



CITY OF MARATHON, FLORIDA

9805 Overseas Highway, Marathon, Florida 33050
Phone: (305) 743-0033

TO: City Council
George Garrett, City Manager

FROM: Brian Shea, Planning Director

DATE: April 12th, 2022

SUBJECT: FIRST TIME HOMEBUYER ASSISTANCE PROGRAM

The City Council may in each fiscal year appropriate funds during the budget process to the First Time Homebuyer Assistance Program, including transferring funds from the City's Affordable Housing Program fund. There are 18 loans budgeted for FY22 at \$10,000.

Through public meetings and input, Council guidance, and staff consideration, Staff requested that the City Council continue to implement this program. Council has brought up the option of increasing the loan amount to \$20,000.

The following report pertains to the proposed updates to the program, and suggested code and resolution options:

Topic	Proposed Change	Reasoning
Refinancing	Add language to allow for refinancing upon Director approval.	The City's money is for purchase assistance, not financing vehicles. We are not, and should not be, a lender helping the Buyer's with further financial transactions after they have purchased their home, despite whether or not that transaction may be in the Borrower's interest. We do however want the buyer to be able afford their home and refinancing at a lower interest rate can assist with this. The City should allow "No Cash Out" refinances under certain conditions.
Non-Occupant Coborrowers	Ordinance needs to address, and specify, that anyone co-signing on a loan for a borrower is not permitted to be on the Deed or have any ownership interest in the home.	We will permit co-signers, but they cannot be on the Deed. Anyone who is going to be on the Deed must be qualified along with the borrowers and all the combined income must be included to see if they qualify under the income limitations.



CITY OF MARATHON, FLORIDA

9805 Overseas Highway, Marathon, Florida 33050
Phone: (305) 743-0033

Income/Payment definitions	Add language to direct reference Section 104.03	This allows us to designate that those under 18 who have income will not have their income included in the calculations. It also allows for the calculation of income for the down payment to include gifts from family.
Down Payment	“3.5% or some <u>higher</u> other percentage as may be required by institutional lender from time to time.”	The minimum should be 3.5%. How that is accounted for is covered in the above section. However, should the specific lender require the higher percentage, this may change the TLTV numbers and will be reviewed as such.
Eligibility	Add language referencing 70% of income must be derived in Monroe County	Under the current code someone looking to retire in Marathon could apply and qualify. The intent is to ensure homeownership and viable economy and tenure. The extended area allows for Big Pine to Conch Key who plan on living in Marathon. The addition of income within the County ensures that those who receive the funds are further embedded in the community.
Loan Amount	Allow for up to \$20K, dependent on TLTV requirements.	Any home purchase at \$525,000 or more would be eligible for the \$20K assistance. If the purchase is less than that amount the TLTV is more than 100%. For those properties purchased for less than \$525,000, the \$10K assistance would apply. See attached table.
BPAS Donations	Double the amount.	Currently the amount donated for affordable housing is \$13,000. Previously had been set at \$60,000. Conservation land donations should be raised accordingly as well.
TBR Transfer Fee	Double the amount.	Currently set at \$20,000 for transfers that do not have an affordable component. Previously was set at \$60,000.

If we have twice as much money going out as part of this program, we need to increase the funding by twice as much coming into the program from those sources. The only other option is to cut the number of loans given by the program.

The first six rows of the table would be achieved through changes to the ordinance. The remaining two rows would be set by resolution of City Council. At the annual report, staff can provide a break down of how many loans are given at the two proposed rates. Council may then by resolution amend the two income amounts based upon the outflow of funds.

LOAN TO VALUES FOR FIRST TIME HOMEBUYER'S ASSISTANCE PROGRAM

Purchase Price	3.5% DP	Loan Amount	Loan to Value
\$ 285,000	\$ 9,975	\$ 275,025	96.5%
\$ 300,000	\$ 10,500	\$ 289,500	96.5%
\$ 325,000	\$ 11,375	\$ 313,625	96.5%
\$ 350,000	\$ 12,250	\$ 337,750	96.5%
\$ 375,000	\$ 13,125	\$ 361,875	96.5%
\$ 400,000	\$ 14,000	\$ 386,000	96.5%
\$ 425,000	\$ 14,875	\$ 410,125	96.5%
\$ 450,000	\$ 15,750	\$ 434,250	96.5%
\$ 475,000	\$ 16,625	\$ 458,375	96.5%
\$ 500,000	\$ 17,500	\$ 482,500	96.5%
\$ 525,000	\$ 18,375	\$ 506,625	96.5%
\$ 550,000	\$ 19,250	\$ 530,750	96.5%
\$ 575,000	\$ 20,125	\$ 554,875	96.5%
\$ 600,000	\$ 21,000	\$ 579,000	96.5%
\$ 625,000	\$ 21,875	\$ 603,125	96.5%
\$ 650,000	\$ 22,750	\$ 627,250	96.5%
\$ 675,000	\$ 23,625	\$ 651,375	96.5%
\$ 700,000	\$ 24,500	\$ 675,500	96.5%
\$ 725,000	\$ 25,375	\$ 699,625	97%
\$ 750,000	\$ 26,250	\$ 723,750	97%

Copmbined Balance \$10K	Total Loan to Value \$10K
\$ 285,025	100.0%
\$ 299,500	99.8%
\$ 323,625	99.6%
\$ 347,750	99.4%
\$ 371,875	99.2%
\$ 396,000	99%
\$ 420,125	99%
\$ 444,250	99%
\$ 468,375	99%
\$ 492,500	99%
\$ 516,625	98%
\$ 540,750	98%
\$ 564,875	98%
\$ 589,000	98%
\$ 613,125	98%
\$ 637,250	98%
\$ 661,375	98%
\$ 685,500	98%
\$ 709,625	98%
\$ 733,750	98%

Combined Loan Balance 20K	Total Loan to Value \$20K
\$ 295,025	104%
\$ 309,500	103%
\$ 333,625	103%
\$ 357,750	102%
\$ 381,875	102%
\$ 406,000	102%
\$ 430,125	101%
\$ 454,250	101%
\$ 478,375	101%
\$ 502,500	101%
\$ 526,625	100%
\$ 550,750	100%
\$ 574,875	100%
\$ 599,000	100%
\$ 623,125	100%
\$ 647,250	100%
\$ 671,375	99%
\$ 695,500	99%
\$ 719,625	99%
\$ 743,750	99%