



COUNCIL AGENDA STATEMENT

Meeting Date: July 12, 2022

To: Honorable Mayor Senmartin and Council Members

From: Brian Shea, Planning Director

Through: George Garrett, City Manager

Agenda Item: **Ordinance 2022-17** Of The City Of Marathon, Florida, Amending The First Time Homebuyer Assistance Program; Providing For The Repeal Of All Code Provisions And Ordinances Inconsistent With This Ordinance; Providing For Severability; Providing For Inclusion In The Code Of Ordinances, City Of Marathon, Florida; And Providing An Effective Date

BACKGROUND:

The City Council has provided the ability for First Time Home Buyers to more affordably acquire a first home in the Florida Keys through the First Time Home Buyers Assistance Program. The City has further established an Affordable Housing Program fund to collect fees and other amounts owing by developers and property owners in connection with affordable housing contributions under development agreements or otherwise pursuant to the LDRs. The City Council requested that staff to begin revisions to the FTHBP in accordance with the Council’s direction to increase the ability of funding from \$10,000 to \$20,000.

CONSISTENCY CHECKLIST:

	Yes	No
1. Comprehensive Plan	<u> X </u>	<u> </u>
2. Other –Sewer Mandate	<u> </u>	<u> No </u>

FISCAL NOTE:

NA

APPROVED BY FINANCE DIRECTOR:

RECOMMENDATION:

Approval of Ordinance 2022-17, proposed revisions to the First Time Home Buyers Program Ordinance.

Sponsored by: Garrett
Introduction Date: June 14, 2022
Public Hearing Dates: June 14, 2022 and July 12, 2022
Enactment date: July 12, 2022

**CITY OF MARATHON, FLORIDA
ORDINANCE 2022-17**

**AN ORDINANCE OF THE CITY OF MARATHON, FLORIDA,
AMENDING THE FIRST TIME HOMEBUYER ASSISTANCE
PROGRAM; PROVIDING FOR THE REPEAL OF ALL CODE
PROVISIONS AND ORDINANCES INCONSISTENT WITH THIS
ORDINANCE; PROVIDING FOR SEVERABILITY; PROVIDING FOR
INCLUSION IN THE CODE OF ORDINANCES, CITY OF MARATHON,
FLORIDA; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, the City of Marathon (the “City”) has experienced a large disparity between the sales price of single-family and multi-family dwelling units and the median family income in the City;

WHEREAS, consequently, substantial savings for a down payment is required for a home purchase; and

WHEREAS, in Section 104.03 of the City’s Land Development Regulations (the “LDRs”), the City has set forth the income requirements for affordable housing in the City; and

WHEREAS, families that meet the affordable housing income criteria set forth in the LDRs find it difficult to save money for a down payment; and

WHEREAS, the City Council has provided the ability for First Time Home Buyers to more affordably acquire a first home in the Florida Keys through the First Time Home Buyers Assistance Program; and

WHEREAS, the City has established an Affordable Housing Program fund to collect fees and other amounts owing by developers and property owners in connection with affordable housing contributions under development agreements or otherwise pursuant to the LDRs; and

WHEREAS, the City Council requested that staff to begin revisions to the FTHBP in accordance with the Council’s additional deliberations and direction; and

WHEREAS, revision of the First Time Home Buyers Assistance Program is in the public interest as it will assist in expanding the privilege of home ownership to individuals of low and moderate income levels by providing no interest down payment loans.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, AS FOLLOWS:¹

Section 1. The above recitals are true, correct, and incorporated herein by this reference.

Section 2. Chapter 3, Article III, of the Code of Ordinances, City of Marathon, Florida, is hereby amended to read as follows:

ARTICLE III. FIRST TIME HOMEBUYER ASSISTANCE PROGRAM

Sec. 3-41. Definitions.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa. Words of one (1) gender include the correlative words of the other gender, unless the sense indicates otherwise. Additionally, the terms set forth below have the following meaning except where the context clearly otherwise requires:

Adjusted gross income shall have the same definition as set forth in Section 104.03(~~F~~) of the LDRs.

Department means the Planning Department of the City.

Director means the Director of the Planning Department of the City.

First time homebuyer means a person or persons who have not had an interest in real property for at least the past three (3) years.

LDRs means the City's Land Development Regulations set forth in Chapter 16 of the City Code.

Primary employment income refers to a person's income that is derived from at least ~~51~~ 70 percent of employment within the ~~City limits of Marathon~~ Monroe County.

Resident of the City means the person's principal residence and domicile is within the City.

Resident of the County but within the extended qualification area means the person's ~~principle~~ principal residence and domicile is within the Florida Keys from Big Pine Key to Conch Key.

(Ord. No. 2010-01, § 2(2-200), 2-9-2010; Ord. No. 2016-08, § 2, 10-25-2016)

Sec. 3-42. Administration.

- (a) The "First Time Homebuyer Assistance Program" is hereby established. The City Manager shall establish a separate account to record revenues and expenditures in furtherance of the program hereby established.
- (b) 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. In any given fiscal year of the City, the amount of down payment loans under this program shall not exceed the unused funds that have been allocated to the program.

¹ / Additions and new text are shown by underline, deletions are shown as ~~strike through~~.

- (c) The Director shall administer the program, or in the alternative, the City Council may enter into an agreement with a third party to implement and administer the program.
- (d) The Director may, subject to City Council approval, adopt administrative forms, applications and rules necessary to carry out the purpose of the program.
- (e) On or before September 1 of each year, the Director, or his designee, shall submit to the City Council a report on transactions involving the program for the preceding fiscal year, including, but not limited to, the following:
 - (1) Number of defaults; and
 - (2) Number of noncompliance incidents; and
 - (3) Number of participants refinancing first mortgage loans; and
 - (4) The sales price of housing units for the preceding fiscal year; and
 - (5) The income and income category (very low, low median, and moderate) of each new participant; and
 - (6) Any repayments of loans made pursuant to the program.
- (f) The Director shall also furnish to the City Council such other reports as the City Council may direct.
- (g) Loan repayment revenues are deemed appropriated upon receipt and are authorized to be expended for the purposes of the program.

(Ord. No. 2010-01, § 2(2-201), 2-9-2010)

Sec. 3-43. Qualifying standards.

- (a) An applicant for the First Time Homebuyer Assistance Program shall meet all of the following requirements:
 - (1) Be a resident of the City at the time the application is submitted or be a resident of the County but within the extended qualification area whose primary employment income is derived from employment within ~~the City of Marathon~~ Monroe County; and
 - (2) Agree to occupy the eligible property to be purchased under this program as the applicant's principal residence (provided, however, that this requirement may be temporarily suspended if the applicant has to temporarily relocate due to the applicant or spouse being (i) an armed forces reservist being called to active duty or (ii) an active-duty member of the armed forces being called to serve in a conflict area; and
 - (3) Be a United States citizen or a resident alien; and
 - (4) Be at least 18 years of age; and
 - (5) Have adjusted gross income that meets either the very-low, low, median, moderate, or middle income requirements set forth in Section 104.03 of the LDRs. Deference will be given to those qualified as moderate income or below; and
 - (6) Shall not have previously received a loan under this program; and
 - (7) Shall have the ability to secure first mortgage institutional financing on the property on terms and conditions reasonably acceptable to the City. Private mortgage financing shall not be eligible.

a. A loan cosigner may be allowed, however the cosigner shall hold no interest in the property nor be on the deed if not qualified under the standards set forth in this section.

b. A loan cosigner appearing on the deed must meet all of the qualifying standards set forth in this section.

(8) Must provide at least three and one-half (3.5) percent of the purchase price for the property in cash (or such ~~other~~ higher percentage as may be required by the institutional lender from time to time).

(b) Eligible properties shall be one of the following:

(1) Existing single-family detached dwelling unit located in the City of Marathon; or

(2) Existing single-family residential unit which is within a multi-family dwelling unit located in the City of Marathon.

(3) Homes purchased with funding from the City of Marathon First Time Homebuyer Program must pass a Housing Quality Standards inspection as published by the U.S. Department of Housing and Urban Development.

(Ord. No. 2010-01, § 2(2-202), 2-9-2010; Ord. No. 2016-08, § 2, 10-25-2016)

Sec. 3-44. Down payment loans.

(a) The down payment loan an applicant is eligible for under this program is a minimum of \$10,000.00 and up to \$20,000.

(b) An applicant receiving assistance under this program shall occupy the property as their primary residence as evidenced by virtue of having filed and maintained a homestead exemption on the property with the Monroe County Property Appraiser's Office.

(c) The assistance provided under this program shall be evidenced by and secured in the form of a subordinate mortgage on the property in question, which at closing shall be recorded in the official records of Monroe County. It is a deferred payment loan at zero (0) percent interest. In the event of default of any of the provisions of this program, the loan must be repaid in full to the City. In no event shall the maximum total loan to value ratio (including the down payment loan) exceed 100 percent of the appraised value of the property.

(d) If the applicant receives a down payment loan under this program, and continues to occupy the dwelling unit as his homestead for the entire 30-year duration of the subordinate mortgage, then the down payment loan shall be forgiven at the end of that thirty-year period and the City will release the lien on the property. If the applicant sells the dwelling unit prior to the end of the thirty-year period, then the down payment loan shall be repaid in full from the proceeds of the sale, at which time the City will release the lien on the property.

(Ord. No. 2010-01, § 2(2-203), 2-9-2010)

Sec. 3-45. Refinancing.

(a) Refinancing may occur as part of a "no cash out" refinance.

(b) The total loan to value must not increase by a percentage corresponding to the closing cost amount, including new tax and insurance escrows.

(c) In no event shall the maximum total loan to value ratio (including the down payment loan) exceed 100 percent of the appraised value of the property.

Sec. 3-4546—3-49. Reserved.

Section 3. If any section, subsection, sentence, clause, or provision of this ordinance is held invalid, the remainder of this ordinance shall not be affected by such invalidity.

Section 4. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of said conflict.

Section 5. The provisions of this ordinance shall be included and incorporated in the Code of Ordinances, City of Marathon, Florida, as an addition or amendment thereto, and shall be appropriately renumbered to conform to the uniform numbering system of the Marathon Code.

Section 6. This Ordinance shall be effective immediately upon enactment.

ENACTED BY THE CITY COUNCIL OF THE CITY OF MARATHON, FLORIDA, THIS 12th DAY OF JULY 2022.

THE CITY OF MARATHON, FLORIDA

John Bartus, Mayor

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Diane Clavier
City Clerk

**APPROVED AS TO FORM AND LEGAL SUFFICIENCY FOR THE USE
AND RELIANCE OF THE CITY OF MARATHON, FLORIDA ONLY:**

Steven Williams, City Attorney