

Board of County Commissioners Agenda Request

Date of Meeting: August 21, 2007

Date Submitted: August 8, 2007

To: Honorable Chairman and Members of the Board

From: Marlon Brown, County Manager
Farnita L. Saunders, Community Development Director

Subject: Update of Escambia County Housing Finance Authority – Single Family Mortgage Revenue Bond Program for First Time Homebuyers

Statement of Issue:

This agenda item presents Mrs. C.J. Pipkins with the Escambia County Housing Finance Authority (HFA) to provide an update of the HFA's first time homebuyer program, also known as the Single Family Mortgage Revenue Bond Program.

Background:

The Escambia County HFA's mission is to assist first time home buyers in achieving the American Dream of home ownership. The Single Family Mortgage Revenue Bond Program is designed to make purchasing a home more affordable.

During the December 6, 2005 BOCC meeting, Mrs. Pipkins provided an overview of the HFA's first time homebuyer program and during the June 20, 2006 BOCC meeting, a public hearing was held to authorize the Escambia County HFA to issue Single Family Mortgage Revenue bonds on behalf of Gadsden County, adopt a resolution authorizing the HFA to operate within the boundaries of Gadsden County and enter into an Interlocal Agreement with the HFA approving the issuance of bonds.

Analysis:

The HFA provides 30 year fixed loan at interest rates that are below normal market rate programs. The 30 year fixed rate for the first mortgage is 5.39% with a 1% origination fee and .50% discount points to the borrower. This is considered a first mortgage for the buyer. The Escambia County HFA is also providing down payment and closing cost assistance up to \$7,000 at 0% amortized over a 10 year period. This assistance is recorded as a second mortgage for the buyer. Therefore, the buyer could possibly obtain two mortgages for the purchase of their home.

In order to qualify for the Escambia HFA program, a homebuyer may purchase or build a home in the following Counties: Alachua, Citrus, Escambia, Gadsden, Hernando, Holmes, Indian River, Jackson, Leon, Marion, Martin, Okaloosa, Santa Rosa, St. Lucie, Taylor, Wakulla, Walton and Washington. The purchase price for Gadsden County must be below \$237,031 for a new or existing home. The annual income must be below \$58,500 for a family of one to two persons and below \$67,275 for a family of three or more persons. Homebuyers may choose a conventional, FHA, VA or USDA Rural Development loan as the first fixed rate mortgage. Homebuyers may also select from a variety of lenders participating in this program and continue to work with the selected lender to follow the loan process.

This source of first mortgage financing and down payment and closing cost assistance may assist first time homebuyers in Gadsden County by serving as an alternate source of financing when SHIP funds are not available or if homebuyers do not meet eligibility requirements under the SHIP Program. In order to further the County's commitment to affordable housing, staff will inform buyers of this alternate source of financing and provide program information with the County's existing marketing materials targeted towards first time homebuyers.

Fiscal Impact:

None

Options:

- Option 1: Accept the update of the Escambia County Housing Finance Authority's Single Family Mortgage Revenue Bond Program.
- Option 2: Do not accept the update of the Escambia County Housing Finance Authority's Single Family Mortgage Revenue Bond Program.
- Option 3: Provide other direction.

Recommendations:

- Option 1: Accept the update of the Escambia County Housing Finance Authority's Single Family Mortgage Revenue Bond Program.