of Deltona provides a 2nd mortgage, zero interest, and deferred loans for a term of up to 30 years as follows.

5 Years	Assistance	\$0 - \$14,999
30 ears	Assistance	\$15,000- \$25,000
30 Years	Assistance	\$25,001 and up

The interest rate may not exceed 2 points above the current Fannie Mae par pricing at time of first mortgage closing. The term of the loan shall be 30 year fixed rate (or in hardship cases 40 years fixed). There shall be NO CASH BACK to borrower.

- 3. Owner Occupied Rehabilitation Assistance Program** - This strategy offers eligible homeowners assistance with needed repairs, alterations to improve their health, safety, and well being or contribute to structural integrity and preservation of their owner occupied home. Assistance to make a home barrier free for special needs households is also eligible. This strategy also includes reconstruction and demolition if home is beyond financial feasibility to repair.

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Very low, and low and moderate income households are served under this program. Maximum awards are as follows:

<u>Income Limit</u>	<u>Repairs</u>	<u>Reconstruction</u>
Very Low	\$25,000	\$150,000
Low	\$25,000	\$150,000

The City of Deltona will provide a 2nd mortgage deferred payment, zero interest (0%), forgivable loan for a term of up to 30 years. Minimum affordability period is:

5 Years	Assistance	\$0 - \$14,999
10 Years	Assistance	\$15,000 - \$25,000
30 Years	Assistance	\$25,001 - \$150,000

4. **Multi-Family Rental Units - New Construction/ Rehabilitation** - SHIP funds may be used as part of the local contribution when participating in such programs as, but not limited to, the Low Income Housing Tax Credit (LIHTC) program, State Apartment Incentive Loan (SAIL) program, and State HOME program when they are used to perform new construction and/or rehabilitation of multi-family rental housing developments. Eligible activities include payment of impact fees, infrastructure expenses, and/or contribution soft/hard costs. The maximum award is \$50,000.

The assistance is provided in the form of a loan. All properties are subject to recapture of funds, through a lien placed on the property if the property is sold. The loan is a 15 year term, with zero (0%) percent interest. No payments are due until the end of the 15 year term. All properties are subject to recapture of funds, through a recorded lien placed on the property.

An eligible recipient shall be assisted on a first come, first ready basis. The beneficiary shall have a household income at or below 80% of the area median income adjusted for household size and shall meet all eligibility requirements of the SHIP program.

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5. **Foreclosure Prevention Assistance Program** - This strategy is used to provide homeowners who have previously received City of Deltona SHIP or HHR assistance the opportunity to avoid foreclosure and retain their homes. The program is now also open to homeowners who have not previously received City of Deltona SHIP or HHR assistance. This is a one-time assistance per household strategy.

The program is available to very low, low and moderate income households. The maximum award has been increased from \$5,000 to \$7,500. Funds provided for this activity will be in the form of a grant with no recapture provision. Priority will be given to very low income and SHIP second and third mortgage recipients.

Recipients must be able to show that they can make subsequent payments. In order to open this program, Ms. Serino must obtain City Commission approval to amend the 2006 program. If approved, it would serve approximately 30 applicants.

6. **Disaster Mitigation/Recovery Assistance Program** - In the event of a Federal, State or local declared natural disaster affecting all or part of the City of Deltona, the City Commission reserves the right to utilize unencumbered SHIP funds to support this contingency strategy. Regulations require that the disaster be declared by Executive Order. SHIP disaster mitigation/ recovery funds may be used to provide assistance to eligible persons occupying eligible housing. Funds will be leveraged, when feasible, with the homeowner's Flood Insurance policy, FEMA Hazard Mitigation Grant Program and/or other federal or state disaster funds. SHIP disaster awards must be directly related to assisting disaster victims.

SHIP disaster funds may be used for items such as, but not limited to:

- Purchase of emergency supplies for eligible households to weatherproof damaged homes;
- Interim repairs to avoid further damage; tree and debris removal required to make the individual housing unit habitable;
- Construction of wells or repair of existing wells where public water is not available;
- Payment of insurance deductibles for rehabilitation of homes covered under homeowners insurance policies;

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- Security deposit, rental assistance for the duration of Florida Office of the Governor Executive Order 04-182, for eligible recipients that have been displaced from their homes due to damage from the storm.
- Owner occupied rehabilitation; for eligible recipients with storm damages in need of repairs to improve their health, safety and well being or contribute to structural integrity and preservation of their owner occupied home.

The program is available to very low, low and moderate income households. The maximum award is \$50,000.

The award is either in the form of a grant or in the form zero (0%) deferred payment, forgivable loan for a term of 10 years. On each of the first ten (10) anniversaries of the date of conveyance of title, ten (10%) of the amount owed will automatically be forgiven and will not have to be repaid.

Minimum affordability period is:

Grant	No Recapture	\$0 - \$14,999
10 Years	Assistance	\$15,000- \$50,000

This program is currently available to households that suffered damage from Tropical Storm Faye.

7. **Homeownership Education and Counseling** - Homebuyer Education and Counseling is a service provided in conjunction with the City's Purchase Assistance strategies to assist households in learning about how to purchase a home, maintain a home after purchase and prevent future foreclosure. As part of the qualification process, all applicants will be required to attend homebuyer education and maintenance classes. Homebuyer counseling for credit issues and other matters will be provided as needed in order to prepare an eligible applicant for homeownership.

A minimum of \$2,500 has been set aside in each grant year for this activity to hire outside consultants (sponsors). The service is free to eligible applicants. Sponsors may be a private corporation, a not for profit corporation or a community based organization.

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IV. Comments

A. Staff

There were no additional comments from staff.

B. Committee Members

There were no additional comments from the Committee members.

V. Adjournment

There being no further business, the meeting was adjourned at 8:40 p.m.

Approved this 12th day of February, 2009.

Steve Westbrook, Chairperson

Diane Marinaro-Tyler, Recording Secretary