

## Income, Debt, Credit Score, and Legal Authority

### LEGAL -

Affordable housing is a permissible use of CRA funds (F.S. 163.387(6)(g)).  
 The CRA redevelopment plan has goals that promote the development of affordable housing in the redevelopment area.  
 The term affordable comes directly from Florida statutes (420.602(3)).  
 The CRA redevelopment plan has an Affordable Housing Policy (Sec. 3.3.3).

### INCOME -

Estimated median gross annual household income:

City of North Miami	100%	120%
	\$34,000/yr	\$40,800/yr
<i>Approximate</i>	\$16.37/hr	\$19.62/hr

### DEBT -

Estimated property taxes for a townhome in Ruck's Park:

\$198,000 taxable@ 27 mills	Year	Month
	\$5,350	\$446

Estimated insurances for a townhome in Ruck's Park:

1% of replacement cost estimated at \$272,000	Year	Month
	\$2,720	\$227

### CREDIT SCORE -

Estimated credit worthiness for a blended FICO score: EXCELLENT  
 6.0% APR for a 30-year fixed traditional mortgage  
 PMI: Assumed >20% down payment

### CALCULATIONS -

30% of \$40,800 (gross household income) = \$12,240/year = \$1,020/month

Taxes + Insurance = \$673/month

Income available for mortgage = \$1,020/month - \$673/month = \$347/month

Amount of Loan: \$57,876.69

### CARRYING COST -

A reasonable expectation of the cost to live in a Ruck's Park per month:

Taxes	Insurance	Association	Utilities	Phone/Cable TV	Total/Month
\$446	\$227	\$200	\$200	\$100	<b>\$1,173</b>

Select Year: 

## The 2005 Florida Statutes

Title XXX  
SOCIAL WELFAREChapter 420  
HOUSING[View Entire Chapter](#)

**420.602 Definitions.**--As used in this part, the following terms shall have the following meanings, unless the context otherwise requires:

- (1) "Adjusted for family size" means adjusted in a manner which results in an income eligibility level which is lower for households with fewer than four people, or higher for households with more than four people, than the base income eligibility level determined as provided in subsection (8), subsection (9), or subsection (12), based upon a formula as established by rule of the corporation.
- (2) "Adjusted gross income" means all wages, assets, regular cash or noncash contributions or gifts from persons outside the household, and such other resources and benefits as may be determined to be income by rule of the department, adjusted for family size, less deductions allowable under s. 62 of the Internal Revenue Code.
- (3) "Affordable" means:
  - (a) With respect to a housing unit to be occupied by very-low-income persons, that monthly rents, or monthly mortgage payments including property taxes and insurance, do not exceed 30 percent of that amount which represents 50 percent of the median adjusted gross annual income for the households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the housing unit is located, divided by 12.
  - (b) With respect to a housing unit to be occupied by low-income persons, that monthly rents, or monthly mortgage payments including taxes and insurance, do not exceed 30 percent of that amount which represents 80 percent of the median adjusted gross annual income for the households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the housing unit is located, divided by 12.
  - (c) With respect to a housing unit to be occupied by moderate-income persons, that monthly rents, or monthly mortgage payments including taxes and insurance, do not exceed 30 percent of that amount which represents 120 percent of the median adjusted gross annual income for the households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the housing unit is located, divided by 12.
- (4) "Community-based organization" means a private corporation organized under chapter 617 to assist in the provision of housing and related services on a not-for-profit basis within a designated area, including a municipality, county, or area of more than one municipality or county.
- (5) "Corporation" means the Florida Housing Finance Corporation as created in s. 420.504.
- (6) "Department" means the Department of Community Affairs.
- (7) "Fund" means the Florida Affordable Housing Trust Fund as created in this part.
- (8) "Low-income persons" means one or more natural persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the state, or 80 percent of the median annual adjusted gross income

# NORTH MIAMI COMMUNITY REDEVELOPMENT AGENCY REDEVELOPMENT PLAN

## 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

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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.

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- 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.