

## **Marianna Housing Assistance Program (MHAP)**

### **INTRODUCTION:**

On October 10, 2018 the City of Marianna was directly impacted by a Category 5 Hurricane, Hurricane Michael. The City desires to stimulate housing recovery and development within the City Limits of the City of Marianna.

The City recognizes that per the Shimberg Center at the University of Florida, new construction dollars turn over in the local economy 4 to 7 times.

City desires to increase benefits to city employees and their families and recognizes the commitment made by employees in the recovery effort. In addition the City desires to recognize the positive impact of home ownership on the community.

### **PROGRAM GUIDELINES:**

**The Marianna Housing Assistance Program, (MHAP),** creates an opportunity for qualified developers to acquire, restore and sell residential single family homes, in the City of Marianna.

**Revolving Loan Fund Established.** The City of Marianna will develop a revolving loan fund. The City will assist qualified developers and home buyers with a fund which will initially be funded in the amount of \$200,000.00 dollars.

**Soft Second Loan to Home Buyers and Developers, Within the City limits.** Funds from the revolving loan program will used as a zero interest loan to qualified home buyers and developers and become a "Soft Second" mortgage loan on an approved property.

Developers will secure private sector construction loan financing which will be the senior mortgage loan on the subject property, which must be within the City limits of Marianna. Developers will redevelop the property, subject to MHAP guidelines and market the property for sale. First priority will be to sell properties to an owner occupant City Employee or Veteran, and secondly to any eligible

home buyer. If a developer is unable to sell the property within **90 days** of issuance of the Certificate of Occupancy the property may be sold to a non owner occupant, in which case the HRP mortgage shall be due on sale.

**Rental property deed restricted to SHIP rent rates** Properties sold to be used by non owner occupants as rental housing will have rent limits deed restricted for (7) seven years. Rental rates for these deed restricted properties must remain at or less than the SHIP rent limit, based on number of bedrooms for Jackson County.

**City Employees / Veterans or other eligible applicant are able to assume MHAP loan.** The MHAP mortgage shall be assumable by a qualified City employee, or other eligible applicant. Mortgages assumed by a qualified employee shall amortize by forgiveness in ten (10) equal annual installments, on the anniversary date of the mortgage, as long as the home buyer is employed by the City or retires from City employment.

**MHAP loans assumable by buyers with Area Housing Income (AHI) of 120% or less of Area Median Income (AMI).** The MHAP mortgage shall be assumable and become a junior lien to the first mortgage of a lender, by qualified buyers with annual household income, adjusted for family size, of less than 120% of area median income, as per Florida Housing Finance SHIP program guidelines.

Mortgages assumed by non-qualified buyers shall be due on sale or transfer of title of the assisted property.

**Developers Participation Application for Funds Reservation.** To encourage purchase and redevelopment of damaged properties the City will allow developers to participate in MHAP Program in the following way:

Developers must submit an application package for a reservation of funds for HRP assistance. The funds reservation is valid for 45 days from the date of reservation approval. Developers will submit to the City the following information in the following order, in such form as the City shall require.

- Proof of active status as a Corporation or LLC organized under Florida law.
- Copy of valid, in force, Purchase Contract for the subject property

- Verification of zoning
- Title Insurance Commitment
- Construction Loan Commitment
- Verification of General Liability Insurance in the amount of \$1,000,000.00
- Verification of OCP insurance is the amount of \$1,000,000.00 w/City co-insured
- Verification of Builders Risk insurance w/ City co-insured
- Copy of Florida Contractors License
- Copy of Developers marketing plan for outreach to underserved communities
- Narrative description of Developers experience
- Narrative description of improvements

**Lender accepts City's loan as Developer's equity.** Lender will recognize the subordinate loan from the City as the Developer's equity in the project. The permanent mortgage will review borrower's verification of income and employment and certify Buyer's compliance with program guidelines for eligibility. The permanent mortgage lender shall submit a request to the City for the eligible homebuyer to assume the City's mortgage loan subject to the terms of the HRP. City shall approve or reject the request within three days of submission to the City.

City will provide initial funding of revolving loan funds (\$200,000) and provides a reservation of funds application package from developer and evaluates for compliance with program requirements, issues or denies commitment in 48 hrs. by email. No one developer can have more than one active application outstanding at one time.

**Title Insurance and Closing Agent** shall ensure that all program requirements and soft second mortgages are recorded with the Deed and that all Deed restrictions are recorded and referenced in the documents. Closing agent will review documentation for Program compliance.

## **GENERAL – MISCELLANEOUS:**

- All Applications will be submitted to the City Manager
- Maximum Loan Limits will be the limit described within the Jackson County SHIP Program or limits established by the United States Department of Agriculture, Rural Development Single Family Housing 502 Direct Loan Program; [https://www.rd.usda.gov/files/RD-SFHAreaLoanLimitMap\\_0.pdf](https://www.rd.usda.gov/files/RD-SFHAreaLoanLimitMap_0.pdf)
- Income guidelines for the City's Housing Program shall be those published by the most current guidelines published by Florida Housing Finance for the SHIP Program
- Requests determined eligible for funds under this program will be funded on a first come first served basis until funding set aside has been extinguished
- Funding awards will be as follows:
  - Very Low Income 50% or less of MHI - \$20,000
  - Low Income 80% or less of MHI - \$15,000
  - Moderate Income 120% or less of MHI - \$10,000
  - Developer Program for Rehab & New Construction \$20,000
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