Memorandum

MIAMI-DADE COUNTY

Date: November 3, 2009

Agenda Item No. 8(G)(1)(C)

To: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Resolution approving Miami-Dade Public Housing Agency's (MDPHA) Section 32 Plan for Heritage Village I

The item was amended at the October 14, 2009 meeting of the Housing and Community Development Committee to correct a scrivener's error on handwritten page 2. It should be reflected that if there is no interest by voucher participants, then units will be offered to the families on the project-based waiting list, not the tenant-based waiting list.

Recommendation

It is recommended that the Board of County Commissioners (Board) approve and authorize the County Mayor or the County Mayor's designee to submit a Section 32 application and plan to the U.S. Department of Housing and Urban Development (US HUD) through Miami-Dade Public Housing Agency (MDPHA), for the conversion of Heritage Village I, from the Turnkey III Program to the Section 32 Homeownership Program. It is also recommended that the County Mayor or the County Mayor's designee be authorized to execute all necessary agreements upon approval of the application by US HUD.

A copy of the proposed Section 32 Homeownership Plan is included as Exhibit A.

Scope

Heritage Village I, FL5-064, is located at the corner of SW 142 Avenue and SW 268 Street. This is a semi-rural agricultural area located in Commission District 9. The site originally had 30 Turnkey III units; however, because three units were already purchased, only 27 will be converted into the Section 32 homeownership program.

Fiscal Impact

Approval of this item will not create a negative fiscal impact to the County.

MDPHA has already rehabilitated this property and is currently maintaining it and providing security. The site is ideal for homeownership, which would increase property values in the neighborhood resulting in additional property tax revenue to the County.

Track Record/Monitor

MDPHA will maintain all records, including sales and financial records and racial and ethnic characteristics of the purchasers, for all activities related to the implementation of the Section 32 Homeownership Program. Additionally, the Section 32 Homeownership Program will be audited annually as part of MDPHA's regular independent audit, and MDPHA will submit to U.S. HUD an annual sales report to on a form prescribed by US HUD.

Background

HUD's Turnkey III homeownership projects, such as Heritage Village I, were originally designed to encourage self-sufficiency through homeownership for low-income families who made "mortgage" payments based on their income and maintained their own property. However, Heritage Village I, like other public housing agency properties around the nation, failed to become a successful homeownership project under the Turnkey III program. In 2003, US HUD launched the Section 32 Homeownership

Program, which is part of the Quality Housing and Work Responsibility Act. This program permits public housing agencies (PHAs) to make public housing dwelling units available for purchase by low-income families as their principal residence. Under Section 32, PHAs may convert public housing dwelling units to affordable homeownership units for eligible low-income homebuyers to be used as their principal residence. As such, a PHA is allowed to sell all or a portion of a public housing development to eligible public housing residents and Housing Choice Voucher (HCV) participants.

MDPHA proposes to convert 27 of the 30 Turnkey III units under the Section 32 Plan. The units are three-, four-, and five-bedroom units ranging from 966 to 1,276 square feet. MDPHA has rehabilitated these units extensively and anticipates that they will have very low maintenance and repair costs over the next 20 years.

Of the 30 units at Heritage Village I, seven families were occupying units. Three of those families have already purchased through the Turnkey III program, and the remaining four families did not qualify for homeownership and were offered Public Housing or a HCV. All four families accepted vouchers.

Units will be offered to income-eligible purchasers in conjunction with the HCV Homeownership Program. The benefits of this conversion results in more families being eligible for immediate purchase by including non-public housing low-income families that are voucher holders and are already in the homeownership pipeline.

The agency expects a sufficient number of eligible families from the following priority groups:

- Current Heritage Village public housing families;
- Families listed in the mobility pool who have been issued a voucher or have leased a unit in the HCV program;
- Eligible families already enrolled in MDPHA's Section 8 HCV Homeownership Program and Section 8 Family Self Sufficiency (FSS) Programs;
- Public Housing FSS program and income eligible homeownership families; and
- HCV recipients eligible for homeownership.

If there is no interest by voucher participants, then units will be offered to the families on the project-based waiting list.

The FY 2009-10 Annual Public Housing Agency (PHA) Plan adopted by the BCC pursuant to Resolution No. R-673-09, references the County's intent to submit a conversion application for Heritage Village I to the Section 32 Program. Assuming that the Section 32 Plan is approved by US HUD, MDPHA will revise as necessary and pending BCC approval its Admissions and Continued Occupancy Policy and Section 8 Administrative Plan to include a component on Section 32 Homeownership.

Attachment

Cynthia W. Curry
Senior Advisor to the County Manager

MEMORANDUM

(Revised)

TO: Honorable Chairman Dennis C. Moss and Members, Board of County Commissioners

DATE: November 3, 2009

FROM: R. A. Cuevas, Jr. County Attorney

SUBJECT: Agenda Item No. 8(G)(1)(C)

Please note any items checked.

_____ **"3-Day Rule" for committees applicable if raised**

_____ **6 weeks required between first reading and public hearing**

_____ **4 weeks notification to municipal officials required prior to public hearing**

_____ **Decreases revenues or increases expenditures without balancing budget**

_____ **Budget required**

_____ **Statement of fiscal impact required**

_____ **Ordinance creating a new board requires detailed County Manager's report for public hearing**

_____ **No committee review**

_____ **Applicable legislation requires more than a majority vote (i.e., 2/3's ____, 3/5's ____, unanimous _____) to approve**

_____ **Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required**

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 8(G)(1)(C)
11-3-09

RESOLUTION NO. _____

RESOLUTION APPROVING SECTION 32 HOMEOWNERSHIP PLAN; AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO SUBMIT AN APPLICATION AND SECTION 32 HOMEOWNERSHIP PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (US HUD) FOR THE CONVERSION OF HERITAGE VILLAGE I (FL5-064) FROM THE TURNKEY III PROGRAM TO THE SECTION 32 HOMEOWNERSHIP PROGRAM; AND AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO EXECUTE ALL NECESSARY AGREEMENTS UPON APPROVAL OF THE SECTION 32 PLAN BY US HUD

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference; and

WHEREAS, this Board desires to submit to US HUD an application and a Section 32 Homeownership Plan to convert Heritage Village I (FL-5-064) from the Turnkey III Program to the Section 32 Homeownership Program,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board approves the Section 32 Homeownership Plan in substantially the form attached hereto as Exhibit A, authorizes the County Mayor or County Mayor's designee to submit an application and the Section 32 Plan to US HUD to convert Heritage Village I (FL 5-064), consisting of twenty-seven (27) units, from the Turnkey III Program to the Section 32 Homeownership Program; and authorizes the County Mayor or County Mayor's designee to enter into contract or agreement upon US HUD's approval of the Section 32 Plan pursuant to the above, and to prepare and execute the necessary documents to accomplish same.

The foregoing resolution was offered by Commissioner ,

who moved its adoption. The motion was seconded by Commissioner

and upon being put to a vote, the vote was as follows:

Dennis C. Moss, Chairman
Jose "Pepe" Diaz, Vice-Chairman

Bruno A. Barreiro	Audrey M. Edmonson
Carlos A. Gimenez	Sally A. Heyman
Barbara J. Jordan	Joe A. Martinez
Dorrin D. Rolle	Natacha Seijas
Katy Sorenson	Rebeca Sosa
Sen. Javier D. Souto	

The Chairperson thereupon declared the resolution duly passed and adopted this 3rd day of November, 2009. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.

MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By:_____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Terrence A. Smith

MIAMI-DADE
PUBLIC HOUSING AGENCY

SECTION 32 PLAN
(PROPOSED)

Conversion of current Turnkey III Program

Heritage Village I
FL 5-064
Part of AMP 815
Homestead, Florida

MIAMI-DADE COUNTY

Delivering Excellence Every Day

6

HOMEOWNERSHIP TERM SHEET
SECTION 32

Index	Page
A. Section 32 Project Summary	**3**
B. Homeownership Plan Requirements	**4**
1. Method of Sale	**4**
2. Property Description and Fair Market Value	**6**
3. Repair or Rehabilitation	**8**
4. Purchaser Eligibility and Selection	**9**
a) Order of Priority Preference	**9**
b) Participant Eligibility	**9**
c) Process for Purchaser Eligibility	**10**
5. Sale and Financing (Includes Section 11- Budget)	**11**
6. Counseling	**13**
7. Sale via Purchase and Resale Entity (PRE)	**14**
8. Non-purchasing residents	**14**
9. Sales Proceeds	**15**
10. Records, Accounts, and Reports	**15**
11. Budget (See Section 5)	**17**
12. Timetable	**17**
C. Homeownership Performance	**17**
D. Supporting Documentation	**18**
E. Certifications (*Nondiscrimination & Section 8)*	**20**
F. Board Resolution	
G. Legal Opinion	

A. Section 32 Project Summary (24 CFR PART 906)

The 1998 Quality Housing and Work Responsibility Act (QHWRA) permits public housing authorities (PHAs), through Section 32 of the U.S. Housing Act of 1937, to make public housing dwelling units available for purchase by low-income families as their principal residence. Under Section 32, the PHA may sell all or a portion of a public housing development to eligible public or non-public housing residents. Other more restrictive homeownership programs, such as 5(h)[1] and Turnkey III[2], may be converted to Section 32 to increase the pool of eligible low income homebuyers (24 CFR § 906.3(b)).

Heritage Village I (FL5-064) was constructed in 1982 as a Turnkey III project. This property, located in the Homestead area of Miami-Dade County at the corner of SW 142nd Avenue and SW 268th Street, failed to become a successful homeownership project under this program. The property includes a community center and a gazebo structure. Once all units have been sold the homeowners will decide on whether to convert the community center into a central storage or to retain it as is.

Miami-Dade County, through the Miami-Dade Public Housing Agency ("MDPHA"), proposes to convert twenty-seven (27) of the original thirty (30) units into a Section 32 Homeownership Program. However, three (3) occupied units have homeownership agreements under the current Turnkey III Program and these units are being transferred under that program to the three (3) families.

Of the twenty-seven (27) remaining units, twenty-three (23) are vacant and four (4) are occupied. Extensive rehabilitation has taken place at twenty-one (21) units and these units will continue to be maintained until sold. The units are 3-, 4-, and 5-bedroom units with square footage ranging from 966 – 1,276 square feet respectively. MDPHA believes there is a need for units of this larger size as its current waiting list of 71,000 families shows that 3,964 families need 4-bedroom units and 776 families need 5-bedroom units. These units are ideal candidates for homeownership opportunities as these units are located in a semi-rural agricultural area in South Dade (the southern area of Miami-Dade County), which lacks low-income homeownership opportunities. Due to the major renovations, the units will have very low maintenance and repair costs over the next twenty years.

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[1] According to USHUD, the Section 5(h) homeownership program offers PHAs a flexible way to sell public housing units to low-income families. Section 5(h) helps low-income families purchase homes through an arrangement that benefits both the buyer and the public housing agency (PHA) that sells the unit. It gives the buyer access to an affordable homeownership opportunity and to the many tangible and intangible advantages it brings. Section 5(h) works for PHAs as it allows them to sell individual units and developments that may, due to their location or configuration, no longer be efficient to operate while HUD continues to service the debt on the original acquisition, construction or modernization costs. PHAs retain and reuse the proceeds of sale of public housing units to meet other low-income housing needs.

[2] This program enabled Indian Housing Authorities (IHAs) to help low-income families purchase a home. IHAs competed for funds through an annual Notice of Funding Availability (NOFA). HUD awarded funds to the IHA, which then selected program participants based on waiting lists. This program was designed to encourage self-sufficiency through homeownership. The housing units in this program were owned by the IHA. During the period of tenancy, the family made "mortgage" payments based on their income and maintained their own property.

These renovated units will be offered to income-eligible purchasers in conjunction with MDPHA's Housing Choice Voucher (HCV) Homeownership Program. The benefits of this conversion results in more families being eligible for immediate purchase by including non-public housing, low-income families that are voucher holders and are already in the homeownership pipeline. Units will be offered first to current Heritage Village public housing families, if they are interested and eligible for homeownership. A HCV will be provided to these families to be used to purchase the unit. Second priority will be given to members of the mobility pool still being processed[3]. Third priority will be given to eligible families already enrolled in the agency's Section 8 HCV Homeownership Program and Family Self Sufficiency (FSS) Programs, and forth priority will be given to families on the Section 8 HCV Waiting List. The MDPHA expects a sufficient number of eligible families to be found within these categories to purchase the twenty-seven (27) units. The tenants presently occupying the seven (7) leased units have been notified of MDPHA's interest in converting the Turnkey III Program to Section 32 Program.

B. The Homeownership Plan (24 CFR § 906.39)

This Section 32 Plan is consistent with the County's FY2009-2010 Annual Public Housing Agency (PHA) Plan. Currently, MDPHA is updating its Admissions and Continued Occupancy Plan (ACOP) and Section 8 Administrative Plan to include a component on the Section 32 Plan. The Section 8 Administrative Plan will include a priority for voucher issuance to eligible Public Housing families who are under the Section 32 Plan or other homeownership program and will be purchasing the units they are currently living in. In the event a family will not be purchasing their unit, they will be provided an option to select a HCV or be transferred to another comparable[4] public housing unit.

1. Method of Sale

The MDPHA will sell the twenty-seven (27) Heritage Village I units at the current appraisal value, with MDPHA offering soft second mortgages on a sliding scale. The units will be sold to an eligible purchaser using the HCV homeownership option. The prospective homebuyer, who is also a HCV participant, will be qualified in accordance with 24 CFR § 982.627 and will be required to obtain a mortgage that is affordable to the family. Additionally, each family will be required to execute a promissory note and a

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[3] The mobility pool is a list established as a result of the Adker Consent Decree, which mandated that the County and HUD desegregate public housing and other housing programs that come within the County's control. The Decree provided past, present and future black public housing residents, who are mobility pool members, with a choice of housing options, which primarily included entitlement to turn over Section 8 Housing Choice Vouchers: The Decree expired on August 1, 2009; however there are still mobility pool members being processed and who would be entitled to purchase one of the homes described herein.

[4] For purposes of this Plan, the term "comparable housing" means housing (1) that meets housing quality standards; (2) that is located in an area that is generally not less desirable than the displaced resident's original development; and (3) which may include (a) tenant-based (tenant-based assistance must only be provided upon the relocation of the resident to the comparable housing); (b) project-based assistance; and (c) occupancy in a unit owned, operated, or assisted by the County at a rental rate paid by the resident that is comparable to the rental rate applicable to the unit from which the resident is vacating.

deed restriction that will set forth a control period of twenty (20) years and will further require that in the event of a re-sale of the unit prior to the expiration of the twenty-year period, MDPHA will be authorized to recapture the full amount of its second mortgage or whatever amount has not been forgiven. The family shall also be required to re-sell the unit to another low income family, if re-sold during the twenty-year control period. MDPHA shall retain the right of first refusal to purchase the unit to be sold to another low-income family.

The MDPHA will offer a soft second mortgage on these units which will be the difference between what the family can qualify for under the HCV Homeownership option and the appraised value. The second mortgage will extinguish at five percent (5%) per year for twenty (20) years. Appraisals for each of the units were completed in February 2008; new appraisals were done in April 2009. Property taxes will be assessed at the first appraisal conducted April 2009 and buyers will be encouraged to apply for the Homestead Exemption.[5]

No closing costs or down payment assistance will be offered or paid by MDPHA. At the time of purchase, each family who will purchase a unit under the Section 32 Homeownership Program must contribute from their own funds an amount not less than one percent of the total sale price of the unit to be acquired. The sale price shall be the appraised value as determined by a certified appraiser prior to signing a Purchase & Sales Agreement by the prospective homebuyer. MDPHA will maintain records that are verifiable as to the source of this one percent contribution.

The MDPHA shall reserve the right to determine whether the Section 8 family can afford the proposed financing. First mortgages shall be offered by a Miami-Dade County Office of Community and Economic Development approved lender for mortgage financing at prevailing market rates. First mortgage financing must meet current lending standards, including Federal National Mortgage Corporation "Fannie Mae" and Federal Home Loan Mortgage Corporation "Freddie Mac." The mortgages shall be a fixed rate mortgage in order to help the buyer obtain a lower interest rate. In order to protect the family and to meet the parameters of the financial arrangement by the family, this Section 32 homeownership plan will prohibit any financing which includes balloon payments, variable interest rates, or private seller financing.

In accordance with 24 CFR § 982.634, the maximum term of assistance is fifteen (15) years if the mortgage has a term of twenty (20) years or longer. There is no maximum term of homeownership assistance for disabled families, so the term of the mortgage may be longer.

For the first five (5) years following the purchase of the unit, MDPHA will not forgive any portion of the second mortgage. However, commencing with the sixth year, MDPHA will forgive the outstanding second mortgage at a rate of five percent (5%) per year. During the period in which any portion of the second mortgage is outstanding, should the

[5] The Florida Constitution provides for a $50,000 exemption, which is deducted from a property's assessed value if the owner qualifies. Buyers who timely file by March 1, and possess title to the real property, and are bona fide Florida residents living in the dwelling and making it their permanent home as of January 1, qualify for the exemption. Both of these actions will be advantageous to the home buyer as it will further reduce the mortgage payment required.

mortgagor choose to sell the property, or refinance the property for more than the outstanding first mortgage, MDPHA will receive the principal amount of the mortgage remaining outstanding plus interest at the rate of five percent (5%).

In addition, should the mortgagor sell the property purchased under this program during the first five-year period beginning with the purchase of the property, or refinance the entire amount of the outstanding mortgage, eighty percent of the net proceeds[6] will be paid at the closing to the MDPHA.

After the first five (5) years and for the remainder of the 20-year term of the second mortgage, the MDPHA will receive a decreasing amount of the net proceeds of the financial gain, in accordance with the Sample Calculation of Forgiveness (see Section Five - PHA Recapture Provision). MDPHA shall have the right of first refusal regarding any sale of the property during the period that any portion of the second mortgage is outstanding.

Pursuant to 24 CFR § 982.633, as long as the family is receiving homeownership assistance, use and occupancy of the home is subject to the requirements set forth in 24 CFR § 982.551(h) and (i). More specifically, the regulatory provisions require that homeownership assistance may only be paid while the family is residing in the home and will be terminated if the family moves out during this period (In other words, this is the ten-year period covered by the HCV Homeownership Option when housing assistance payments (HAP) are being used for mortgage payments). Each family is required to promptly report changes in family composition and absences from the unit as well as other HCV family obligations.

Further, 24 CFR § 982.551 prohibits a family from subleasing, subletting, or transferring the unit. The MDPHA shall, through a recorded restrictive covenant, condition the initial purchaser's right to resell upon approval by the MDPHA. Such approval will be based solely on the MDPHA's determination that the resale price represents fair market value or a latter amount that will result in payment to the MDPHA, under the Promissory Note, of the full amount of the purchase price discount (subject to any accrued reduction). If so determined, the MDPHA shall be obligated to approve the resale.

The MDPHA will record in the public records of Miami-Dade County a Mortgage Deed and a Restrictive Covenant, which shall contain the restrictions described herein. .

2. Property description

Project and Property Detail:

Units not included in this Section 32 Conversion - Units under a Turnkey III Agreement:

Street Address	No. of Bedrooms	Purchasing Family
26835 SW 142nd Avenue	3	Occupied

[6] Net proceeds are defined to mean the financial gain on resale or refinancing received by the seller/mortgagor after satisfying all amounts owing under the mortgages, paying closing costs and receiving an amount equal to the down payment made from the seller/mortgagor's own funds.

13981 SW 270th Street	4	Occupied
13961 SW 270th Street	5	Occupied

27 remaining Turnkey III Units, subject to Section 32 conversion request. FL005-064 – Heritage Village 1, AMP FL005-815

Street Address	Number of Bedrooms
26801 SW 142nd Avenue	4
26803 SW 142nd Avenue	4
26805 SW 142nd Avenue	4
26807 SW 142nd Avenue	3
26821 SW 142nd Avenue	4
26823 SW 142nd Avenue	4
26825 SW 142nd Avenue	3
26831 SW 142nd Avenue	5
26833 SW 142nd Avenue	4
26837 SW 142nd Avenue	4
14002 SW 268th Street	3
14004 SW 268th Street	4
14006 SW 268th Street	4
14008 SW 268th Street	5
14010 SW 268th Street	4
14020 SW 268th Street	4
14022 SW 268th Street	4
14024 SW 268th Street	3
14026 SW 268th Street	5
14032 SW 268th Street	4
14034 SW 268th Street	3
13979 SW 270th Street	4
13977 SW 270th Street	5
13975 SW 270th Street	4
13973 SW 270th Street	5
13971 SW 270th Street	3
13963 SW 270th Street	4

Fair market value of the units:

Twenty-one (21) of the units have been totally rehabilitated as of January 2009 and the remaining six (6) units will be scheduled for rehab during 2009-2010, as they are vacated.

MDPHA's most recent appraisals as of April 2009 for all thirty (30) rehabbed units follow:

7 units - 3 bedroom/2 bath	$ 75,000
17 units - 4 bedroom/2 bath	$ 80,000
6 units - 5 bedroom/2 bath	$ 85,000

3. Repair or rehabilitation

During 2007 and 2008, the MDPHA began the rehabilitation of twenty-two (22) of the vacant units at Heritage Village I, and by the end of 2008; a Certificate of Occupancy was received from the Miami-Dade County Building and Zoning department. All twenty-two (22) of these units are presently ready for immediate occupancy.

The average rehabilitation cost per unit was $85,000. Rehabilitation consisted of the following work items:

Building Exteriors (by contracts)

- Replacement of flat roofs with pitched roofs and asphalt shingles
- Exterior painting
- Replacement of air conditioning units
- Replacement of electrical feeders from meters to panels
- Installation hurricane shutters

Building Interiors (force account, except where noted)

- Broken window replacement
- Interior doors replaced major drywall repairs
- Plumbing replacement/repairs
- Kitchen and bathroom cabinets replaced as needed
- Central air installed (contractor)
- Replace damaged smoke detectors

Site-work (contractors)

- Landscaping in two phases, including new sod, trees, and shrubs
- Perimeter fence repairs and painting
- Asphalt repainting, re-striping, wheel stops and other signage for handicapped accessibility
- Signage for development
- Underground utility repairs, electrical and phone lines
- Site lighting
- New mail box clusters

Community Center (contractors)

- Installation of heating, ventilation, and air conditioning (HVAC)
- Exterior and interior painting
- Gazebo painted

The remaining six (6) units will be rehabbed to the same level of quality as the first 21 units, as the families are relocated.

4. Purchaser eligibility and selection

The MDPHA has established priorities for selecting potential homeowners that further the program's goals. Since this is a homeownership program conversion from Turnkey II to Section 32 Plan, priority will be given to current Heritage Village I residents that are eligible homebuyers and can obtain a mortgage. Of the seven (7) occupied units, three are under signed Turnkey agreements with three families expected to be eligible to purchase. Two have completed the terms of the agreement and title will be transferred. The third person has not completed his agreement in full. However, MDPHA intends to assist this family with closing out their Turnkey III Agreement, if possible.

a) Order of Priority Preference:

First Priority -- Current Heritage Village residents

Second Priority -- Mobility Pool with available voucher (Family listed in the Mobility Pool on or before August 1, 2009)

Third Priority -- Current HCV-eligible Homeownership Program candidates and FSS Participants

Fourth Priority -- Public Housing FSS and income eligible homeownership families

Fifth Priority -- HCV Program current HCV recipients eligible for homeownership. If no interest by HCV recipients, the Section 32 option will be opened to the next 500 families on the current waiting list. This offer will be repeated until such time as there are sufficient eligible buyers choosing to purchase in the Homestead area of Miami-Dade County.

Under the Section 32 Program, the MDPHA restricts eligibility to eighty percent (80%) of area median income (AMI) corresponding to participant's household size for families currently enrolled in the Section 8 HCV Program or in the Mobility Pool. The only exception is that MDPHA will offer the right of first refusal to residents currently occupying public housing units to be sold under the project. In these few cases, if eligible, the families will be offered a Section 8 HCV using the Homeownership option.

The MDPHA has further restrictions as outlined below:

b) Participant Eligibility:

In order to qualify, the families must currently hold a Section 8 HCV (or be in the Mobility Pool with an available voucher) and be a participant in good standing by demonstrating:

- Family is current on all lease obligations over a period of not less than six (6) months prior to application.
- Family has a good record of maintaining current and past housing unit(s) and exterior grounds.
- Family must be in good standing with MDPHA (i.e., no past due accounts or unpaid fines etc.).
- Family has sufficient income to meet a minimum income standard, which is intended to assure that a family will have sufficient income to pay homeownership and other family expenses not covered by the Section 8 Subsidy.
- Head of household is currently employed on a full-time basis and has been continuously so employed during the year before commencement of the

homeownership assistance for the family. Based on the following bedroom sizes, the minimum earned income are as follows:

- Three-bedroom requires a minimum annual income of $21,000
- Four-bedroom requires a minimum annual income of $24,000
- Five-bedroom requires a minimum annual income of $27,000

- For disabled families, the minimum income is the total amount of their monthly Supplemental Security Income (SSI) benefits multiplied by twelve (12) months. Families in which the head of household or the spouse are elderly or disabled do not have to be employed, but must still meet with the minimum income requirements. (Disabled families are those whose head of household or spouse is disabled).

- Families that participate in a Family Self Sufficiency (FSS) program and are employed qualify to apply for this program. Since families must apply personal funds to the required down payment, as outlined herein, it is recommended that families who are currently employed and have an FSS escrow account are encouraged to consider this assistance program as part of their goals.

- Families must be a first-time homebuyer and not have any member of the household owning a home for a minimum of three (3) years prior to receiving the homeownership assistance. (This does not apply to single parent who owned a home with a former spouse).

- Families must not have any financial interest in any other home while receiving Section 8 HCV Homeownership assistance.

- Families must not have any debts which may disqualify them from receiving home financing. This review of the homebuyer's finances shall be conducted by the financial institution approved by the Miami-Dade County Office of Community and Economic Development.

c) Process for purchaser eligibility:

Participating lenders will pre-qualify and approve buyers. Once the lender processes an application, MDPHA will be notified via fax or email to reserve the required second mortgage financing for the applicant and issue a pre-approval letter. Once the lender submits the file to MDPHA for income verification of the borrowers, the certification will be valid for a period of ninety (90) days.

Families or individuals who plan to purchase using the Section 8 HCV must complete a homeownership application and provide proof of completing a mandatory counseling course as described below. After these two documents have been received the families or individuals who plan to purchase using the HCV will receive the following information from MDPHA:

- A pre-qualification letter indicating the maximum sale price is qualified for to purchase the unit.

- Information on the process for select a unit and executing a sale contract
- Information regarding the process for having the unit inspected
- Information regarding the process for selecting an approved lender for mortgage financing from the Miami-Dade County Office of Community and Economic Development

After all finances (i.e. principal and interest, taxes, insurance, maintenance fees, if applicable) have been calculated to ensure that they do not exceed thirty-five percent (35%) of the applicants' adjusted income plus any other subsidy used for monthly payments. MDPHA will also determine the final amount of the HAP in accordance with 24 CFR § 982.635).

5. Sale and financing (Includes Section 11- Budget)

The current tenants of Heritage Village I will receive first priority to purchase their units. These residents must be current in all lease obligations and have reported all income. A participant must have held a permanent job for at least fifteen (15) months prior to being considered for any transfer of real estate under this program and be credit worthy. Unless such resident is currently disabled, in which case they must be current in all lease obligations and have reported all income; and be eligible for a mortgage for the unit.

All prospective homebuyer's monthly payments for mortgage and housing expenses (principal and interest, taxes, insurance, maintenance, utilities and other regularly recurring homeownership costs (for example, Homeowners Association fees) may not exceed thirty-five percent (35%) of the applicants adjusted income plus any other subsidy used for monthly payments (24 CFR § 982.635).

The role of Housing Choice Vouchers in our homeownership strategy:

If an applicant is purchasing using a Section 8 HCV, the HAP will be applied to the family. The homeownership HAP will equal the lower of 1) the payment standard minus the total tenant payment or, 2) the monthly homeownership expenses minus the total tenant payment. The HAP calculation includes principle, interests, taxes and insurance and the same utility allowance used for a rental voucher for the unit. Also included as allowances are monthly maintenance and monthly reserve for major replace/repair items. Families are not required to deposit these allowances in an escrow account, but should strongly be encouraged to maintain some set-aside for these items. The family is responsible for the monthly homeownership expenses not reimbursed by the housing assistance payment. (Total tenant payment is calculated the same for homeownership as for the rental voucher.)

The HCV Program contractor must use the utility allowance schedule and payment standard schedules applicable to the Section 8 voucher rental program. In any case, where the family's monthly homeownership expenses exceed the applicable payment standard, the maximum subsidy is capped by the applicable payment standard. Reimbursement for such expenses is limited by the voucher subsidy formula. After the homeownership housing assistance payments commence, the MDPHA Housing Choice Voucher Program contractor (Florida Quadel or any other HCV contractor) will annually

reexamine family income and composition and make appropriate adjustments to the amount of the monthly housing assistance payment.

Sample Rationale for MDPHA Subsidy:

Based on the market conditions in the Homestead area, MDPHA desires to encourage stability by providing incentives for the buyer to remain in the home. MDPHA will, therefore, forgive its second mortgage to the purchaser over time. To make the unit more affordable to low-income purchasers, the MDPHA will offer the ACC rental units for less than appraised value (also known as below-market financing). To determine the amount of below-market financing and second mortgage is required for the sale of a unit to buyer, a public housing or Section 8 Homeownership Option eligible purchaser, the MDPHA has created the following table:

PHA Subordinate Mortgage Analysis (Example only)

Fair Market Value/Sales Price (Appraised value of ACC rental unit)	$ 80,000
Less First Mortgage proceeds (Example of 1st mortgage amount based on Purchaser's income)	$ 60,000
Down payment (at least 1% from purchaser's funds)	$ 800
PHA Second Mortgage Needed (Fair Market Value – 1st Mortgage minus down payment)	$ 19,200
Total PHA Subsidy Required Soft Second Mortgage	$ 19,200
Total Purchaser initial upfront costs	**$800 plus closing costs**

PHA Recapture Provision:

Because the MDPHA is implementing its homeownership program in an unstable market where large gains on home values are not anticipated, it has decided to forgive the PHA subsidy (subordinate mortgage) at a rate of five percent per year. The MDPHA calculates the recapture schedule below:

Sample Calculation of Forgiveness:		
Year of Resale	Rates of Forgiveness	Amount of PHA Recapture
Within year 1	0%	$19,200
End of year 1	5%	18,240
End of year 2	10%	17,280
End of year 3	15%	16,320
End of year 4	20%	15,360
End of year 5	25%	14,400
End of year 6	30%	13,440

End of year 7	35%	12,480
End of year 8	40%	11,520
End of year 9	45%	10,560
End of year 10	50%	9,600
End of year 11	55%	8,640
End of year 12	60%	7,680
End of year 13	65%	6,720
End of year 14	70%	5,760
End of year 15	75%	4,800
End of year 16	80%	3,840
End of year 17	85%	2,880
End of year 18	90%	1,920
End of year 19	95%	960
End of year 20	100%	0

PHA Anti-speculation Provision

In accordance with 24 CFR § 906.27(a) (b) (4), the MDPHA has elected to capture fifty percent (50%) of the Gains from Appreciation[7] if the home is resold within five (5) years of initial purchase. This includes below-market financing, but which does not include Section 8 assistance used for mortgage payments under this part. This provision is recorded in a deed restriction with the land.

In order to determine how much of a household's net proceeds to claim, MDPHA has taken into consideration the following factors:

- Aggregate amount of assistance provided under the homeownership program to the family
- The contribution of equity by the purchasing family
- The period of time elapsed between purchase by the homebuyer under the homeownership program and resale by the homebuyer
- The reason for resale
- Any improvements made by the family purchasing under the program
- Any appreciation in the value of the property, and
- Any other factors that the MDPHA considers appropriate.

6. Counseling

The MDPHA has determined that all interested families are required to take homeownership counseling for eligible purchasers through a HUD-approved Housing Counseling Agency. Examples of counseling services expected to be provided to prospective homebuyers (credit enhancement, budgeting, maintenance responsibilities, etc.), the provision of direct assistance such as a soft second mortgage, and on-going

[7] Gains from appreciation is defined as financial gain solely attributable to the home's appreciation overtime and not attributable to below-market financing or government-provided assistance.

post-purchase counseling. Assisting new owners to understand and manage budgeting, maintenance and repairs, and other responsibilities of homeownership is critical.

The following housing counseling agencies have been used successfully by MDPHA under its Section 8 Homeownership Program and will be used for the sale of these Heritage Village I units. None of the agencies charge for these counseling services.

COUNSELING AGENCIES

Agency Name	Contact Person	Phone	Fax	Address
Centro Campesino Farmworker Center	Steve Mainster	305-245-7738	305-247-2619	P.O. Box 343449 Florida City, FL 33034
Miami Beach CDC	Denis A. Russ	305-538-0090	305-538-2863	945 Pennsylvania Ave. Miami Beach, Fl. 33139
Neighborhoods Housing Services	Arden Shank	305-751-5511	305-751-2228	181 NE 82nd Street Miami, FL. 33138
Opa-Locka CDC	Stephanie Williams	305-687-3545	305-685-9650	490 Opa-Locka Blvd Suite 20 Opa-Locka, FL 33054

Topics covered in first time homebuyer education workshops, include but are not limited to:

- How to set a working budget
- How to address your credit issues
- How to obtain the best loan program
- Down payment and closing costs assistance programs available in Miami-Dade County
- How to select a real estate consultant
- How to select a home inspector
- How to select the best Homeowners' Insurance
- What should you expect on the closing day
- And many other topics to prepare for the process.

7. Sale via Purchase and Resale Entity (PRE) – None in use.

8. Non-purchasing residents (When the MDPHA is selling ACC Units)

In accordance with 24 CFR § 906.23, the PHA must offer the first right of refusal to eligible residents occupying public housing units that are to be sold. While the resident occupying the unit does not have to meet the low-income requirement, he/she does need to satisfy any other eligibility requirements that the PHA may choose to establish for its homeownership project. If the public housing resident does not exercise the right of first refusal, the PHA must notify the resident of his/her relocation rights, including the right to comparable housing.

There are currently seven (7) occupied units in the thirty (30) ACC units located within Heritage Village I. The MDPHA has established five (5) priorities for selecting potential homeowners that further the program's goals. Since this is a Homeownership Program

conversion from Turnkey III to Section 32 Plan, priority will be given to current and former Heritage Village residents that are eligible homebuyers and can obtain a mortgage. Of the six (6) occupied units, three (3) are under signed Turnkey agreements with two (2) families expected to be found eligible to purchase their units.

After providing first right of refusal, MDPHA will notify each resident of their relocation rights, including the right to comparable housing as outlined in 24 CFR § 906.23. In this case, twenty-three (23) units are vacant. The current residents of the seven (7) occupied public housing units have the option of applying to the program in order to purchase their unit (if they have not already done this), relocating to another comparable unit, or receiving tenant-based assistance. MDPHA will provide the resident with written notice ninety (90) days prior to the displacement date (the date their unit is to be sold or earlier if possible), counseling, relocation expenses, and comparable replacement housing options. The notice will inform each resident of the following:

- That the public housing unit will be sold;
- The transfer of possession of the unit will not occur until the resident is relocated; and
- Each resident displaced by such action will be offered comparable housing

9. Sales Proceeds

MDPHA will use any net proceeds from homeownership sales remaining after payment of all costs of the sale for purposes related to low-income housing, including but not limited to:

- Funding the non-routine maintenance fund for homes sold.
- Establishing a reserve for re-purchase, repair and resale of homes in event of default.
- Hiring a homeownership coordinator who will be responsible for managing MDPHA's Section 32 program, preparing residents to become homebuyers through counseling, and self-sufficiency training, handling all facets of the sale and property title transfer, conducting homebuyer and homeowner maintenance training, and providing on-going counseling, training and technical assistance to homeowners.
- Funding the repair and rehabilitation of the twenty-seven (27) homes for sale under MDPHA's Section 32 Program.
- Funding family self-sufficiency, homebuyer and maintenance training programs.
- Building additional new and/or acquiring and rehabbing existing housing units for sale or rent to low-income families.
- Providing down payment assistance and/or buying-down interest in order to help low-income families buy homes.
- Any other purposes related to low-income housing.

10. Records, Accounts, and Reports

Separate Records

The MDPHA will keep records of all revenues, expenses and transactions separate from all other programs administered by MDPHA.

Accounting Practices

The MDPHA will maintain all records including sales and financial records and racial and ethnic characteristics of the purchasers, for all activities related to the implementation of the Section 32 Homeownership Program.

Annual Audit

The Section 32 Homeownership Program will be audited annually as part of MDPHA's regular independent audit.

Annual Report

MDPHA will submit an annual sales report to HUD on a form prescribed by HUD.

Records Available

All books and records will be available for inspection and audit by HUD and the at the MDPHA offices.

All documentation of the sales of the homes shall be kept in a separate file for a minimum of the length of the mortgage plus three additional years. All files shall be maintained until the County no longer has any interest in the property and the first and second mortgages have been discharged.

Each file shall minimally contain:

- Original application completed by the family.
- Documentation supporting the family's eligibility to purchase
- Property appraisal
- Sale Contract
- Settlement statement
- Property deed
- Second mortgage addendum
- Any and all paperwork generated at the closing of the sale
- A copy of the resolution to sell the property by the Miami-Dade Public Agency and another by the city council
- A statement from the USHUD Special Applications Center (SAC) releasing its interest
- Second mortgage discharge
- Documentation of the distribution of the proceeds from the sale

Other items included, but not mandatory, are:

- Any inspections performed for the sale.
- Documentation regarding recapture of the property
- Documentation of any unusual occurrence regarding the property.

11. Budget – See Section 5.

12. Timetable

The MDPHA expects to have all twenty-seven (27) units sold by December 2010.

- Notification of intent to covert Turnkey III program to current residents by June 2009
- 90-day notification to remaining residents of family's relocation rights, including the right to comparable housing, as outlined in 24 CFR § 906.23
- Consultations with approved eligible homebuyers in the Section 8 Homeownership Program and, if applicable, eligible homeowners in MDPHA's public housing program by August 2009
- Ongoing homeownership counseling and training during the stated 2009-2010 period

C. Homeownership Performance

MDPHA has a successful record of providing homeownership for active participants under the HCV Program. Over the last the six (6) years the Homeownership program has provided opportunities for 170 families from the FSS program and HCV to help voucher families obtain employment that will lead to economic independence and self-sufficiency and homeownership. MDPHA has worked with Miami Dade County Office of Community and Economics Development to obtain information for approved lenders and financial assistance. The MDPHA has also worked with local USHUD's Housing Counseling Program; in order to guide and provide information on purchasing a home for the first time. Each participant is seen one on one to provide information and understand Section 8 Homeownership Program as well make the home purchase experience easier.

C. Supporting Documentation

In accordance with 24 CFR part 906.40, PHAs submitting Section 32 plans should provide HUD the following supporting documentation:

1. 2006 Census Information on Socio-economic population of Homestead, FL (Description should include the physical, socio-economic, and zoning characteristics of the area(s) in which the homes are to be sold under the plan.)

People QuickFacts, Homestead (city), Florida

		Homestead (col 1)	Florida (col 2)
Population, estimate	2006	53,767	18,089,888
	Population, percent change, April 1, 2000 to July 1, 2006	68.5%	13.2%
	Population, 2000	31,909	15,982,378
	Persons under 5 years old, percent, 2000	10.6%	5.9%
	Persons under 18 years old, percent, 2000	33.2%	22.8%
	Persons 65 years old and over, percent, 2000	7.8%	17.6%
	Female persons, percent, 2000	48.3%	51.2%
	White persons, percent, 2000 (a)	61.0%	78.0%
	Black persons, percent, 2000 (a)	22.5%	14.6%
	American Indian and Alaska Native persons, percent, 2000 (a)	0.5%	0.3%
	Asian persons, percent, 2000 (a)	0.8%	1.7%
	Native Hawaiian and Other Pacific Islander, percent, 2000 (a)	0.1%	0.1%
	Persons reporting two or more races, percent, 2000	5.3%	2.4%
	Persons of Hispanic or Latino origin, percent, 2000 (b)	51.8%	16.8%
	Living in same house in 1995 and 2000, pct 5 yrs old & over	36.1%	48.9%
	Foreign born persons, percent, 2000	36.0%	16.7%
	Language other than English spoken at home, pct age 5+, 2000	57.3%	23.1%
	High school graduates, percent of persons age 25+, 2000	50.5%	79.9%
	Bachelor's degree or higher, pct of persons age 25+, 2000	9.8%	22.3%
	Mean travel time to work (minutes), workers age 16+, 2000	31.9	26.2

Miami-Dade Public Housing Agency

Section 32 Plan (Proposed)

Business QuickFacts	Homestead	Florida
Wholesale trade sales, 2002 ($1000)	168,415	219,490,896
Retail sales, 2002 ($1000)	350,048	191,805,685
Retail sales per capita, 2002	$10,508	$11,501
Accommodation and foodservices sales, 2002 ($1000)	37,578	29,366,940
Total number of firms, 2002	2,577	1,539,207
Black-owned firms, percent, 2002	S	6.6%
American Indian and Alaska Native owned firms, percent, 2002	F	0.6%
Asian-owned firms, percent, 2002	F	2.7%
Hispanic-owned firms, percent, 2002	26.2%	17.3%
Native Hawaiian and Other Pacific Islander owned firms, percent, 2002	F	0.1%
Women-owned firms, percent, 2002	25.7%	28.4%
Housing units, 2000	11,162	7,302,947
Homeownership rate, 2000	36.0%	70.1%
Median value of owner-occupied housing units, 2000	$88,200	$105,500
Households, 2000	10,095	6,337,929
Persons per household, 2000	3.10	2.46
Median household income, 1999	$26,775	$38,819
Per capita money income, 1999	$11,357	$21,557
Persons below poverty, percent, 1999	31.8%	12.5%

Geography QuickFacts	Homestead	Florida
Land area, 2000 (square miles)	14	53,926
Persons per square mile, 2000	2,234.5	296.4

MIAMI-DADE COUNTY

Carlos Alvarez, Mayor

Public Housing Agency
701 NW 1st Court, 16th Floor
Miami, Florida 33136-3914
T 786-469-4100
miamidade.gov/housing

August 11, 2009

Nondiscrimination Certification

I, Alejandro R. Ballina, Director, Miami-Dade Public Housing Agency (MDPHA) Asset Management, certify that MDPHA will administer the Section 32 Plan on a nondiscriminatory basis in accordance with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Executive Order 11063, other authorities cited in 5.105(a) of this requirements by any other entity that may assume substantial responsibilities for implementing the program.

Signature: Alejandro R. Ballina

8/11/09
Date

MIAMI-DADE COUNTY

Carlos Alvarez, Mayor

Public Housing Agency
701 NW 1st Court, 16th Floor
Miami, Florida 33136-3914
T 786-469-4100

miamidade.gov/housing

August 11, 2009

Section 8 Certification

I, Alejandro R. Ballina, Director, Miami-Dade Public Housing Agency (MDPHA) Asset Management, certify that MDPHA will comply with the requirements of the Section 8 statute and implementing regulations.

Signature: Alejandro R. Ballina

Date 8/11/09.