

# MDEAT

Miami-Dade Economic  
Advocacy Trust



*Working Together for Economic Change*

## Housing Division

Homeownership Assistance Program (HAP)

Housing Market Analysis & Assessment

Outreach, Education & Advocacy

Housing Advocacy Committee (HAC)



# MDEAT

# HAP

Homeownership Assistance Program 

CHANGING THE ECONOMIC LANDSCAPE  
THROUGH HOMEOWNERSHIP

# **MDEAT HAP**

**Homeownership Assistance Program** 

- ❖ The HAP began in 1995 under the name of MMAP (Metro Miami Action Plan) or MMAP-HAP
- ❖ The original MMAP-HAP was implemented in partnership with the South Florida Board of Realtists
- ❖ HAP is designed to increase the number of Low-to-Moderate-Income First-Time Homebuyers currently residing in Miami-Dade County

# HAP Funds and Funding



- There are Down-Payment Assistance Programs (DAP/ DPA) in every state in the country, major cities and most counties
- HAP utilizes Documentary Surtax dollars to provide down payment and/or closing costs assistance in a 0% interest, non-amortized (no payment), mortgage
- Documentary Surtax funds are remitted monthly to Miami-Dade County by the State of Florida



# HAP Funding Snapshot

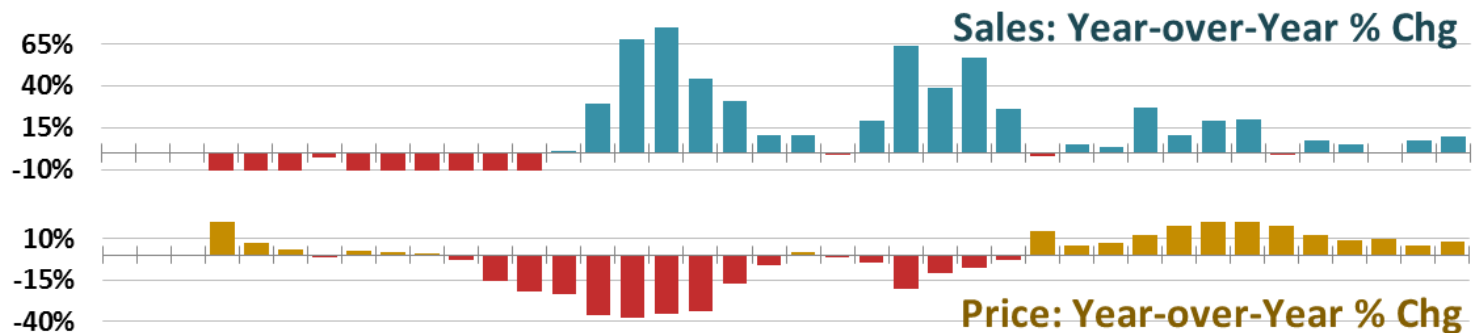
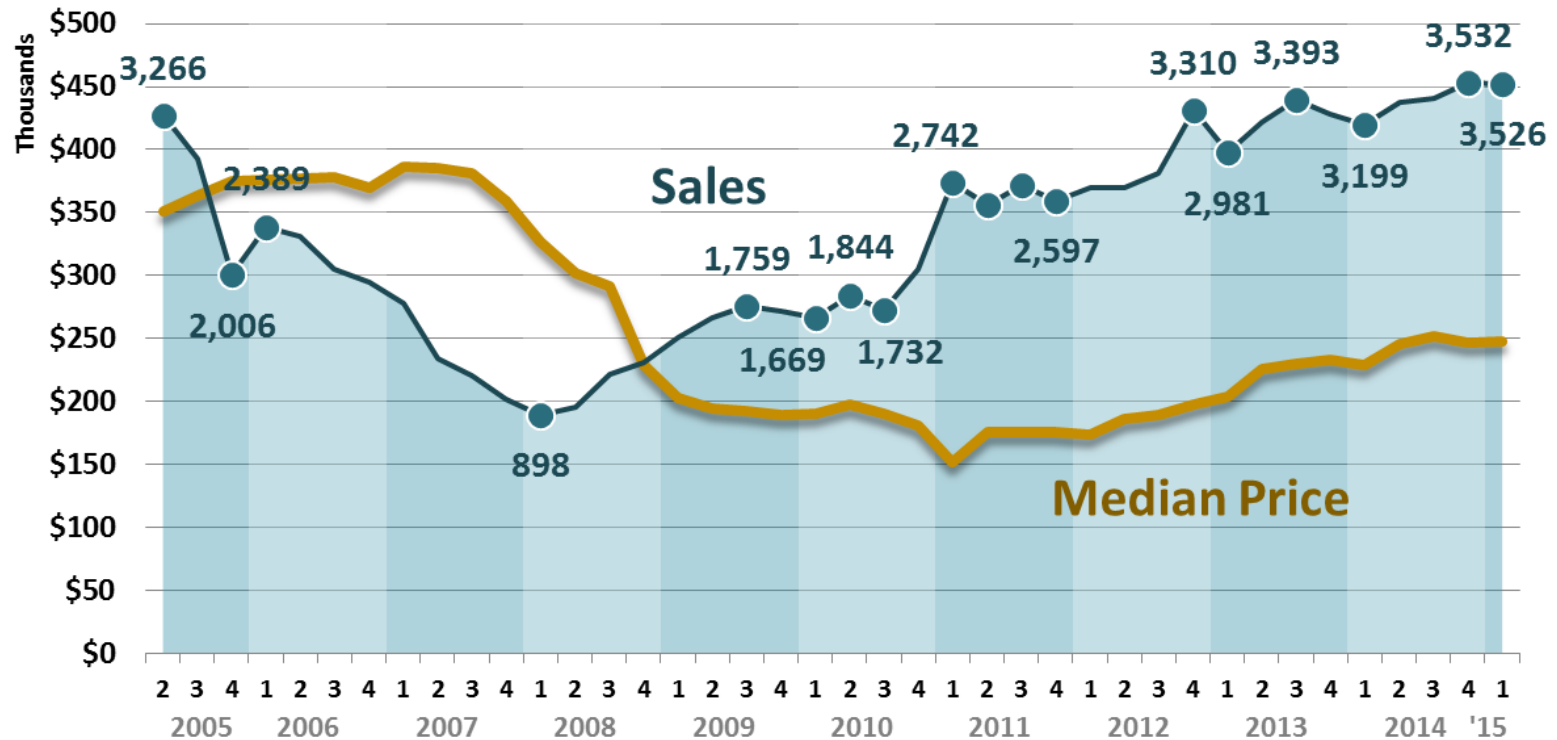
- MDEAT receives 8% of the monthly allocation the State of Florida sends to Miami-Dade County
- Since inception, HAP funded nearly 7,000 families and processed nearly 7,500 funding requests
- Total funding exceeds \$34 million dollars (\$34M+)
- Leveraged dollars from other Miami-Dade County, state and local assistance programs tops \$125 million dollars
- For fiscal year-to-date 2014-15, more than 380 families have received HAP funds exceeding \$2.3 million dollars

# HAP Production and Funding

- While available housing stock continues to challenge potential homebuyers, HAP funded loans are up nearly 20% over FY 2014 which was 40% above FY2013
- FY2015 MDEAT Surtax revenue has increased to an estimated 3.3 million dollars
- Every closed loan generate business for at least 7 different companies
- For Fiscal year-to-date, HAP borrowers have generated over \$59M in 1<sup>st</sup> mortgage funding
- The aggregate purchase price associated with those mortgages is over \$63.5M
- Those HAP families have added more than \$750k to the County's property tax roll
- Leverage funds exceed \$2.7 million dollars

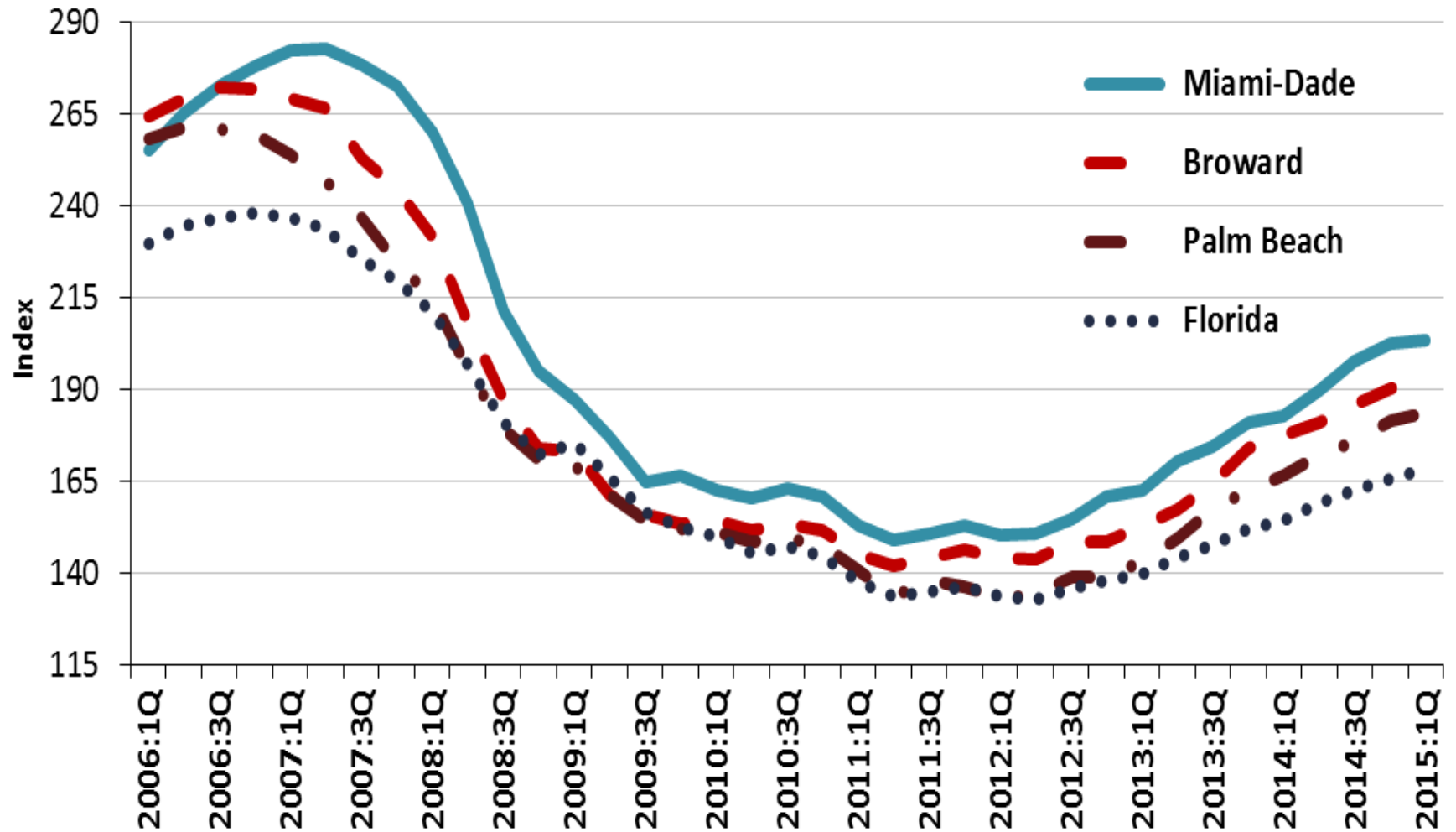
# Single Family Home Market

## Median Price & Seasonally Adj. Sales



## FHFA Housing Price Index

1st Quarter 2000 = 100

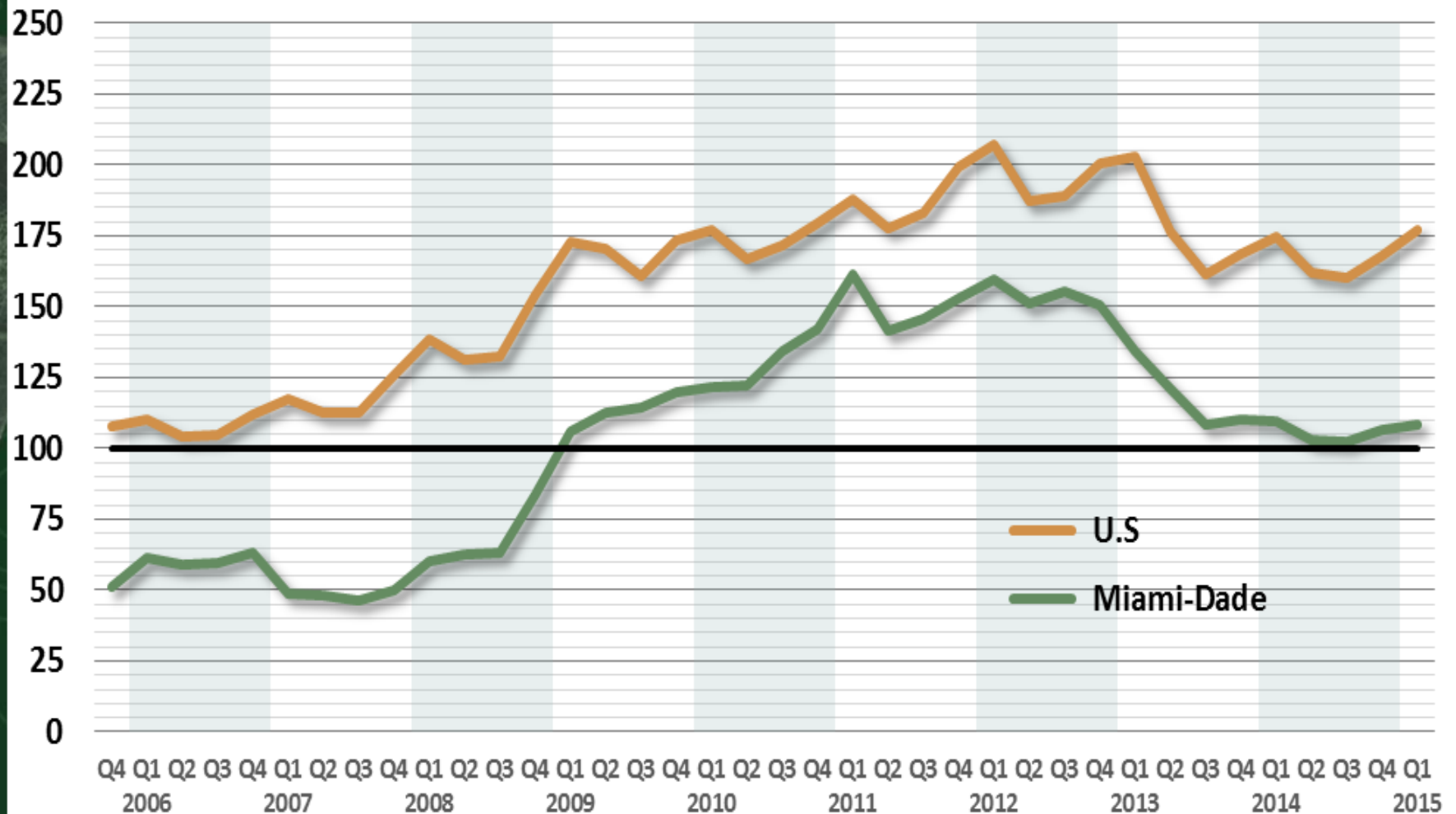


Data Source: Federal Housing Finance Agency



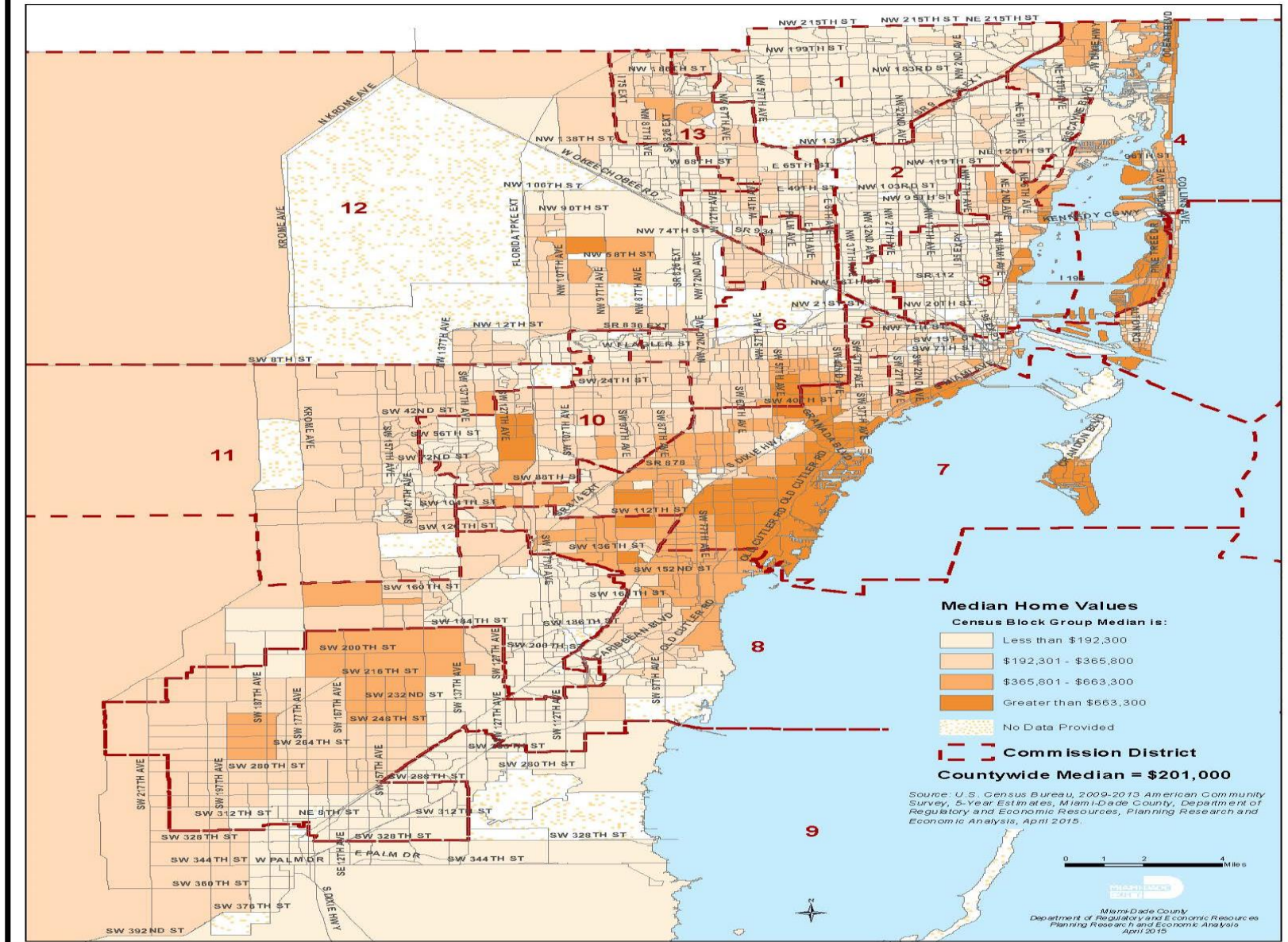
## Housing Affordability Index

(A Higher Index = a More Affordable Housing Stock)



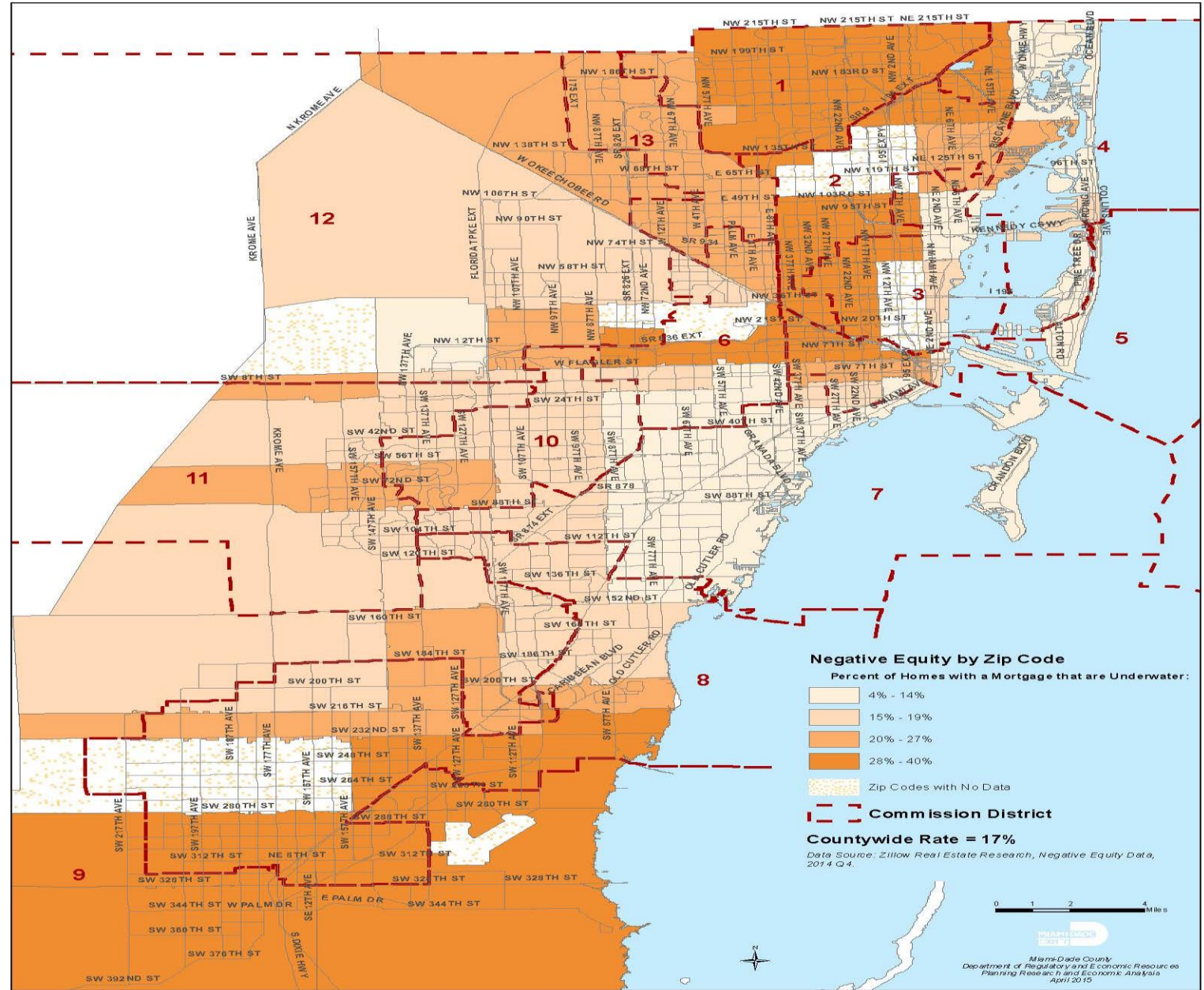
Data Source: National Association of Realtors; RER Planning Research and Economic Analysis.

# Median Home Values





## Percent of Homes with Negative Equity (Underwater)



# Quick County Demographic Overview

- MDC '14 Population: **2,662,874** (10yr CAGR **1.4%**).
- Hispanics, **1.7M (66%)**; Black NH, **441K (17%)**; White NH, **393K (15%)**
- Foreign Born Population: **1.4M (52%; CAGR 1.6%; 93% born in Latin America)**
  - FB Naturalized **Citizens: 741K , 55% of FB**
- Median age 2013: **39.0** vs. **36.6** in 2004.
  - Share < 5 years, **5.9%** vs. **7.2%** in 2004
  - Share > 64 years, **14.9%** vs **13.4%** in 2004



# TUA Profiles

All TUAs					Employment by Industry:		
Population	376,282	School enrollment percentages by age group:		Number Living in Poverty	121,030	Agriculture	1,331
Female	194,341 (51.6%)	Under 5 years - Nursery Sch. Pre-K	52.3%	Poverty Rate	32.7%	Goods Producing	17,872
Under 5 Years	25,602 (6.8%)	5-14 yr olds in K to 8 grade	80.3%	Labor Force	177,405	Wholesale/Retail Trade	24,674
5 to 24 Years	108,303 (28.8%)	15 to 19 yr olds in High School	79.6%	Employment	145,902	Transp, Warehousing, Util.	9,878
25 to 44 Years	106,796 (28.4%)	18 to 29 yr olds- College/Grad Sch.	36.5%	Unemployment Rate	21.6%	Information	2,622
45 to 64 Years	92,724 (24.6%)	Percent of pop. 25 yrs and above with only:				Finance, Ins., Real Estate	6,704
65 of more years	42,857 (11.4%)	High Sch. Diploma/GED	34.4%	Median Household Income	\$29,720	Prof. & Business Services	15,590
Hispanic	139,940 (37.2%)	Associate's Degree	6.6%	Per Capita Income	\$14,705	Ed. & Health Services	31,418
White - Not Hispanic	23,496 (6.2%)	Bachelor's Degree	9.2%	Median Home Value	\$127,084	Arts, Ent. & Tourism	19,336
Black - Not Hispanic	206,743 (54.9%)	Graduate/Professional Degree	4.6%	Housing Vacancy Rate	17.2%	Other Services	9,494
						Public Administration	6,983

Data Source: 2013 American Community Survey 5 year estimates.

Rest of Miami-Dade excluding the TUAs					Employment by Industry:		
Population 2,172,793		School enrollment percentages by age group:		Number Living in Poverty 377,721		Agriculture 7,127	
Female 1,118,234 (51.5%)		Under 5 years - Nursery Sch. Pre-K 47.0%		Poverty Rate 17.7%		Goods Producing 116,219	
Under 5 Years 126,959 (5.8%)		5-14 yr olds in K to 8 grade 79.6%		Labor Force 1,115,256		Wholesale/Retail Trade 167,584	
5 to 24 Years 536,051 (24.7%)		15 to 19 yr olds in High School 78.5%		Employment 993,963		Transp, Warehousing, Util. 70,640	
25 to 44 Years 618,107 (28.4%)		18 to 29 yr olds- College/Grad Sch. 50.2%		Unemployment Rate 12.2%		Information 22,426	
45 to 64 Years 567,814 (26.1%)		Percent of pop. 25 yrs and above with only:				Finance, Ins., Real Estate 77,426	
65 of more years 323,862 (14.9%)		High Sch. Diploma/GED 27.4%		Median Household Income \$45,896		Prof. & Business Services 126,788	
Hispanic 1,513,450 (69.7%)		Associate's Degree 8.9%		Per Capita Income \$24,640		Ed. & Health Services 200,460	
White - Not Hispanic 373,266 (17.2%)		Bachelor's Degree 17.8%		Median Home Value \$213,236		Arts, Ent. & Tourism 106,516	
Black - Not Hispanic 229,642 (10.6%)		Graduate/Professional Degree 10.5%		Housing Vacancy Rate 16.3%		Other Services 62,744	
						Public Administration 36,033	

Data Source: 2013 American Community Survey 5 year estimates.

# Miami Resale Market Trends

- A 0.6% decrease in price is anticipated next year.
  - Homeowners estimate the value of their property higher than appraisals
  - Underwriting standards have loosened.
  - Down Payment requirements have been reduced.
  - Lending in transition from banks to non banks.
  - **DEFINITION of 'Nonbank Banks':** Financial institutions that are not considered full-scale banks because they do not offer both lending and depositing services. Nonbank banks can engage in credit card operations or other lending services, provided they do not also accept deposits. \*Investopedia
- Step 1  
Identify Qualified Buyer
  - Step 2  
Locate Financing
  - Step 3  
Determine Down Payment Needs
  - Step 4  
Insure Long-term Homeownership

# Resale Market Impact on Federal and Local Public Policy

- First, develop policies to keep senior households in their homes as they age.
  - Home modification programs.
  - Home maintenance programs to stabilize home values.
  - Zoning changes to allow for house sharing.
- Second, rapid growth of renter population.
  - Over 15 year growth of Millennial Generation family formation.
  - Subsidies for affordable new construction.
  - Down payment assistance programs.
- Third, very tight credit availability standards will retard homeownership attainment.
  - Develop credit standards for minorities. (i.e. more than a 2 income household not in traditional underwriting.)
  - Develop credit standards for minorities in very high cost areas.



# “Boomerang Buyers”

- “Boomerang Buyers” include those who are 60 or more days delinquent on a mortgage loan, have had a mortgage loan modified, or have lost a home through foreclosure, short sale, or deed-in-lieu of foreclosure.
  - 18% out of 7 Million recovered by 12/2014 to qualify under underwriting guidelines
  - 42% have mortgage
  - 58% do not have a mortgage
- "An important question lenders face is when to re-engage with consumers who have been challenged managing credit in the past. Despite the negative impact of the mortgage crisis on many consumers, we're seeing promising recovery as consumers shift to lower risk tiers," said Ezra Becker, VP of research and consulting in TransUnion's financial services business unit.



# Knowledge is POWER...



- Studies have shown that students coming from homes that are owned by their parents have higher achievements levels and lower drop-out levels...



# Home is where the Heart is...

HAP Partners with  
various non-profit  
Housing Counseling  
Agencies (HCAs) that  
provide essential (and  
required) homebuyer  
education and  
financial counseling





# More than 300 HAP mortgage originators and closing professionals recertified with HAP in 2015.

- HAP works in partnership with mortgage, real estate and legal professionals, as well as governmental and community-based agencies.
- Mortgage Originators and title/closing agents must be HAP certified.
- While Realtor certification is not required, it is highly desired and recommended, and as such Realtor education has become an essential component, thus special training is being developed to increase Realtor awareness.
- ❖ Beginning in October 2015 HAP Certification for new participants will start again.
- ❖ MDEAT has contracted with an agency to evaluate HAP and spearhead outreach and advocacy initiatives.



# MDEAT's

## Housing Advocacy Committee (HAC)

- MDEAT Housing Advocacy Committee (HAC) address issues that impact Affordable Housing and affordable housing availability in the Miami-Dade County market and determine feasible and actionable solutions.
- The group meets quarterly on the third Thursday of each month (November 2015, February 2016, May 2016 and August 2016)
- Individuals representing lenders, real estate professionals and housing providers engage in problem-solving sessions to identify strategies to address the barriers affecting affordable housing needs of low-to-moderate income families



**The HAC also addresses housing supply vs. demand issues, explores affordable housing alternatives and advocates on behalf of its development and financing**



# More on MDEATs HAC



- There are two HAC Subcommittees: Public Relations and Outreach (PRO) and Resource, Affordability and Preservation (RAP)
- Subcommittees meet every other month and as needed



# Current and Proposed HAC Initiatives

- ❖ Housing Counseling Agencies Payout Initiative Partnership (Began April 2014)
- ❖ HAP 203(k) Pilot Initiative \*
- ❖ Realtor Training & Outreach Initiative \*
- ❖ TUA and Black/ African American Outreach Initiative
- ❖ Lease/Purchase Program Pilot Initiative
- ❖ HAP Breakfast Series (Ongoing)
- ❖ Legislative and Housing Preservation strategies are in the development stages

\* Rollouts in October 2015