



Managing a Successful Purchase Assistance Program



Presented by
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**Every Plan is
Different**

Local Housing Assistance Plan

- A new plan is approved every three years by the local government
- Local Government can design their strategies based on community needs, funding and compliance requirements
- Lenders and Realtors have an opportunity to serve on the Affordable Housing Advisory Committee and can also provide input on the plan during the comment period

Support Community Land Trusts

Model Community Land Trust Add-On Language for Down Payment Assistance Strategies¹

Purchase Assistance

Code 1, 2

- a. Summary: Funds will be awarded for down payment and closing costs for new and existing homes, including homes purchased from a community land trust (CLT). Home rehabilitation is also an eligible use, as needed when purchasing existing homes. To be eligible, existing homes must be in need of and receive at least \$2,500 in rehabilitation paid within 12 months by SHIP, CDBG, HOME, the seller, the buyer or another source.
- b. Fiscal Years Covered: 2019-2020, 2020-2021, 2021-2022
- c. Income Categories to be served: Very low, low, and moderate
- d. Maximum award: \$55,000
- e. Terms: (see “Additional Information” for special terms for CLT home purchases)
 - 1. Repayment loan/deferred loan/grant: Funds will be awarded as a deferred subordinate loan secured by a recorded subordinate mortgage and note



Many Ways to Administer a Purchase Assistance Program

- Local government responsible for intake, counseling, program administration
- Contract out pre/post purchase education
- Select one nonprofit subrecipient to fully implement purchase strategy
- Working with lenders/realtors

SHIP Office Makes Housing Counseling Decisions

- Housing counseling is not required by SHIP rules but strongly encouraged
- Decide timing of counseling
- How long the certification is good for
- Type of counseling that is acceptable
- Who is required to attend
- Who provides the Counseling



Housing Foundation
of America, Inc.

Counseling Agency: Housing Foundation of America

Jeremy Montanti

Executive Director

Housing Foundation of America, Inc.

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Palm Beach: 561-713-1457

Miami-Dade: 786-842-3843

Guilford: 336-780-7530

Fax: 888-838-6890

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Realtors Make Great Partners

- Understand the housing market
- Helps the buyer find property in their price range
- Educates the buyer on the purchase process
- Hand holds the buyer until closing
- Coordinates between LG, lender and title company
- Keeps the process moving

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A Realtors Perspective

Carter Burton

Director of Housing & Community Development

Florida Housing Coalition

1311 N Paul Russell Rd B-201

Tallahassee, FL 32301

Ph: 407-864-5424

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Lenders Guidelines: One Method of Addressing Affordability

- Work with Lenders to determine guidelines
- Address predatory lending
- Get buyer approved by the lender



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Program Eligibility vs. Mortgage Eligibility

Program Documentation and eligibility based on 24 CFR part 5.609

Projecting income for the next 12 months

Income

- Pension
- SSI
- Employment
- Child support

Assets

- Cash
- Retirement
- Whole life insurance policies

*Local Government will consider income of **all Household Members***

Mortgage Eligibility considers the borrower's ability to pay and should be determined by Lender

- Different loan products have different requirements
- The lender will review the income of borrowers and co-borrowers only
- The lender will look at the buyer's past history
- The lender will look at debt
- The lender only considers certain forms of income

The Lender is taking the biggest risk in relation to the loan

Lender: **PNC**



Letitia Ray

Daytona/Flagler/Volusia

Mortgage Loan Officer

NMLS:204834

PNC Bank

1020 West Granada Blvd Ormond Beach, FL 32174

1537 S Nova Rd, Daytona Beach, FL 32114

(p) 386.315.0537 (f) 833.470.5531

email: letitia.ray@pnc.com

Website: www.pncmortgage.com/LetitiaRay

Working with Sponsor/Developers of SF homes

The LHAP must show how the benefit flows from the developer to the buyer.

Include both the terms for the developer and the terms for the buyer.

Terms:

1. Repayment Loan/deferred loan/grant:
2. Interest Rate:
3. Years in Loan term:
4. Forgiveness:
5. Repayment:
6. Default:

SHIP Allows a Variety of Recapture Options

- Direct Payment Loans at Various Terms
- Deferred Payment Loans of Various Terms
- Combination Direct/Deferred Payment Loans
- Grants — typically not done.



Types of SHIP Purchase Assistance

- Only Closing Costs: for buyers who fully qualify for amount of purchase price

EXAMPLE: \$225,000 Sales Price
\$225,000 First Mortgage

- Down Payment & Principal Reduction: many buyers need GAP financing

EXAMPLE: \$225,000 Sales Price
\$190,000 First Mortgage
\$ 35,000 SHIP fills the gap

Only provide assistance needed, no cash back at closing

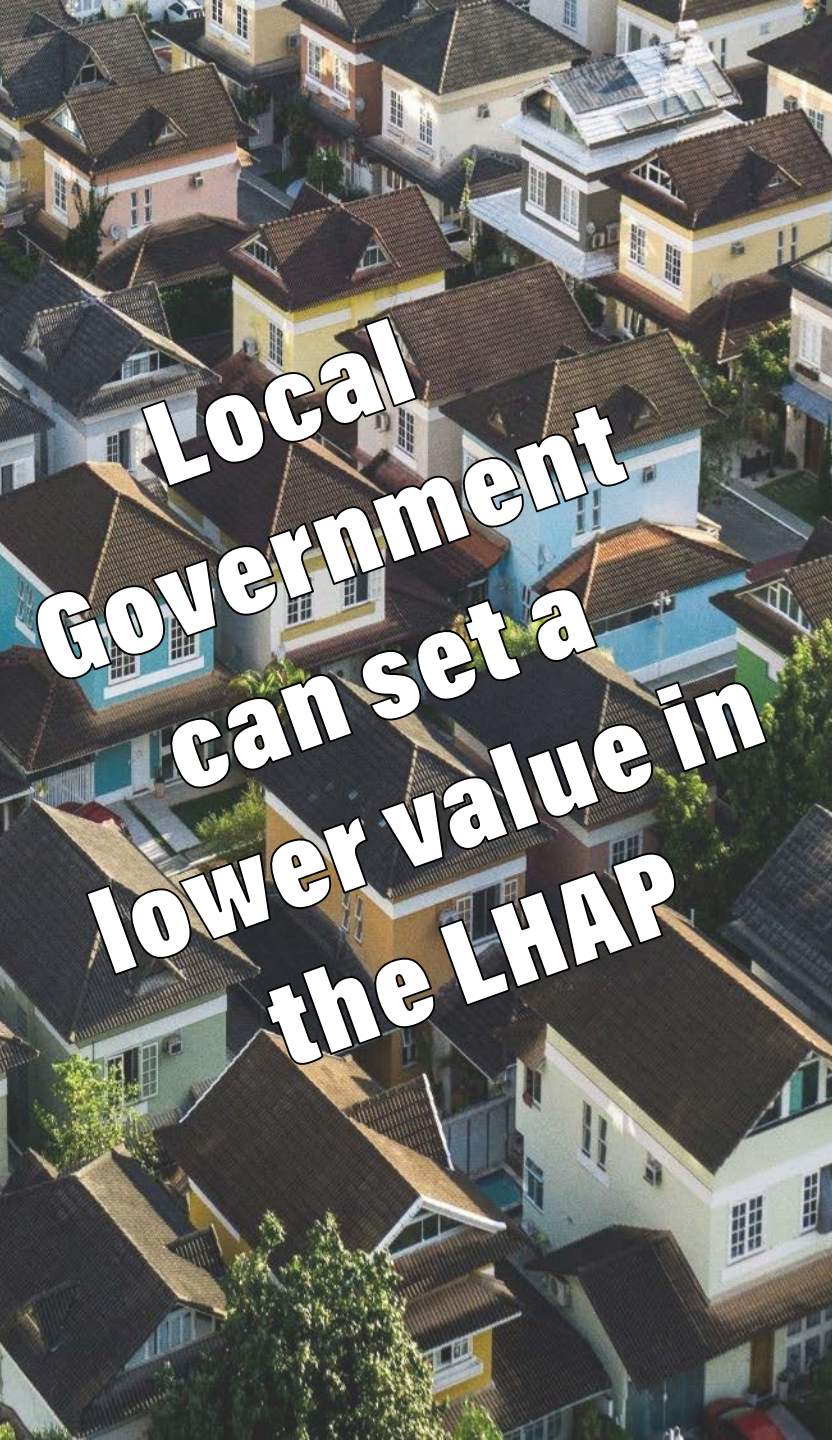
Inspection and Repairs

- Borrowers/SHIP pay for inspection
- SHIP staff perform inspection
- New construction within 12 months meets 75% construction set aside
- Repairs when purchasing existing homes *Repairs performed by others (seller, buyer) 12 months before or after purchase count towards set asides if repairs are properly documented.*
 - Repair included in SHIP Strategy
 - SHIP leveraged with donated materials, volunteer labor, or other financial subsidies

Eligible Housing



- SHIP Statutory Definition of Eligible Housing: “**Real and personal property... intended for the primary purpose of providing... residential units**”
- SF, Townhomes, Condos, Modular Homes (built to FL Building Code), Mobile Homes after 1994



**Local
Government
can set a
lower value in
the LHAP**

Maximum Purchase Price

Homes may not exceed Maximum Purchase Price established in the Local Housing Assistance Plan as determined by purchase contract.

SHIP Purchase Price Limits (IRS 2021-17)			
County	Limit	County	Limit
Baker	\$340,290	Monroe	\$532,584
Broward	\$352,371	Nassau	\$340,290
Clay	\$340,290	Okaloosa	\$386,601
Collier	\$402,710	Palm Beach	\$352,371
Duval	\$340,290	St. Johns	\$340,290
Martin	\$334,249	St. Lucie	\$334,249
Miami-Dade	\$352,371	Walton	\$386,601
		All Other Areas	\$311,980

Buyer Eligibility Varies Among Communities

Examples of LHAP Requirements (local decision)

- Attend homebuyer class or credit counseling
- No recent foreclosure or bankruptcy
- Up to 140% of median
- Must contribute from own funds
- Some only assist First Time Homebuyers
(not a SHIP Requirement)
- **Definition of FTHB in LHAP**

Local Government: City of Boca Raton



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How Much Purchase Assistance?

- Assistance = difference between what target market can afford and housing cost
- No statutory or regulatory cap on maximum assistance amount
- Maximum award: driven by housing cost and what target market can afford

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Definition of Affordable

- SHIP has a definition, but not a specific test.
- SHIP Definition: “Affordable” means that...
“monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount [on the income limits chart]”
- “...housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied”



Other Related Policies

Subordination

Heirs

Asset Cap

Post Purchase Counseling

One Time Assistance



FHFC Single Family Bond

First Mortgage plus Down Payment Assistance

100% AMI

First time buyer or purchase in target area



www.floridahousing.org

- Homebuyers and renters
- First time homebuyer program



FLORIDA HOUSING COALITION PUBLICATIONS

Access these valuable resources and more under the Publications tab at Flhousing.org

Housing News Network Journal

Florida Home Matters Report

Accessory Dwelling Unit (ADU) Guidebook

Affordable Housing in Florida

Affordable Housing Resource Guide

Affordable Housing Incentive Strategies

Case Management Guidebook

CLT Primer

CLT Homebuyer Education – Buyer’s Guide

CLT Homebuyer Education – Teacher’s Guide

Community-Based Planning Guide

Creating Inclusive Communities in Florida

**Creating a Local Housing Disaster
Recovery Strategy**

**Credit Underwriting Guide for Multi-Family
Affordable Housing in Florida**

Disaster Management Guide for Housing

**Effectively Engaging Individuals with Disabilities in
Consolidated Planning**

Eyesore to Asset – Adaptive Reuse Guide

Florida Community Land Trust Best Practices

**Guide to Developing and Operating Small Scale
Rental Properties**

Guide to Using SHIP for Rental Housing

Guidebook for SHIP Administrators

PSH Property Management Guidebook

Residential Rehabilitation Guide

Surplus Lands Guidebook

The Community Allies Guide to Opportunity Zones



Please complete the evaluation!



Questions?

Contact Aida at:

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Technical Assistance Hotline: 1-800-677-4548