



The City of North Miami

**Community Redevelopment
Agency**

**Redevelopment Plan
Phase I**

January 2005

3.3.3 Affordable Housing Policy

3.3.3.1 Overview

The following objectives are related to the development of an Affordable Housing Policy, Program, and Subsidies in the North Miami Community Redevelopment area:

- To promote to the maximum extent possible: elimination of overcrowding; rehabilitation and remodeling of undersized and deteriorating homes; and to promote home ownership, and;
- To create programs, methodologies, and funding to accomplish these objectives, and to make the program available to the widest number of qualified City residents that need assistance, and;
- To assure that the development of 5000 units of rehabilitated or new affordable housing units guaranteed under the Munisport Development Agreement are expedited.
- To create an appropriate target mix of affordable and market rate housing units in multifamily housing projects.

3.3.3.2 Outline Description of the Affordable Housing Policy

A. Program

The North Miami Community Redevelopment Agency (the “CRA”) will provide subsidies to qualified residents, either owners or renters, of the City of North Miami (the “Residents”) to assist with the acquisition and/or rehabilitation of qualified primary residences. Subsidies will be provided to the widest number of families needing assistance under the following terms:

1. Subsidy Loans - The CRA will make subsidy loans (the “Loans”) in the form of “soft” mortgages, with payments of principal and interest set within the means of the Resident. The term of the Loans will be the lesser of ten (10) years or the term of the Resident’s primary mortgage loan. If the Loan term expires and the Resident still requires assistance the Loan may be extended.
2. Amount - The Loan will be for the amount equal to the residual amount required of the Resident, after all required down payments, mortgages and other assistance is taken into account, not to exceed \$50,000, to close on the home or complete the home rehabilitation.
3. Monthly Loan Payments - If the total monthly expenses of principle, interest, taxes, insurance, etc. for the home, (either acquisition or rehabilitation) including the CRA Loan, are equal to or greater than 30% of the Resident’s income, there will be no initial payment of principal nor interest. An interest and/or principle payment, will be determined by needs assessments.
4. Repayment – A Loan for an acquired home will be repaid to the CRA upon the sale of the home by the Resident. If the home is sold at a higher price than the initial purchase price, the CRA will share in any excess funds, in a

manner to be determined in the Rules & Regulations adopted by the CRA, after all original mortgages are retired and all sales costs are deducted.

For a rehabilitation Loan to a resident who already owns the home, the Loan will be repaid at the sale of the home in a manner to be determined in the Rules & Regulations adopted by the CRA.

5. Ability to Pay Principle and Interest - An initial needs assessment and periodic subsequent needs assessments will determine the interest and principle payment of the CRA Loan.
6. Transferability - The CRA Loan will be in the name of the Resident. In the event of death of the Resident, the Loan may be transferred to a direct descendant.
7. Rules and Regulations - The CRA will adopt Rules & Regulations for all aspects of the Home Ownership/Rehabilitation Policy in the CRA Redevelopment Implementation Plan.

B. Qualification for the Loan Program

1. Residency – Residents, either owners or renters, may qualify for the affordable housing Loan program if:
 - a. The Resident has lived in the City of North Miami for a period of one hundred eighty (180) days prior to adoption of the CRA Plan by the City and Miami-Dade County.
 - b. The Resident has provided sufficient proof of residency.
 - c. The resident is the owner/occupant of the existing home to be rehabilitated or remodeled and it remains his primary residence for the duration of the loan, or;
 - d. The resident will be the owner/occupant of the new home to be acquired and, it will become his primary residence for the duration of the loan.
2. Income - The Resident is qualified if:
 - a. The verified household income for homeownership or rehabilitation is equal to or greater than 50%, or less than or equal to 120%, of Area Median Income adjusted for family size. The CRA will adopt a threshold equity policy that takes age and special circumstances into consideration.
 - b. The Resident can qualify for a first mortgage loan (in the case of a loan made for acquisition).
 - c. The percentage of the Resident's household income is adequate, after all other mortgages and subsidies are supplied, to cover the monthly household expenses.

- d. The lending institution making the first mortgage has issued a commitment letter.
3. Housing Size – The Loan will only be considered for a residence that meets the Federal Minimum Housing Standards for family size. The CRA will consider special circumstances in enforcing this policy.

C. Selection for Loans

When the resident has completed the Loan Pre-qualification process for the affordable housing loan program, he is issued (in order of qualification) a numbered certificate that entitles him to a Loan for rehabilitation or home acquisition as the Loan funds become available.

In the case of a home acquisition, the resident will be notified when homes become available within the program. If the resident remains qualified, he may acquire the offered home or continue to maintain his certificate number for a future acquisition.

A percentage of the Loans to be determined by the CRA will be set aside on a priority basis for qualified resident employees of the City of North Miami.

D. Other Conditions & Assistance

1. Needs Assessments - The Residents accepting the Loan will be subject to periodic needs assessments to determine adjustments to the Loan payments in accordance with Rules & Regulations to be adopted by the CRA.
2. Ability to Pre-Pay Loan Amount - The Resident will be able to pre-pay the Loan at any time based on formulas to be determined in the Rules & Regulations.
3. CRA Homeowners Assistance - The CRA will provide when necessary, first-time homebuyer assistance through homeownership training, budgeting, maintenance and energy conservation techniques.
4. Temporary Housing for Rehabilitation - Costs for temporary housing during remodeling will be an eligible use of Loan proceeds, subject to the adopted Rules & Regulations.
5. CRA Rehabilitation/Remodeling Assistance - When the Resident is determined to be qualified, the CRA will provide (i) initial assistance in inspections; (ii) counseling on program requirements; (iii) prioritizing improvements; (iv) and budgeting, planning, architectural and contractor pricing and selection assistance under CRA programs.

E. CRA Rehabilitation, Remodeling and Construction Coordination

The CRA will coordinate all scheduling, demolition, bidding, contracting, supervision, Loan disbursements, and Notices of Completion for the Resident. The CRA will also monitor the improvements made to the completed residence during the applicable warranty periods.

F. Prohibition of Additional Liens

As long as the Loan remains in effect, the Resident will be prohibited from adding additional liens without CRA review and approval.