



DELRAY BEACH COMMUNITY LAND TRUST
HOME BUYER SELECTION POLICIES, CRITERIA
&
SUBSIDY ALLOCATION GUIDELINES

Non-Discrimination Policy

The Delray Beach Community Land Trust (DBCLT) is an Equal Housing Opportunity provider and conducts business in accordance with the U.S. Fair Housing Act, the State of Florida and City of Delray Beach anti-discrimination laws and policies. The fair housing logo will be used on all promotional material.

Acknowledgement and acceptance of DBCLT ground lease provisions, covenants and restrictions.

DBCLT intends to develop a permanent supply of affordable ownership housing for qualified households as described herein. As part of the DBCLT homebuyer selection process, ample opportunity for thorough review of the DBCLT Ground Lease will be provided. Prior to closing on the purchase of a DBCLT home, a prospective homebuyer will be required to present to the Delray Beach Community Land Trust Board of Directors a written letter of stipulation and acknowledgment setting forth the prospective homebuyer's review and understanding of the DBCLT Ground Lease agreement and concurrence with its strategic provisions regarding restrictions on the use, occupancy, resale and selling prices of the homes developed under this program. The required letter of stipulation and acknowledgment will be attached as an exhibit to the Ground Lease agreement between DBCLT and homebuyer.

Threshold Eligibility Criteria

To purchase a DBCLT Property, an applicant must meet the following threshold criteria.

1. Legal Status and Competency. Applicants must be of legal age, a legal resident of the United States and competent to consent and enter into legally binding contracts.
2. Creditworthiness. In all cases, an applicant household should be able to demonstrate a sense of ownership of its financial obligations, and a history of successful and responsible effort to honor its financial obligations.
3. Mortgage readiness. A household may be credit-worthy but not mortgage-ready (i.e. not enough cash to close the transaction; insufficient tenure at current job, etc.). Therefore, during the DBCLT application process, an applicant household must provide evidence of having
 - a. cash savings equal to at least 5% of the purchase price; and
 - b. an ability to obtain a mortgage pre-approval letter and/or a mortgage commitment letter directly from a DBCLT approved mortgage lender.
4. Income Eligibility: **NOTE: For the purpose of determining household income and, accordingly, household eligibility for subsidy dollars, the income of all household members**



must be disclosed.

a. *Maximum Income.* To be considered for selection, the household income of DBCLT applicants may not exceed 120% of the area median income (AMI) earned by households in Palm Beach County that are of the same size as the applicant household. AMI figures, adjusted for household size in Palm Beach County, are published annually by the U.S. Department of Housing and Urban Development (HUD).

NOTE: Exceptions to DBCLT's maximum income eligibility criteria may apply in certain situations. For example:

- Some subsidy providers impose incomes limits that are *less than* 120% of the AMI. Whenever this is the case, the subsidy provider's maximum income limit shall prevail. (See Subsidy Guidelines, below)
- Households at any income level that propose to *donate* land they own to the DBCLT and retain ownership of and occupy their dwelling unit subject to the provisions of the standard DBCLT Ground Lease will be considered eligible.
- Households at any income level that propose to *sell* land they own to the land trust and retain ownership of and occupy their dwelling unit subject to the provisions of the standard DBCLT Ground Lease will be considered eligible.
- The DBCLT Board of Directors may, from time to time, waive certain homebuyer criteria, including maximum income limits, when doing so advances DBCLT's overall charitable mission, land acquisition and/or community redevelopment strategies. In such instances, however, the prospective DBCLT home buyer shall be required to execute, and abide by all provisions and terms of the standard DBCLT ground lease agreement.

b. *Minimum Income.* To be considered for selection, the household income of DBCLT applicants must be sufficient to support the housing costs for the homeownership in question.

Housing costs include mortgage payment, property taxes, insurance premium, homeowner's association fees (if any), and DBCLT's ground lease fee.

5. Homebuyer Education. Applicants must attend a DBCLT orientation. Such orientations will be conducted from time to time and may be presented as group or individual sessions. First-time homebuyers must complete a pre-purchase HUD approved counseling program, but an applicant need not be a first-time homebuyer, unless required to be so by a DBCLT subsidy provider.

First-time homebuyers include

- a. an individual who has not owned a home during the prior three-year period,
- b. a single parent who has only owned with a former spouse while married,
- c. an individual who is a displaced homemaker and has only owned with a spouse,
- d. an individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations, and



- e. an individual who has only owned a property that was not in compliance with State, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.

Secondary Selection Criteria & Scoring

For the purpose of ordering the waiting list in instances where there are two or more households who meet all of the above threshold selection criteria and that qualify for the same home ownership opportunity subject to the Occupancy Guidelines below, priority will be given to the household with the higher score in accordance with the following secondary selection criteria:

1. Residency. [**10 points**] To qualify under this secondary selection criteria, the head of the household or the spouse/domestic partner of the head of the household must be a resident of Delray Beach.
2. Local Workforce. [**10 points**] To qualify under this secondary selection criteria, the head of the household or the spouse/domestic partner of the head of the household must work in Delray Beach

In general,

- a. *an individual will be considered a resident of Delray Beach if, within five years of submitting their application, they lived in Delray Beach and/or were involuntarily displaced as a result of a natural or other disaster, or an action taken by a public or private landlord, whether legal or illegal, that the applicant could not control or prevent.*
- b. *an individual will be considered a member of the Delray Beach workforce if currently employed by or in possession of a bona fide offer to work at least 20 hours per week for a private business or public agency doing business in Delray Beach, or be providing substantial and ongoing contract services to such private business or public agency in Delray Beach which, at the sole discretion of the Delray Beach Community Land Trust Board of Directors, can reasonably be determined to qualify the applicant as a member of the city of Delray Beach's "workforce".*
- c. *an individual will be considered the head of the household if the individual is: (i) the only adult member of the household; (ii) the only wage earner in the household.*
- d. *an individual will be considered the domestic partner of the head of the household if: (i) neither the head of household nor such person is married; (ii) each of the head of household and such person is at least eighteen (18) years old and competent to consent and enter into legally binding contracts; (iii) the head of household and such person are not related to each other by blood closer than would bar marriage in the State of Florida; (iv) the head of household and such person is each other's sole domestic partner; (v) the head of household and such person are mutually responsible for each other's common welfare; and (vi) such person satisfies at least one of the following criteria: (a) such person is the primary beneficiary under the head of household's will; (b) the head of household and such person have joint ownership of a motor vehicle; (c) the head of household and such person have a bona-fide joint credit account; (d) the head of household and such person have a bona-fide joint checking or savings account; (e) such person is designated as the primary beneficiary of*



the head of household's life insurance or retirement benefits; or (f) such person holds a power of attorney for healthcare decisions for the head of household.

3. Core Workforce. [**15 points**] To qualify under this secondary selection criteria, an applicant must be an active or retired provider or employee of a provider of essential public education, health, administration, safety, housing, social or other essential services that directly maintain, improve or otherwise enhance the quality of life for residents of and visitors to the City of Delray Beach.

4. Staff/Employee of a DBCLT Core Partner. [Up to **20 points**] To qualify under this secondary selection criteria, an applicant must be an active or retired employee of and be in compliance with all current personnel and employment policies and guidelines of a DBCLT Core Partner.

A DBCLT Core Partner is a public or private entity that makes substantial contributions of cash, land and/or pro-bono assistance to DBCLT in support of DBCLT's project development and/or operating activities.

As of the effective date of this policy [July 2006], DBCLT Core Partners are

- a. City of Delray Beach
- b. Delray Beach Community Redevelopment Agency.

5. Sale / Leaseback. [**15 points**] To qualify under this secondary selection criteria, an applicant household sells land they own to the land trust for a mutually agreeable price and agrees to retain ownership of and occupy the dwelling unit situated (or to be situated) on the land as a primary residence subject to the provisions of the standard DBCLT ground lease.

6. Donation / Leaseback. [**15 points**] To qualify under this secondary selection criteria, an applicant household donates land they own to the land trust and agrees to retain ownership of and occupy the dwelling unit situated (or to be situated) on the land subject to the provisions of the standard DBCLT ground lease.

7. Redevelopment. [**15 points**] To qualify under this secondary selection criteria an applicant household donates or sells property they own to DBCLT, the Delray Beach Community Redevelopment Agency or the City of Delray Beach in support of duly approved City of Delray Beach redevelopment plans, and agrees to purchase and occupy a dwelling unit situated (or to be situated) on another parcel of land owned by DBCLT subject to the provisions of the standard DBCLT ground lease.

Occupancy Guidelines

The maximum occupancy limit for DBCLT homes, as with all homes in the City of Delray Beach, will be regulated by the Building Officials & Code Administrators (BOCA) Maintenance Code, adopted by the City of Delray Beach. The BOCA Code outlines the minimum bedroom area (as well as the minimum living room, dining room, and kitchen space) required in relation to the number of persons in a household.

Subsidy Guidelines

1. Income eligibility. DBCLT's maximum household income limit is 120% of the Palm Beach County AMI as determined annually by HUD. However, to be eligible to benefit from an



allocation of available subsidies, the household income of a prospective home buyer shall be no greater than the LESSER of:

- a. DBCLT’s maximum household income limit; OR
- b. the maximum household income limit established by a DBCLT subsidy provider.

2. Subsidy Allocation - Subject to the maximum and minimum Debt-to-Income (DTI) guidelines below, DBCLT subsidy will be allocated as follows:

- a. minimum subsidy allocation per household \$upon availability
- b. maximum subsidy allocation per household will, in general, not exceed 50% of principal loan, *plus* an additional allocation to be determined on a case by case basis subject to availability of funds, household need and the following “income tier” guidelines:

"additional" subsidy limits				
	AMI		AMI	Additional Subsidy
<=	30%			75,000
>	30%	and <=	60%	50,000
>	60%	and <=	80%	35,000
>	80%	and <=	120%	20,000

Debt-to-Income (DTI) Guidelines

1. Maximum DTI. To insure that

- *monthly housing cost* [i.e., mortgage payment, property taxes, hazard insurance premium, homeowner’s association fees (if any), and ground rent]; plus
- *other household debt* [e.g., credit cards, car loans, school loans, etc.]

A household’s debt obligations may be allocated, in general, as follows:

- No more than 20% of monthly household income should be consumed by “other debt”.
- No more than 40% of monthly household income should be consumed by the sum of the monthly mortgage payment, property taxes, hazard insurance premium, homeowner’s association fees (if any), and ground rent.

Asset Guidelines

The DBCLT Board of Directors has published an approved list of asset inclusions and exclusions (see attached) for the purpose of calculating the value of an applicant’s assets and for determining whether an applicant may be required to comply with the following asset guidelines.

1. An applicant may have personal assets up to 120% of the area median income (AMI) earned by households in Palm Beach County that are of the same size as the applicant household without affecting the applicants eligibility for available subsidy.
2. If an applicant’s personal assets exceed the above value limit, the applicant’s minimum down payment requirement may be increased to an amount that is no greater than the lesser of:



- a. 20% of DBCLT's cost to develop the homeownership opportunity in question; OR
- b. The value of the applicant's assets in excess of 120% of the AMI earned by households in Palm Beach County that are of the same size as the applicant household.

In addition to the foregoing, the head of household or spouse/domestic partner of the head of the household may not own other residential property at the time of purchase without the express written consent of the Board of Directors.



Delray Beach Community Land Trust

Approved List of Asset Inclusions and Exclusions

Inclusions

1. Cash held in savings accounts, checking accounts, safe deposit boxes, homes, etc. For savings accounts, use the current balance. For checking accounts, use the average 6-month balance.
2. Cash value of revocable trusts available to the applicant.
3. Equity in rental property or other capital investments. Equity is the estimated current market value of the asset less the unpaid balance on all loans secured by the asset and all reasonable costs (e.g., broker fees) that would be incurred in selling the asset. Under HOME, equity in the family's primary residence is not considered in the calculation of assets for owner-occupied rehabilitation projects.
4. Cash value of stocks, bonds, Treasury bills, certificates of deposit and money market accounts.
5. Cash value of life insurance policies available to the individual before death (e.g., surrender value of a whole life or universal life policy).
6. Personal property held as an investment such as gems, jewelry, coin collections, antique cars, etc.
7. Lump sum or one-time receipts, such as inheritances, capital gains, lottery winnings, victim's restitution, insurance settlements and other amounts not intended as periodic payments.
8. Mortgages or deeds of trust held by an applicant.

Exclusions

1. Necessary personal property, except as noted in number 8 of Inclusions, such as clothing, furniture, cars and vehicles specially equipped for persons with disabilities.
2. Interest in Indian trust lands.
3. Assets not effectively owned by the applicant. That is, when assets are held in an individual's name, but the assets and any income they earn accrue to the benefit of someone else who is not a member of the household and that other person is responsible for income taxes incurred on income generated by the asset.
4. Equity in cooperatives in which the family lives.
5. Assets not accessible to and that provide no income for the applicant.
6. Term life insurance policies (i.e., where there is no cash value).
7. Assets that are part of an active business. "Business" does not include rental of properties that are held as an investment and not a main occupation.
8. Individual retirement and Keogh accounts (even though withdrawal would result in a penalty).
9. Retirement and pension funds.

