



Legislation Text

File #: 150107., Version: 1

Request for Grant/Loan Forgiveness - Joyce Henry-Hettel (B)

The City Commission is asked to consider Ms. Hettel's request for forgiveness of the City's \$12,015 Homeowner Rehabilitation Program loan. *ESTIMATED STAFF ORAL PRESENTATION TIME 7 MINUTES**

The Homeowner Rehabilitation Program is designed for City homeowners who need financial assistance to correct health and safety violations in their homes. The Homeowner Rehabilitation Program addresses the housing needs of eligible low-income homeowners by providing repairs to eliminate unsafe and unsanitary housing conditions such as roofing, electrical, plumbing, heating, structural damage, doors/windows, and handicapped accessibility. The core purpose of the Homeowner Rehabilitation Program is to improve the health and safety conditions of a homeowner's home to preserve the housing units, stabilize the City's housing stock, and revitalize neighborhoods.

To implement and administer the Homeowner Rehabilitation Program, the City utilizes federal and state funding such as Community Development Block Grant (CDBG), HOME Investment Partnership (HOME), and State Housing Initiative Partnership (SHIP). The City provides 100% of the total cost of the housing repairs to improve the homeowner's home. As such, the program assistance is provided to homeowners in the form of a due on sale loan, which requires that homeowners agree to own and occupy their home as a primary residence during a 10-year compliance period. The City holds a lien encumbering the property as evidenced by a promissory note and a mortgage executed by the homeowners, which is recorded in the public records of Alachua County.

If the homeowner ceases to own or occupy their home as a primary residence prior to the end of the compliance period, the entire balance of the assistance must be repaid to the City. In most cases, homeowners complete the 10-year compliance period. However, in some cases, homeowners elect to sell their home prior to the end of the compliance period, which triggers the repayment provision. Any funds that are repaid by the homeowners are returned to the Homeowner Rehabilitation Program to continue to help other families in need of housing repair assistance.

On April 28, 2006, Ms. Hettel participated in the City's Homeowner Rehabilitation Program to make housing repairs to her home located at 1119 NW 36th Terrace, Gainesville, Florida. As part of the housing rehabilitation project, Ms. Hettel received \$12,015 SHIP Program funding to make improvements such as a new gas water heater, electric, doors, and windows. In accordance with the loan documents executed by Ms. Hettel, the 10-year compliance period expires on April 28, 2016. (Note: there was a scrivener's error on the mortgage stating the compliance period ended on April 28, 2015; however, the Promissory Note and other documentation executed by Ms. Hettel all correctly state the compliance period and are legally binding on Ms. Hettel.)

Ms. Hettel elected to sell her home in April 2015, which triggered the repayment provision because the sale occurred prior to the end of the 10-year compliance period.

As a result, Ms. Hettel is obligated to repay the entire loan balance in the amount of \$12,015. The estimated net

sales proceed from the sale of Ms. Hettel's existing home is \$135,000. On May 7, 2015, the City received a request from Ms. Hettel to forgive the \$12,015 SHIP Loan stating that she will need the entire balance of the net proceeds from the sale of her existing home to purchase her new home.

Staff reviewed Ms. Hettel's request in accordance with the City's Grant/Loan Forgiveness Policy. The purpose of this policy is to outline the requirements and procedure to approve forgiveness of housing grants and/or loans awarded to recipients through the City of Gainesville's Comprehensive Housing Program. The Comprehensive Housing Program includes all housing programs implemented and administered by the City HCD Division as funded by CDBG, HOME, SHIP and other federal, state, local, and private programs. Any borrower who received a housing grant and/or loan from the Comprehensive Housing Program and meets the requirements for a "hardship" as described in the City's Grant/Loan Forgiveness Policy may be eligible for a forgiveness of all or a portion of the outstanding grant and/or loan balance.

Per the Grant/Loan Forgiveness Policy, a hardship is an event or series of events that are generally beyond the homeowner's control and include unemployment, divorce, medical emergency, sudden illness, bankruptcy, death, or employment requiring relocation. Upon staff review, it appears that Ms. Hettel does not qualify for loan forgiveness.

Because Ms. Hettel needed to close on the sale of her home at issue, staff agreed to enter into an escrow agreement whereby the \$12,015 SHIP Loan repayment would be held in escrow pending this item being brought before the City Commission for consideration of taking any appropriate action in regard to Ms. Hettel's obligation to repay the housing assistance.

Some options the City Commission may wish to consider include: 1) require Ms. Hettel to repay the full amount of the housing assistance; 2) waive the program guidelines in this instance to forgive \$10,813, which equals a balance prorated for the nine years Ms. Hettel owned and occupied the home; or 3) waive the program guidelines in this instance and forgive the entire balance of \$12,015.

If forgiven, \$12,015 will not be returned to the SHIP Program for use by other families in need of housing repair assistance.

The City Commission review Ms. Hettel's request and consider the options above or any other appropriate action in regard to Ms. Hettel's obligation to repay the housing assistance.