



Overview of the Homeownership Development (HOD) Program

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HOD Program

- Provides organizations/builders funding for the construction of housing units
- Pays down the development cost to reduce the cost to income-eligible first-time homebuyers
- Funding may be used for costs associated with land acquisition, infrastructure/development, fees and permits
- Maximum award: \$100,000



DEVELOPER TERMS: DEFERRED FORGIVABLE LOAN

- Funds awarded to developers as a deferred loan secured by a recorded mortgage and note
- Loan period: Up to 18 Months (maximum time for construction and sale)
- 0% Interest
- Forgiven if in good standing upon sale of the property to an eligible homebuyer with affordability restrictions/covenants to ensure home remains perpetually affordable
- **Must be paid back if defaulted during the loan period:**
 - **The developer defaults on the loan if they fail to construct and sell unit with affordability restrictions and/or covenants to eligible homebuyer within six (6) months after the final certificate of occupancy is issued**



HOMEBUYER TERMS: DEFERRED FORGIVABLE LOAN

- Upon sale to an eligible buyer, forgivable loan is “transferred” from developer to homebuyer
- Funds awarded as a deferred loan secured by a recorded mortgage and note
- Loan period: 30 years
- 0% Interest
- After the tenth year in loan term, forgiveness is prorated at 5% per year
- Must be paid back if defaulted during the loan period
 - Typical defaults (but not limited to):
 - Sale or transfer of the home by homeowner to a non-income-eligible purchaser
 - Homeowner passes away
 - Homeowner no longer uses property as primary residence
 - Homeowner fails to maintain homeowner’s insurance



Developer Eligibility & Requirements of HOD Program

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GENERAL DEVELOPER ELIGIBILITY REQUIREMENTS

- Must be able to leverage funds from other sources or be able to show sufficient liquid assets to construct new affordable homes
- Must not be in default for any other local government housing/construction loans
- Nonprofit organizations must be dedicated to provision of affordable housing and have tax-exempt ruling from IRS
- Must have experience performing housing activities



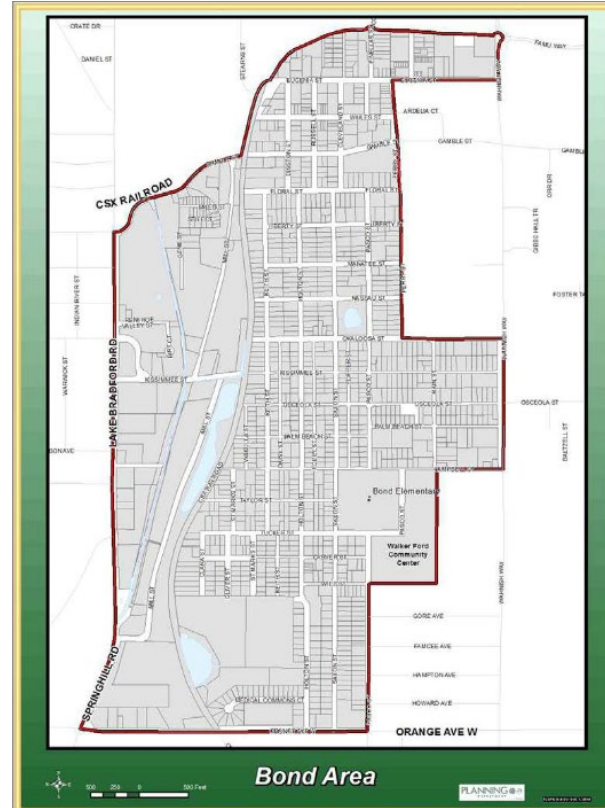
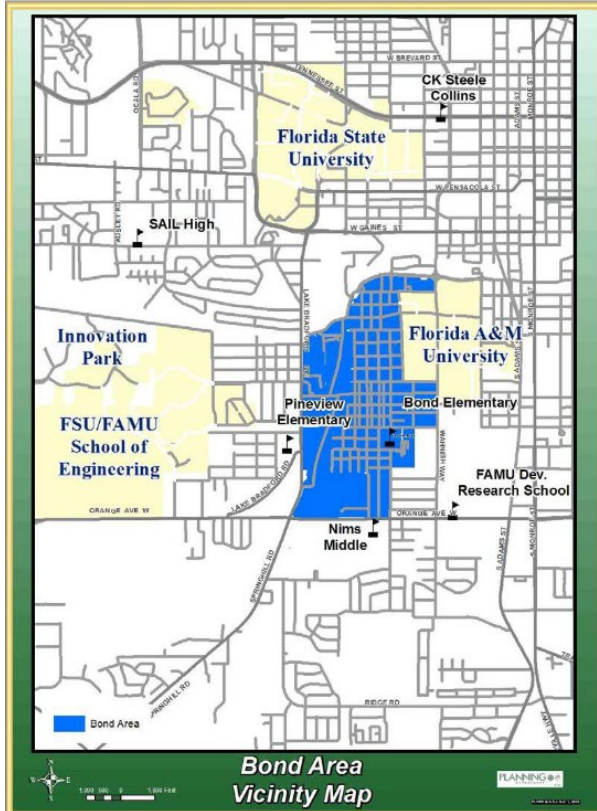
DEVELOPER SELECTION CRITERIA

Criteria to select for-profit or nonprofit agencies may include:

- Financial strength of the potential developer
- Ability to complete project by County-established deadlines
- Quantity and quality of experience in affordable housing development
- Preference given to potential developers that already have a potential homebuyer ready to close
- Preference given to members of the Florida Housing Finance Corporation's Homeownership Pool Program
- Preference given to organizations that employ individuals from the State of Florida's Welfare Transition Program
- Preference given to developers with site control for a parcel in an area designated as part of the City of Tallahassee's Neighborhood First Plan



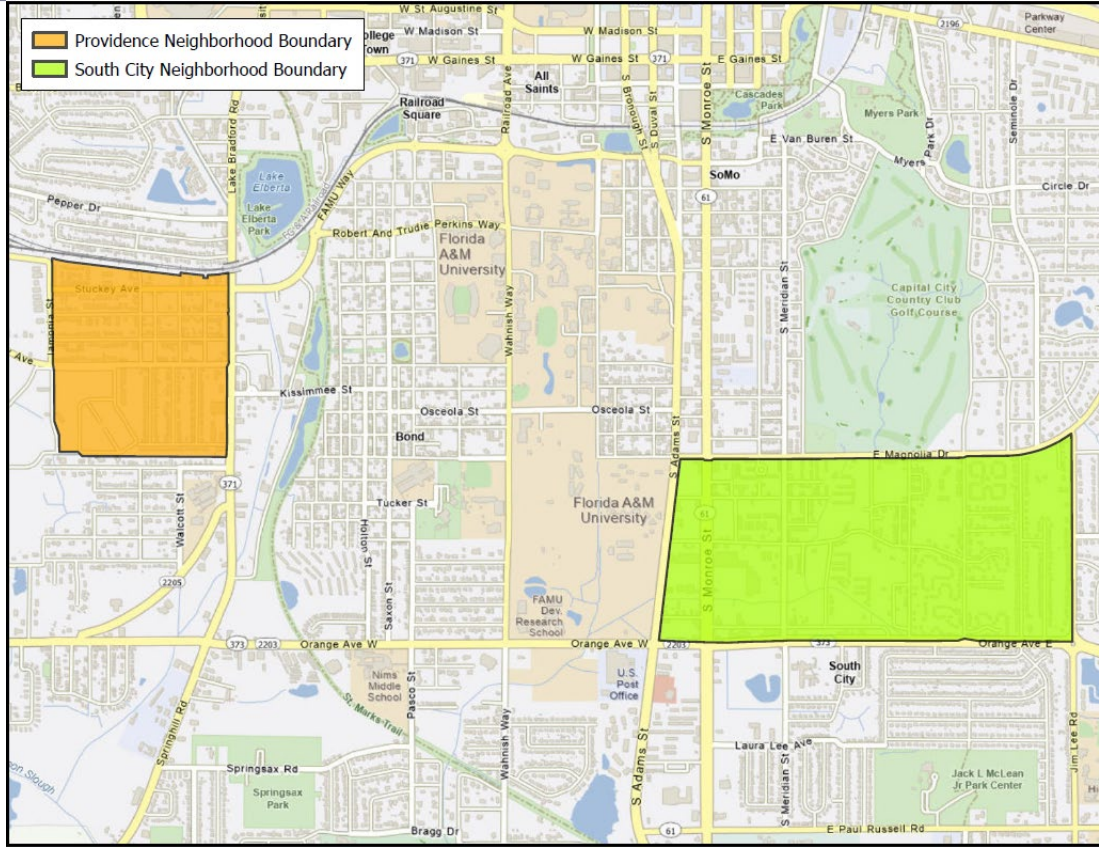
Neighborhood First Preference - Greater Bond Area



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Neighborhood First Preference- Providence & South City



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ADDITIONAL PROJECT REQUIREMENTS

- Must be in Leon County
- Must be site-built; mobile homes are not eligible
- May not be developed in a 100-year floodplain or on properties that a first mortgage lender would require to have flood insurance
- If funds are granted to an organization that is not a community land trust, affordability restrictions must be recorded



Homebuyer Eligibility & Requirements of HOD Program

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GENERAL HOMEBUYER ELIGIBILITY REQUIREMENTS

- Must meet IRS definition of “first-time homebuyer” (can’t have owned AND occupied primary residence for the last three years)
- Homebuyer may not be a family or household member of the developer or any principal member of the developer’s organization.
 - “Family or household member” includes spouses, former spouses, non-cohabitating partners, persons related by blood or marriage, persons who are presently residing together as if a family or who have resided together in the past as if a family, and persons who have a child in common regardless of whether they have been married or have resided together at any time.
- Must secure a first mortgage by a financial lender
- Total liquid assets must not exceed \$30,000*
- Must complete an approved homebuyer education course
- Household income:
 - Very low (50% or below the Area Median Income)
 - Low (80% or below the Area Median Income)

*Asset limitation suspended during recovery from a disaster declared by the President or Governor



INCOME LIMIT CHART

| Household Size | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| 80% Area Median Income (AMI) | \$48,150 | \$55,000 | \$61,900 | \$68,750 | \$74,250 | \$79,750 | \$85,250 | \$90,750 |

- If the annual household income EXCEEDS the limits listed above, the prospective homebuyer WILL NOT qualify for the Homeownership Development Program. Income limits are updated annually.**



HOD Program Examples

- Funding for each project will be based upon the gap demonstrated by the developer in the project budget. The project gap is the difference between the cost incurred by the developer to construct the unit and the sales price the market will bear to sell the unit to an eligible buyer.
- Maximum affordable purchase price in Leon County for a 4-person household at 80% AMI (low income) is **\$247,028**.



HOD Program Examples

\$255,500 (Price the market will bear)
- **\$220,850** (Development cost)
\$34,650 (Funding gap)

\$255,500 (Anticipated Sale Price)
- **\$34,650** (HOD Award Amount)
\$220,850 (Amount to be Financed by Homebuyer)



HOD Program Examples

\$200,000 (Price the market will bear)
- \$166,620 (Development cost)
\$33,380 (Funding gap)

\$200,000 (Anticipated Sale Price)
- \$33,380 (HOD Award Amount)
\$166,620 (Amount to be Financed by Homebuyer)



HOD Program Examples

\$280,000 (Price the market will bear)
- **\$228,900** (Development cost)
\$51,100 (Funding gap)

\$280,000 (Anticipated Sale Price)
- **\$51,100** (HOD Award Amount)
\$228,900 (Amount to be Financed by Homebuyer)



Applying to be an HOD Program Sponsoring Developer

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APPLYING ONLINE (DEVELOPERS)

- Apply at www.LeonCountyFl.gov/Housing beginning July 17th.
- Must have and use an email address
- Must create a Neighborly Software Account
- Potential homebuyers will also need to apply in Neighborly to verify income eligibility and First Time Homebuyer Status.



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REQUIRED DOCUMENTS/INFORMATION

- Two most recent tax documents
- Detailed project budget (including revenue sources, cost estimates for project components and the proposed developer fee, if any)
- Anticipated sales price of home
- Permit-ready site plan and layout of structure
- Verification of site control (letter of Intent to Sell, Option Agreement, Unexpired Purchase Contract, Construction Contract; if applicable)
- Proof of ownership of lot and/or units (if applicable)
- DPBR-issued contractor's license for general contractor identified
- Existing liens on proposed property (if applicable)



HOUSING SERVICES TEAM

| NAME | POSITION |
|------------------|-----------------------------------|
| Jelani Marks | Housing Services Manager |
| Chelisa Kirkland | Affordable Housing Coordinator |
| Alea Bates | Housing Services Specialist |
| Wayne Salls | Housing Rehabilitation Specialist |



PROGRAM CONTACT INFORMATION

PHONE: (850) 606-1900

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OFFICE LOCATION: 615 Paul Russell Rd. Tallahassee, FL 32301



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