

CITY OF PENSACOLA HOMEBUYER INCENTIVE PROGRAM

BACKGROUND:

In support of Mayor Hayward's desire to provide homeownership opportunities for essential service personnel who wish to live within the City, the Housing Division proposes to offer a Homebuyer Incentive Program which will use funds realized from the sale of city-owned properties. The program will provide assistance to qualifying families with the purchase of an owner-occupied residence. It is intended this program will expand upon the existing home buyer assistance programs offered by the City and support current neighborhood revitalization activities.

PROGRAM:

Affordable housing is defined as housing that costs no more than 30% of a household's gross income. The City will provide funding to assist qualifying essential service personnel to purchase homes within the City limits. Essential service personnel, as defined by the Escambia/Pensacola 2017-2019 State Housing Initiatives Partnership (SHIP) Local Housing Assistance Plan (LHAP), includes individuals who are permanently employed by a company or organization located within the City of Pensacola, Escambia County, or the Town of Century in one of the following categories:

- Local or State Law Enforcement, Fire, Rescue, and Emergency Services, Public Safety and Emergency Management;
- Teachers, Educators, and School District personnel in the public, private, and university systems;
- Health Care Professionals and support personnel;
- Judicial/Court System management and support personnel;
- Tourism Industry professionals and employees; and
- Service Industry personnel (including child care, hospital, and food service).

The program will be offered to essential service personnel with household incomes up to 120% of area median income. The applicant's total household income will be considered to determine program eligibility. The following table provides income guidelines, adjusted for family size, which will be used to implement the program.

<u>Family Size</u>	<u>Moderate Income (120% AMI)</u>
1	\$50,160
2	\$57,240
3	\$64,440
4	\$71,520
5	\$77,280
6	\$83,040
7	\$88,800
8	\$94,440

The program income criteria will be updated annually in accordance with the income guidelines published by the U.S. Department of Housing and Urban Development.

The program will be offered in addition to the existing SHIP First Time Homebuyer and HOME Investment Partnerships Homebuyer (HOME) Programs; however, it will be limited to providing assistance for the purchase of an owner-occupied residence located within the City of Pensacola. The funds will be made available to support down payment and closing costs for the purchase of an existing or newly constructed home on a one-time basis to income qualifying applicants. The assistance will be tailored to the individual affordability and financing needs of the participating homebuyer. Permanent first mortgage financing (exceeding the City's Purchase Assistance), will be provided through financial institutions. The

homebuyer assistance will be provided to the buyer at the time of closing with a 0% Deferred Payment Loan secured with a mortgage and note. As presented in the following table, the loan term will be for five years and will be forgiven at 20% per year over the term of the mortgage assuming compliance with all program requirements. The sale, rental or transfer of ownership during the mortgage term shall be a default whereupon the City investment shall be repaid (repayment in full will be required for defaults within one year of purchase, and repayment of the undepreciated portion is required for default after the initial year). The sales price or value of an eligible housing unit may not exceed 90% of the median area purchase price established by the U.S. Treasury Department.

Homebuyer Assistance
Up to \$15,000

Affordability Period
5 Years

Assistance will be made available to qualified program applicants on “first-qualified, first served” basis after the advertisement of the program. Applicants will be pre-approved in accordance with the income and program guidelines adopted for the Homebuyer Incentive Program. Applicants must meet all financial institution (lender), local, state, and federal loan requirement guidelines and qualify for a first mortgage through a SHIP or HOME homebuyer programs participating first mortgage lender. The homebuyer eligibility determination will be performed by Housing Division staff in conjunction with participating local lenders. A waiting list will be maintained for this program and new applicants will be added to the list as funding permits.

PARTICIPATION REQUIREMENTS:

- Participation in the program is voluntary and requires that all the program requirements have been met and continue to be met for the duration of the mortgage period.
- Applicant must be income eligible.
- Applicant must meet the definition of essential service personnel as adopted in the Escambia/Pensacola LHAP.
- Applicant must have sufficient income and credit to obtain financing from a lender to support the first mortgage payment.
- Applicant must be purchasing an owner-occupied residence located within the Pensacola city limits.
- A certified home inspection of the property is required.
- Applicant must participate in a HUD certified homebuyer education class.
- Applicant must contribute a minimum of \$1,000 toward the purchase of the home (this amount can include documented expenses paid outside of closing).
- Buyer must attend a free foreclosure prevention class post-purchase offered by the Housing Division.