



Legislation Text

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Amendment to the Local Housing Assistance Plan (LHAP) - State Fiscal Years 2009-2011 (B)

This item requests the City Commission adopt a resolution approving an amendment to the 2009-2011 Local Housing Assistance Plan as required by State of Florida to implement and allocate FY 2009-2010 funds for the Florida Homebuyer Opportunity Program (FHOP).

Currently, under a federal tax program, qualified first-time homebuyers who purchase a home before December 1, 2009 receive a tax credit of up to \$8,000 upon filing their federal tax return. However in most cases, the homebuyers will need these funds for the downpayment and closing costs to purchase a home instead of waiting until the end of the year. On May 27, 2009, the Governor signed into law a new program to assist first-time homebuyers called Florida Homebuyer Opportunity Program (FHOP). The intent of the FHOP is for state and local government agencies to provide a bridge loan in the amount of the expected federal tax credit (the lesser of 10% of the purchase price of the home or up to a maximum of \$8,000) to qualified buyers to purchase their homes. The buyers will be required to repay these funds once they receive their federal tax refund. The FHOP loan will have a recapture provision for repayment within 18 months; however, if the homebuyer is unable to repay within the specified timeframe; then a repayment plan with interest is arranged for the homebuyer to repay within several years. A mortgage lien will continue on the property until the loan is paid in full.

The state law requires all local governments to develop a FHOP strategy and incorporate it in their respective LHAP. The FHOP strategy must adhere to all State Housing Initiatives Partnership (SHIP) program rules and regulations, except where noted in the state legislation. As such, the Housing & Community Development (HCD) staff has developed the proposed FHOP strategy that follows the guidelines provided by the State of Florida and includes additional criteria as determined by HCD staff to administer and implement the program.

During the State of Florida budget process, no funding was appropriated for the long established SHIP Program for the FY 2009-2010. Instead, the State of Florida appropriated funding for the FHOP. The FHOP funds will be allocated according to the SHIP statute 420.9073, F.S. The Florida Housing Finance Corporation will distribute these funds between the municipalities that previously received SHIP funds. Therefore, in lieu of the City receiving its anticipated annual SHIP allocation of approximately \$1.1 million, it will only receive approximately \$186,886 of funding for the FHOP, of which up to 10% can be used for program administration. In order to receive these funds, the City must amend its 2009-2011 Local Housing Assistance Plan to implement the FHOP.

No other SHIP Program Year funds can be used to fund the FHOP due to income restrictions of these funds not being set aside by the FHOP implementing legislation. However, after December 1, 2009, the unused FHOP funds may be allocated to the standard SHIP Program to fund on-going housing programs and services.

The FHOP funding from the State of Florida has been made available in the amount of \$186,886 for FY 2009-2010 of the City's 2009-2011 LHAP.

The City Commission: 1) adopt the attached Resolution, as required by State law; 2) authorize the submission of the Resolution and amendment to the 2009-2011 Local Housing Assistance Program for review and approval by the Florida Housing Finance Corporation; and 3) authorize the reallocation of funds to on-going SHIP housing programs after expiration of the Florida Homebuyer Opportunity Program as required by State law.