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University Area Homeownership Incentive Programs (B)

The City Code Enforcement Committee and College Park/University Heights Advisory Board have discussed homeownership incentive programs as a method of encouraging home ownership in certain areas of the City in order to stabilize neighborhoods which have seen an increasing number of rental units over the years. Staff has researched other cities which have homeownership incentive programs, as well as several universities which provide such programs to help stabilize neighborhoods near the university. The programs researched mainly involve financial incentives to employees, such as forgivable loans and cash incentives.

The City of East Lansing, Michigan, is one of the few cities identified with such a program. The program objectives include stabilizing and encouraging reinvestment in older neighborhoods near downtown and to encourage participation by city employees in neighborhood activities or associations. The program involves a forgivable loan for purchases of homes within a certain geographic area. Loans of up to \$10,000 can be used for a down payment, pre-paid reserves and for closing expenses for purchases by city employees of homes within the designated geographic area, and up to \$6000 for the same expenses for homes anywhere in the city limits. Twenty percent of the loan principal is forgiven on each yearly anniversary of the loan. Employees who currently live in the city and who agree to place a deed restriction on their home limiting it to owner occupancy for a term of 15 years are eligible for half the amount of the loan maximums described above. The amount can be used to reduce the current mortgage or for home equity loan improvements. The Deputy City Manager is authorized to approve a loan package with additional time off to an employee who is willing to move into the city limits or the designated geographic area.

Several universities around the country have implemented homeownership incentive programs to minimize the number of rental properties near the university and enable faculty and staff to live within walking distance. Duke University, for example, sells existing and new homes to university employees on university owned properties adjacent to campus with restrictive covenants to remain owner-occupied. Mercer University and the Macon Heritage Foundation have implemented a joint program involving the purchase and restoration of older homes for resale to University staff members, with restrictive covenants to remain owner-occupied. Staff members are given 5% of the final purchase price to use for a down payment. Employees receive 5% of the final closing cost over a 5-year period if they continue to reside in the home. Yale University also has a successful employee homebuyer program, which is part of the New Haven Initiative, involving programs which broaden Yale's partnership with the

city in areas such as neighborhood revitalization. As of 1997, the Homebuyer Program has resulted in the purchase of 280 homes in certain city neighborhoods, by Yale faculty and staff. The program involves each participant receiving \$2,000 per year for 10 years, so long as he or she remains a Yale employee and continues to reside in the house. An additional closing benefit of \$5,000 is also provided, bringing the total to \$25,000 over 10 years.

City funds have not been identified for the implementation of a homeownership incentive program.

The City Commission hear a presentation on homeownership incentive programs, and consider the possibility of the City developing such a program or partnering with the University of Florida on such a program.