



# **City of Key West**

## **Local Housing Assistance Plan**

**Fiscal Years**

**2021-2022 / 2022-2023 / 2023-2024**

## **PROGRAM DESCRIPTION**

### **A. Name of the participating local government:**

City of Key West

### **B. Purpose of the program:**

Creation of the City of Key West Local Housing Assistance Plan (the Plan) is for the purpose of meeting the housing needs of workforce households, to expand production of and preserve affordable housing, and to further the housing element of the local government comprehensive plan specific to affordable housing. The Plan's initial strategy is the Homebuyer Assistance Program. However, it is the intent to expand this Plan with additional strategies as they are funded and implemented.

### **C. Fiscal years covered by the Plan:**

2021-2022 / 2022-2023 / 2023-2024

### **D. Governance:**

The City of Key West Homebuyer Assistance Program (the Program) is established in accordance with Chapter 2 Section 2-708 of the City Code.

### **E. Local Housing Partnership:**

The Program encourages active partnerships between government, private business, lenders, builders and developers, real estate professionals and advocates for workforce housing.

### **F. Leveraging:**

The Plan increases the availability of affordable residential units by combining local resources and cost saving measures into a local housing partnership and using public and private funds to reduce the cost of housing.

### **G. Advertising and Outreach:**

The City or its administrative representative shall advertise the notice of funding availability in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods, at least 30 days before the beginning of the application period. If no funding is available due to a waiting list, no notice of funding availability is required. The Homebuyers Assistance Program shall be administered on a pre-approval basis. After a person is pre-approved as eligible, he or she will be issued an award letter.

A Community Development Office representative shall request a check payable to a closing agent. The additional approval of the Executive Director of the Housing Authority shall be required prior to the expenditure of program funds.

**H. Discrimination:**

In compliance with applicable City of Key West Code, it is unlawful to discriminate based on race, creed, religion, color, age, sex, marital status, familial status, sexual orientation, national origin, or handicap in the award / application process for eligible housing.

**I. Support Services and Counseling:**

Available support services may include but are not limited to: Homeownership Counseling (Pre and Post), Credit Counseling Interested participants must attend a program sponsored Homeownership / Credit Counseling Seminar as available prior to release of funds for closing.

**J. Purchase Price Limits:**

Purchase Price Limits: The purchase price of new or existing eligible housing may not exceed six and one-half times the Annual Median Income for Monroe County. The purchase price of new and existing units can be lower.

Current Monroe County Median Income:	\$ 97,500
Current Maximum Purchase Price:	\$585,000

**K. Income Limits and Affordability:**

The Income Limits used in the Program are updated annually from the Department of Housing and Urban Development and distributed by Florida Housing Finance Corporation. Affordable means that monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the household. However, it is not the intent to limit an individual household's ability to devote more than 30% of its income for housing, and housing for which a household devotes more than 30% of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30% benchmark.

## **STRATEGY:**

### **Homebuyer Assistance Program:**

#### **Summary of the Strategy:**

Funding assistance is for the purchase or construction of single-family residential property, including condominiums or townhouses. Mobile home purchases are excluded.

#### **Fiscal Years Covered:**

2021-2022 / 2022-2023 / 2023-2024

#### **Income Categories to be served:**

Up to 140% of Monroe County Median Income Adjusted for Family Size

#### **Maximum Award:**

Mortgage loan is not to exceed \$20,000. The eligible person shall execute a promissory note and mortgage for the repayment of the loan. The mortgage shall include standard provisions for enforcement of the terms and conditions contained in the mortgage, including judicial remedies.

#### **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 or transfer of the property, thirty years (30), failure to comply with the terms of the 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 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.

#### **Eligibility Requirements:**

1. Applicants must derive at least 70% of their income from gainful employment in Key West and the dwelling unit must be in the lower keys (MM 0 - MM 33).
2. Applicants may not own a second home.

3. Applicants' assets will be calculated in determining income per the State Housing Initiatives Partnership Statues as defined in 24C.F.R. part 5.
4. At the time of purchase, the total household income shall not exceed 140 percent of the median income for Monroe County adjusted for family size.
5. Dwelling unit purchased must be owner occupied.

**Recipient Selection Criteria:**

Funds are available for commitment to individual applicants who have valid contracts for purchase for eligible homes and secured a fixed rate or an adjustable rate with the first five years fixed first mortgage (no reverse or interest only mortgages will be considered) on a "first come / first ready basis". Applicants previously assisted by the Homebuyers Assistance Program are ineligible.

Applicants who have been determined to be income eligible for program assistance will be placed on a waiting list and receive assistance on a first come, first ready basis. Applicants may submit a completed application to the Community Development Office at any time unless the waiting list is closed or until funding is expended.

**Additional Information:**

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/Home Inspection.

**Shared Appreciation Provision:**

All funds under this program are subject to a mortgage that shall contain recapture provisions which provides for shared appreciation between the buyer(s) and the City of Key West Homebuyers Assistance Program. The amount due the City of Key West upon sale or transfer of the property shall be calculated by adding the sum of the principal balance of the loan and a percentage of the appreciated value pursuant to the Shared Appreciation Scale below.

The appreciated value shall be the difference between the original purchase price and the sales price less any real estate commission and 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.

#### Shared Appreciation Scale

Year Sold	Shared Percentage
1 <sup>st</sup>	50%
2 <sup>nd</sup>	45%
3 <sup>rd</sup>	40%
4 <sup>th</sup>	35%
5 <sup>th</sup>	30%
6 <sup>th</sup>	25%
7 <sup>th</sup>	20%
8 <sup>th</sup>	15%
9 <sup>th</sup>	10%
10 <sup>th</sup>	5%
11 <sup>th</sup> +	-0-