

**SEMINOLE COUNTY GOVERNMENT  
AGENDA MEMORANDUM**

**SUBJECT:** Proposed Amendments to the SHIP Local Housing Assistance Plans (LHAP)  
2001- 2004 and 2005-2007 Fiscal Years

**DEPARTMENT:** Planning & Development      **DIVISION:** Community Resources

**AUTHORIZED BY:** Donald S. Fisher      **CONTACT:** Diane Ledford *cl for*      **EXT.** 7420

<b>Agenda Date</b> <u>09/28/2004</u> <b>Regular</b> <input checked="" type="checkbox"/> <b>Consent</b> <input type="checkbox"/> <b>Work Session</b> <input type="checkbox"/> <b>Briefing</b> <input type="checkbox"/>
<b>Public Hearing – 1:30</b> <input type="checkbox"/> <b>Public Hearing – 7:00</b> <input type="checkbox"/>

**MOTION/RECOMMENDATION:**

Approve the proposed changes to the SHIP Local Housing Assistance Plans Fiscal Years July 2001 through June 2004 and July 2004 through June 2007 and authorize staff to submit the proposed changes to the Florida Housing Finance Corporation for approval.

**BACKGROUND:**

Earlier this year the Community Development Office conducted briefings with the Board regarding the various programs in place for addressing the affordable housing needs of Seminole County residents, with a commitment to further research the challenges faced in securing homeownership. This memorandum is an update to the Board concerning our findings and recommended changes to the Local Housing Assistance Plan (LHAP) which forms the basis of the range of strategies the County will consider to meet affordable housing needs using SHIP funds. The LHAP is submitted for approval to the Florida Housing Finance Corporation to govern the use of SHIP Program funding for 3 years.

Changes to the LHAP are made periodically to enhance and expand the housing strategies available for the County to more effectively meet the affordable housing needs of the County's lower income population.

The proposed changes to the 2001-2004 and 2004-2007 plans are summarized as attached, and are aimed at streamlining processes for affordable housing in Seminole County and will ensure consistency between program years. Staff requests approval by the Board and authorization to submit these changes to the Florida Housing Finance Corporation for their approval. Once approved, implementation will begin immediately.

Attached: Summary;  
Strike through/ underline LHAP.

<b>Reviewed by:</b>	
Co Atty:	<u>N/A</u>
DFS:	
Other:	<u>DL</u>
DCM:	<u>DL</u>
CM:	<u>DL</u>
<b>File No.</b>	<u>-cpdc03</u>

**Summary of Proposed Changes to the Local Housing Assistance Plan**  
2001-2004 and 2004-2007 Program Years

**Change Maximum Sales Price of Homes:** Increase the maximum sales price to \$160,000 for new homes and \$150,000 for existing homes from \$110,000 new and \$106,899 existing for low income and \$85,000 new and existing for very low. This change provides first time home buyers with more location options when selecting a home. Home buyers' incomes must qualify for the updated sales prices. The updated sales prices reflect current market trends. Sales prices have steadily increased over the past three years while. The Orlando Regional Realtor Association reports that availability of existing homes priced from \$80,000 to \$139,000 has decreased 76% while homes priced from \$140,000 to \$179,000 have increased by 77%. Orange County has raised its area median sales price to \$160,000 for new and existing and the city of Orlando sales price has been raised to \$189,682 for new and existing homes. There has been dramatic price appreciation and a reduction of new housing starts priced under \$150,000. The Florida Housing Financing Corporation, which manages the SHIP program for the State, has raised the area median sales price for Seminole County to \$200,000.

**Change Down Payment Assistance:** Increase down payment assistance to \$40,000 for very low Income and \$20,000 for low Income from \$25,000 for very low Income and from \$10,000 for low Income. The trend of increasing home prices and the absence of a similar increasing trend in incomes for low and very low income households necessitates an increase in homebuyer subsidy from the County. This increase will provide the funds required by the homeowner to bridge the financial gap and purchase a new home.

**Change Assistance for Demolition and Reconstruction of Homes:** Increase assistance for demolition and reconstruction to an amount up to \$125,000 from \$85,000. The new price reflects the current market trend in cost increases for building homes (material and labor). However, without cost of acquiring the land and working directly with builders, the County is also able to add accessibility features to allow aging in place, enabling us to produce a quality home for \$125,000.

**Addition of New Foreclosure Prevention Strategy:** This strategy will assist previously SHIP assisted homeowners with foreclosure prevention. The assistance amount will be up to \$5,000 and be secured with a deferred payment note and mortgage, forgivable after 5 years.

## Strike through and underline of changes and additions

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### Down Payment

- Assistance to applicants will be made by loans of up to ~~\$25,000~~ \$40,000 for very low income households and of up to ~~\$10,000~~ \$20,000 for low income households;
- The purchase price of the home may not exceed the maximum sales price amount established by the County in accordance with Florida Housing Finance Corporation (FHFC) procedures. The current FY 2001-2002 maximum sales price for a new home for an low income applicant may not exceed ~~\$110,000~~ \$160,000 per unit and the maximum sales price for an existing home for an low income applicant may not exceed ~~\$106,899.~~ \$150,000. ~~The current FY 2001-2002 maximum sales price for a new or existing home for a very low income applicant may not exceed \$85,000~~ (but may be further limited by agreement);

Repayment will be via a low interest loan with a term of up to 30 years at an interest rate of 2% or less, or a deferred pay loan based on the clients' repayment ability. Deferral periods are as follows: loan amounts of \$0-\$14,999.99 are forgivable after 5 years, loan amounts of \$15,000 to ~~\$25,000.00~~ \$40,000 are forgivable after ten years. Loans will be secured by a promissory note with a security instrument of proper form, usually mortgage. The funds will be repaid to the local housing trust fund set up to take deposit of these funds, so that a permanent and perpetual building fund will be established.

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### Reconstruction

Applications will be accepted on a first-come first-ready first served basis. For the Fiscal years 2002,2003,2004 the plan calls for direct assistance of a maximum loan of up to ~~\$85,000~~ \$125,000 Per housing unit for reconstruction.

## Strike through and underline of changes and additions

### Foreclosure Prevention Strategy:

- a. Summary of the Strategy: This strategy may be used to provide homeowners who have previously received Seminole County SHIP assistance the opportunity to avoid foreclosure and retain their homes. This is a one time assistance per household strategy.
  
- b. **Fiscal Years Covered:** 2001/2002; 2002/2003; 2003/2004
  
- c. **Income Categories to be served:** Very low and Low Income as defined by the U. S. Department of Housing (HUD) and adopted by the State of Florida and distributed by the Florida Housing Finance Corporation for the use in the SHIP Program.
  
- d. **Maximum award is noted on the Housing Delivery Goals Charts:**  
(see attached)
  
- e. **Terms, Recapture and Default:** Seminole County will provide an interest free forgivable loan for 5 years. Minimum affordability period is 5 years. Repayment, default and recapture will be triggered at point of sale, transfer, refinance or no longer owner – occupied before the end of the term.
  
- f. **Recipient Selection Criteria:**
  - Funds will be made available on a first come, first complete, first served basis while funds are available;
  - All units assisted will be within Seminole County;
  - Mobile Homes are not eligible for assistance;
  - Applicants are required to submit a completed Seminole County SHIP Application and provide all written documentation requested of income, eligibility and qualifications; and
  - Persons who qualify for SHIP Assistance must contractually agree to all SHIP Program guidelines, Seminole County SHIP requirements, recapture provisions and certify that the unit assisted is their principal residence.
  
- g. **Sponsor Selection Criteria:** The County may choose a sponsor to assist in the administration of this strategy by advertising using Seminole County purchase and procurement guidelines. The Sponsors may be a private corporation, a not for profit corporation or a community based organization. Selection will be based on the sponsor's ability to proceed, past experience in related fields, and performance.

## Strike through and underline of changes and additions

### h. Additional Information:

- All assisted units must have previously received SHIP homeownership assistance, purchase assistance, or rehabilitation assistance;
- Applicants must be at least 2 months in mortgage payment arrears and have received notification in writing from their lender that foreclosure proceedings will begin;
- Applicants who apply for assistance and who need more than the foreclosure assistance that is offered in this strategy must have the additional funds to pay all the remaining unpaid deficiency;
- Applicants must be credit worthy and have sufficient income required to maintain their SHIP Mortgage after foreclosure assistance is received;
- Applicants may receive the foreclosure strategy one time only;  
and
- Applicant must demonstrate through documentary evidence that non payment of their mortgage is due to:
  1. Sudden Loss of Income
  2. Sudden Medical Expenses
  3. Divorce or Separation
  4. Death in Family
  5. Unforeseen home repair bills.