

**PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY**

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<b>Meeting Date:</b>	<b>September 22, 2015</b>	<b><input checked="" type="checkbox"/> Consent</b>	<b><input type="checkbox"/> Regular</b>
		<b><input type="checkbox"/> Ordinance</b>	<b><input type="checkbox"/> Public Hearing</b>
<b>Department:</b>	<b>Department of Economic Sustainability</b>		

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**I. EXECUTIVE BRIEF**

**Motion and Title:** **Staff recommends motion to approve:** revised Short Sale Policy Guidelines for County Affordable Housing Mortgage Programs.

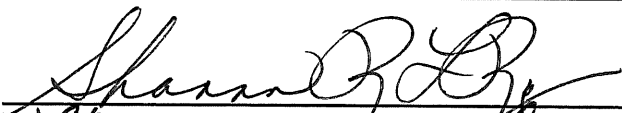
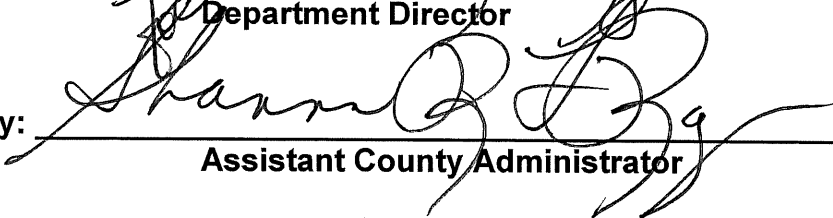
**Summary:** On January 12, 2010, the Board of County Commissioners (BCC) approved Short Sale Policy Guidelines (6C-1) allowing financial relief to distressed homeowners. The current short sale policy requires an eligible homeowner to repay the County \$3,000 or eight percent (8%) of the remaining balance owed on the County's State Housing Initiatives Partnership (SHIP) and HOME Investment Partnership (HOME) assisted second mortgages.

Between January 29, 2010 and August 5, 2015, 112 short sales were processed which represent 0.07% of the total County held second mortgages. There were no County held first mortgage short sales during this period. A total of \$326,898.58 was received by the County during this five (5) year period. The housing market has improved with home prices increasing by 64%, from \$193,000 to \$300,000, over the past four (4) years. Additionally, since the policy was approved, the number of days on the housing market has decreased from over 180 to less than 30 days. Due to these significant changes in the housing market, staff is recommending changes to the policy. These changes include: (1) incorporate DES's Neighborhood Stabilization (NSP 1, 2 and 3), Universal Housing Trust (UHT), and Community Development Block Grant (CDBG) housing assistance programs; (2) increase the required homeowner repayment to \$10,000 or 50 percent (50%) of the remaining balance owed on the County's second mortgages; and (3) add an administrative fee of \$1,500 to cover staff processing costs. These funds will be returned to the respective funding sources from which homeowners were assisted and will be reused for eligible uses as permitted by the funding sources. No County funds will be utilized for these programs. (MHI) Countywide (JB)

**Background and Justification:** The housing programs administered by DES include, but are not limited to, the Universal Housing Trust Program (UHT), the Neighborhood Stabilization Programs 1, 2, and 3 (NSP1, NSP2, and NSP3), the State Housing Initiatives Partnership Program (SHIP) and the HOME Investment Partnership Program (HOME). The Short Sale Policy Guidelines approved by the BCC on January 12, 2010, were created to only assist distressed SHIP and HOME assisted properties. Revising these policies to include the Universal Housing Trust (UHT), Neighborhood Stabilization (NSP 1, 2 & 3) and Community Development Block Grant (CDBG) assisted properties will make the Short Sale Policy Guidelines comprehensive in their applicability to all DES housing programs. One hundred twelve (112) short sales have been processed from January 29, 2010 through August 5, 2015 out of 112.

**Attachments:**  
1. Revised Short Sale Policy Guidelines in Underline and ~~Strikethrough~~ format

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<b>Recommended By:</b>		<u>9-10-15</u>
	<b>Department Director</b>	<b>Date</b>
<b>Approved By:</b>		<u>9-10-15</u>
	<b>Assistant County Administrator</b>	<b>Date</b>

## II. FISCAL IMPACT ANALYSIS

### A. Five Year Summary of Fiscal Impact:

Fiscal Years	2015	2016	2017	2018	2019
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT					


  

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes \_\_\_\_ No \_\_\_\_  
 Budget Account No.:

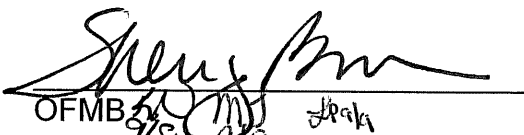
### B. Recommended Sources of Funds/Summary of Fiscal Impact:

Proceeds from the short sales will provide program income to the respective sources from which homeowner mortgages were funded.

C. Departmental Fiscal Review:   
 Shairette Major, Fiscal Manager II


## III. REVIEW COMMENTS

### A. OFMB Fiscal and/or Contract Development and Control Comments:

  
 OFMB *9/8 9/19 JPK*

  
 Contract Development and Control *9/14/15*

### B. Legal Sufficiency:

  
 Assistant County Attorney

### C. Other Department Review:

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 Department Director

## **REVISED SHORT SALE POLICY GUIDELINES**

Palm Beach County provides second mortgage subsidy assistance to first-time home buyers and existing homeowners to purchase and/or rehabilitate their homes through its Universal Housing Trust (UHT), state SHIP and federal HOME, Neighborhood Stabilization Programs (NSP 1, 2 & 3) and Community Development Block Grant (CDBG) housing assistance programs. The Board of County Commission approved state SHIP and federal HOME program regulations, and the revised guidelines include UHT, NSP 1, 2 & 3 and CDBG. The approved guidelines require the Department of Economic Sustainability to encumber all financially assisted properties for a period, not to exceed 30 years, by way of a mortgage, ~~all single-family residential property financially assisted with SHIP, HOME, funding.~~ If the UHT, SHIP, HOME, NSP 1, 2 & 3, and CDBG assisted homeowner sells the assisted property or transfers title in any way, the entire amount of the second mortgage subsidy becomes due and payable to Palm Beach County.

When UHT, SHIP, or HOME, NSP 1, 2 & 3, or CDBG assisted property owners become financially distressed and can no longer afford to pay their first mortgage; or when the property owner must relocate out of Palm Beach County, a Short Sale will be authorized based upon the following criteria:

1. The first mortgage lender must reimburse to Palm Beach County ~~\$3,000.00 \$10,000 or eight percent (8%)~~ fifty percent (50%) of the remaining balance owed on the County's Second Mortgage, whichever is less.
2. The seller of the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG assisted property shall pay at the time of Short Sale approval a one-time \$1,500 administrative fee.
3. The buyer of the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG ~~SHIP or HOME~~ assisted property cannot be a relative of the seller.
4. The seller of the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG ~~SHIP or HOME~~ assisted property shall not receive any money from the Short Sale transaction.
5. The seller of the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG assisted property shall be ineligible to receive purchase assistance subsidy for four (4) years, if the short sale resulted in a financial loss of all or a portion of the County's original investment.
6. Department of Economic Sustainability (DES) must review and approve the HUD Settlement Statement prior to the Short Sale closing.
7. Upon receipt of the Short Sale reimbursement, the County shall waive all rights to file future judgments for deficiency against the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG ~~SHIP or HOME~~ homeowner.
8. Upon receipt of the Short Sale reimbursement, the Department of Economic Sustainability

Community Development shall satisfy the second mortgage subsidy.

9. Palm Beach County may permit the seller of the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG SHIP or HOME assisted property to transfer such property to another UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG SHIP or HOME income eligible home buyer in lieu of foreclosure or short sale. This new home buyer must then utilize the property as their principal place of residence for the balance of the original encumbrance period.
10. Palm Beach County may also permit the seller of the UHT, SHIP, or HOME, NSP 1, 2 & 3, and CDBG SHIP or HOME assisted property to transfer the County's encumbrance to another property which will be encumbered for the balance of the original encumbrance period.