

RESOLUTION NO. 2009- 8

RESOLUTION AUTHORIZING CERTAIN MODIFICATIONS TO ST. JOHNS COUNTY'S FANNIE MAE HOUSING PROGRAM IN CONNECTION WITH THE HOUSING FINANCE AUTHORITY OF ST. JOHNS COUNTY, FLORIDA'S CWHIP PROGRAM; AUTHORIZING AMENDMENTS TO THE LOAN AND SECURITY AGREEMENT DATED JUNE 8, 2007, BETWEEN THE COUNTY AND FANNIE MAE, RELATING TO SAID FANNIE MAE PROGRAM; APPROVING A FIRST ADDENDUM TO THE COUNTY'S LOAN PROGRAM CRITERIA RELATING TO SAID FANNIE MAE PROGRAM; DESIGNATING SAID AUTHORITY AS AN APPROVED DEVELOPER UNDER SAID FANNIE MAE PROGRAM; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY, FLORIDA, as follows:

SECTION 1. AUTHORITY FOR THIS RESOLUTION. This resolution is adopted pursuant to the provisions of Chapter 125, Part I, Florida Statutes, as amended, St. Johns County Ordinance No. 2007-34 enacted on May 15, 2007 (the "Ordinance"), St. Johns County Resolution No. 2007-138 adopted on May 15, 2007 (the "Resolution"), and other applicable provisions of law.

SECTION 2. FINDINGS. It is hereby ascertained, determined and declared that:

A. Within St. Johns County, Florida (the "County"), there is a shortage of housing available at prices or rentals which many persons and families can afford, and a shortage of capital for investment in such housing. This shortage constitutes a threat to the health, safety, morals and welfare of the residents of the County, deprives the County of an adequate tax base, and causes the County to make excessive expenditures for crime prevention and control, public health, welfare, and safety, fire and accident protection, and other public services and facilities. Such shortage cannot be relieved except through the encouragement of investment by private enterprise and the stimulation of construction and rehabilitation of housing through the use of public financing and the provisions of low-cost loans to develop affordable housing. The financing, acquisition, construction, reconstruction, and rehabilitation of affordable housing and of the real and personal property and other facilities necessary, incidental and appurtenant thereof are essential and serve paramount County public purposes for which public money may be spent, advanced, loaned or granted and are governmental functions of public concern.

B. Fannie Mae, a corporation organized and existing under the laws of the United States of America ("Fannie Mae"), has a revolving line of credit housing loan program to assist in the development of affordable housing. The County has a \$2,000,000 revolving line of credit with Fannie Mae under such program that is available to lend to approved developers to build affordable single-family workforce housing for qualified homebuyers (the "County's Fannie Mae Program"). The County and Fannie Mae have executed and delivered a Loan and Security

Agreement dated June 8, 2007 (the "Loan Agreement"), and related documents in connection with the County's Fannie Mae Program.

C. The County's Loan Program Criteria for the County's Fannie Mae Program is attached to the Loan Agreement as Exhibit L and has been approved by Fannie Mae (the "Loan Program Criteria").

D. The County and the Community Redevelopment Agency of St. Johns County (the "CRA") approved an application to the Florida Housing Finance Corporation ("Florida Housing") submitted by the Housing Finance Authority of St. Johns County, Florida (the "HFA"), for a Community Workforce Housing Innovation Pilot Program ("CWHIP" Program) grant in the amount of \$5,000,000. The proposed 111 single family housing units included in the application will provide affordable and workforce housing in the West Augustine Community Redevelopment Area (the "West Augustine Area") for low and moderate income households. Included in the HFA's application was a public-private partnership among the HFA, the County, the CRA and nine private for-profit and non-profit builders, including Habitat for Humanity. The application was selected for funding by Florida Housing. The HFA is currently designing and developing its CWHIP Program for final approval by Florida Housing.

E. It is necessary and desirable and make certain amendments to the Loan Agreement and modifications to the Loan Program Criteria and to designate the HFA as an approved developer under the County's Fannie Mae Program in order to permit Fannie Mae loan funds to be used by the HFA for the construction of affordable and workforce single family homes in the West Augustine Area in connection with the CWHIP Program, all in the manner hereinafter provided.

F. Under the County's Fannie Mae Program, the County will provide loans to the HFA as an approved developer to construct single-family homes in accordance with the CWHIP Program on real property owned by the HFA within the West Augustine Area for sale to qualified homebuyers approved by the County earning not greater than one hundred-forty percent (140%) of the area median gross income at a purchase price not exceeding the maximum purchase price permitted under the County's State Housing Initiative Program (SHIP) guidelines for the West Augustine Area.

G. It is necessary and desirable to approve amendments to the Loan Agreement to increase the permitted area median gross income for homebuyers from 120% to 140% for CWHIP program loans, permit up to two advances, rather than only one advance, per month for CWHIP program loans and permit the HFA to build up to two model homes, rather than only one, under the CWHIP program (collectively, the "Amendments"), in the manner hereinafter provided.

H. It is necessary and desirable to approve a First Addendum to the Loan Program Criteria, in substantially the form attached hereto as Exhibit A (the "First Addendum"), to permit Fannie Mae loans to the HFA for construction of homes under the CWHIP Program and to implement the modifications described herein and therein to the County's Fannie Mae Program, in the manner hereinafter provided.

I. It is necessary and desirable to direct and authorize the Director of the County Housing and Community Services Division (the "Housing Director") and other County staff and attorneys to work with Fannie Mae to prepare the necessary documents to amend the Loan Agreement to include the Amendments and obtain all required Fannie Mae approvals and to further develop, implement and administer the County's Fannie Mae Program as modified herein and approved by Fannie Mae, all in the manner hereinafter provided.

SECTION 3. APPROVAL OF AMENDMENTS TO LOAN AGREEMENT. The Amendments described above are hereby approved, and the Chair or Vice Chair (the "Chair") of the Board of County Commissioners of the County (the "Board") and the Clerk of the Board or any deputy clerk (the "Clerk") are hereby authorized to execute and deliver such instruments as are reasonably requested by Fannie Mae and are necessary or desirable to amend the Loan Agreement to include the Amendments and any other required modifications relating thereto, such instruments and the amendments and modifications made therein to be approved by the Chair or the Clerk and the County's attorneys, and such necessity, desirability and approval to be conclusively evidenced by such officer's execution thereof, with no further Board action required, and to take such other actions as shall be necessary to implement and administer the County's Fannie Mae Program in the manner provided herein and in the Loan Agreement, as amended.

SECTION 4. APPROVAL OF FIRST ADDENDUM; HFA DESIGNATED AS APPROVED DEVELOPER. The form of the First Addendum attached as Exhibit A hereto, which, among other things, designates the HFA as an approved developer under the County's Fannie Mae Program, is hereby approved, and the Chair and the Clerk are hereby authorized to approve the First Addendum in substantially the form attached hereto as Exhibit A, with such modifications as may be approved by the Chair or the Clerk, such approval to be conclusively evidenced by such officer's execution of any instrument described in Section 3 above, and to take such other actions as shall be necessary to implement and administer the County's Fannie Mae Program in the manner provided herein and in the Loan Program Criteria and the First Addendum. The First Addendum shall take effect upon the County's receipt of Fannie Mae's approval of the First Addendum, such approval to be conclusively evidenced by Fannie Mae's execution of any instrument described in Section 3 above.

SECTION 5. AUTHORIZATION OF EXECUTION OF CERTIFICATES AND OTHER INSTRUMENTS. The Chair, the Clerk and the County Administrator are hereby authorized and directed, either alone or jointly, under the official seal of the County, to execute and deliver certificates of the County certifying such facts as the County's attorneys, Fannie Mae or Florida Housing shall require in connection with the Amendments, the First Addendum, the County's Fannie Mae Program or the CWHIP Program, and to execute and deliver such other instruments as shall be necessary or desirable to perform the County's obligations under this resolution, the Resolution, the Ordinance, the Loan Agreement and the related documents and to consummate the transactions contemplated hereby and thereby.

SECTION 6 DEVELOPMENT AND IMPLEMENTATION OF COUNTY'S FANNIE MAE PROGRAM. The Housing Director and other County officers, employees and attorneys are hereby directed and authorized to work with Fannie Mae to prepare or cause to be prepared the necessary documents to amend the Loan Agreement to include the Amendments and to

obtain all required Fannie Mae approvals and to further develop, implement and administer the County's Fannie Mae Program as modified herein and approved by Fannie Mae, with no further Board action required, all in accordance with and as contemplated by this resolution, the Resolution, the Ordinance, the Loan Agreement, as amended, the Loan Program Criteria and the First Addendum.

SECTION 7. GENERAL AUTHORITY. The members of the Board and the County's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Loan Agreement and the related documents and this resolution, and they are hereby authorized to execute and deliver all documents which shall be reasonably required by the County's attorneys, Fannie Mae or Florida Housing to effectuate the modification and further implementation of the County's Fannie Mae Program in connection with the CWHIP Program.

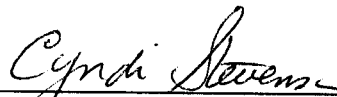
SECTION 9. REPEAL OF INCONSISTENT PROVISIONS. All resolutions or parts thereof in conflict with this resolution are hereby repealed to the extent of such conflict.

SECTION 10. SEVERABILITY. In the event that any portion or section of this resolution is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this resolution which shall remain in full force and effect.

SECTION 11. EFFECTIVE DATE. This resolution shall take effect immediately upon its adoption. The modifications of the Fannie Mae Program described herein shall take effect upon approval thereof by Fannie Mae as described herein.

PASSED, APPROVED AND ADOPTED this 6th day of January, 2009.

BOARD OF COUNTY COMMISSIONERS
OF ST. JOHNS COUNTY, FLORIDA



Cyndi Stevenson, Chair

(OFFICIAL SEAL)

ATTEST:

RENDITION DATE 1/9/09



Its Clerk

EXHIBIT A
FIRST ADDENDUM

**ST. JOHNS COUNTY/FANNIE MAE LOAN PROGRAM
to Provide Construction Financing to Contractors
for Affordable Single-Family Housing**

FIRST ADDENDUM

Background:

The Fannie Mae program provides construction financing to approved Contractors for the purchase of lots, construction of pre-sold single family homes as well as models in approved subdivisions and vacant scattered lots in neighborhoods throughout St. Johns County (the "County"). Nine Contractors were originally approved by the Board of County Commissioners to participate in the County's in-fill housing program as listed in Exhibit D to the Fannie Mae Loan Program Criteria approved by the County in 2007 (the "Program Criteria").

At the time of implementation of the Fannie Mae program, the County had previously sold 45 lots to approved Contractors at a discount to the market value in order to stimulate the construction of affordable homes within the West Augustine Community Redevelopment Area (the "West Augustine CRA"). The Contractors are constructing single-family detached homes. The houses built are from approved floor plans that range in size from 1,000 to 1,300 sq. ft. and priced between \$130,000 and \$150,000.

The purchase price of the homes and the income of the buyers are governed by the guidelines of the County's State Housing Initiative Program (SHIP) which provides down payment assistance to homebuyers.

Previously under the guidelines, the homes must be sold to families earning not greater than 120% of the Area Median Income and the maximum purchase price for a home was \$150,000. Under the current SHIP guidelines, the maximum purchase price for a home in the West Augustine CRA is the benchmark set in accordance with Florida Housing Finance Corporation Rule 67-37.007, Fla. Admin. Code, the applicable provisions of which currently state that the purchase price or value of new homes which are sold under SHIP may not exceed 90 percent (90%) of the median area purchase price for new homes for the area where the housing is located, as established by the United States Treasury.

The current established median area purchase price for a new home in St. Johns County is \$387,500, 90% of which is \$348,750. SHIP income limits and limits on the amount of down-payment assistance limit the actual maximum purchase price for each homebuyer.

The Housing Finance Authority of St. Johns County ("HFA") has been selected to participate in the Community Workforce Housing Innovative Pilot ("CWHIP") program administered by Florida Housing Finance Corporation and receive \$5,000,000 for the construction of affordable and workforce housing in the West Augustine CRA. The HFA's CWHIP project includes as project participants the County, St. Johns County Community Redevelopment Agency, Habitat for Humanity of St. Augustine, Inc. ("Habitat") and several approved contractors (the "CWHIP Contractors"). The HFA and Habitat will construct homes in the West Augustine CRA. The

HFA will contract with the CWHIP Contractors to build the HFA's homes and work with Habitat to facilitate construction of Habitat homes. The CWHIP funds will be used to pay part of the construction costs of the homes.

In support of the CWHIP program, the County and the St. Johns County Community Redevelopment Agency conveyed 77 lots to the HFA and 34 lots to Habitat. Certain infrastructure improvement within the West Augustine CRA, consisting of right-of-way acquisition, installation of central sewer and water, paving of unopened roads as well as resurfacing of existing roads along with accompanying storm water controls and retention structures, are also under construction and are expected to be completed by the County in June 2009. These improvements are a part of the County's contribution to the CWHIP program. The goal of these improvements is to further assist in the redevelopment of the West Augustine CRA and open up access to buildable lots for the further construction of affordable/workforce housing in the County.

Description:

This First Addendum supplements, modifies and amends the Program Criteria to permit Fannie Mae loans to construct homes under the CWHIP program as described herein. Except as expressly described herein, all of the terms of the Program Criteria shall apply to CWHIP program loans.

A current list of the approved Contractors for construction of affordable/workforce housing within the West Augustine CRA under the CWHIP program, which includes the HFA, is attached hereto as Exhibit "III". When serving as the developer, the HFA will use only approved Contractors listed on said Exhibit to construct affordable/workforce housing within the West Augustine CRA.

As designed, the single family detached homes to be constructed under the CWHIP program range in size from 1,000 to 1,800 sq. ft and the sale prices currently range from \$130,000 to \$235,000 depending on the model.

The models which have been designed by a licensed Florida architect are specific to the community and the pricing range is established to attract affordable and work force home buyers. Several of the models have been increased in size and amenities compared to current homes being built under the Fannie Mae program in the West Augustine CRA to meet the demands of potential work force consumers. The homes are also designed to be energy efficient, low maintenance, as well as hurricane resistant. They are pre-wired for fans, dishwashers and outside lighting. The goal of the design and the marketing plans is that the homes be affordable as well as competitive to other affordable priced homes in neighboring communities and subdivisions.

The pricing is established to produce a product that is competitive in the market place but allows the HFA to build and sell houses that appeal to the workforce home buyer. These home buyers typically work in the County and wish to reside near where they work, and may or may not

require down payment assistance. Some homebuyers will qualify for down payment assistance based on their income and the applicable down payment assistance program.

The purchase price of homes sold to buyers under the CWHIP program is governed by the CWHIP program guidelines. Under the CWHIP guidelines, the maximum purchase price for a home may not be more than 80% of the median sales price for that type home in the County, or the statewide median sales price for that type home, whichever is higher.

The income of buyers is governed by the CWHIP program guidelines which provide that the homes must be sold to families earning not greater than 140% of the Area Median Income.

The primary purpose of the Fannie Mae program is to stimulate affordable home construction through construction loans administered by the County in an effort to keep construction loan cost to a minimum. Permitting Fannie Mae program loans for construction of homes by the HFA under the CWHIP program will directly support the primary purposes of the Fannie Mae program.

Outline of the Proposed Credit Facility to HFA

For any loan to the HFA in connection with the CWHIP program the County's Housing and Community Services ("H&CS") will review the sales contract on the home to be constructed (other than a model home) and the construction contract between the HFA and its selected builder and request the County Finance Department to establish "loan accounts" for the construction of each house as outlined in Exhibit "B" of the Program Criteria, provided, however, no actions listed under "Activity- Contractor Approval" as described in said Exhibit B are required with respect to the HFA. All other activities listed in said Exhibit B remain applicable for HFA CWHIP program loans.

The anticipated budget for a typical home to be built by the HFA under the CWHIP program with Fannie Mae funds is outlined in Exhibit "I" to this Addendum.

The County's Real Estate Division will provide an estimate of value (based on recent sales and estimated cost to construct the houses) for each loan amount. Loans on each home will be limited to lesser of: 90% of total costs or 85% of the estimate of value provided by the County Real Estate Division, as currently provided in the Program Criteria.

Debt Terms to HFA

- The total of all loans to the HFA under the CWHIP program for models and pre-sold houses is subject to a limit of \$1,000,000. The amount may be increased to \$1,200,000 based on performance and justification with recommendation from H&CS.
- County will draw down from Fannie Mae the full amount of the loan for house construction at the start of construction. Funds to the HFA will be disbursed on an agreed draw schedule (see Exhibit "II" to this Addendum).

Principle and Interest Repayment

No Change

Requirements for Funding the HFA

No Change

Time Line

No Change

Program Benefits

Expanding the Fannie Mae program in connection with the CWHIP program further complements and enhances other programs the County has already implemented to assist in the revitalization of the West Augustine CRA and provides additional much needed workforce housing for the County's residents.

The Fannie Mae program will now also provide construction funding for the CWHIP program, facilitate receipt of \$5,000,000 of additional funding within the County to keep house prices affordable and provide the HFA with the necessary temporary construction funds to implement the CWHIP program and meet the requirements of Florida Housing Finance Corporation.

Exhibit "I"

Budget for Typical House Built under the CWHIP Program

Construction Budget	
Uses of Funding:	<u>Total</u>
Hard Cost of Construction (incl. Contingency)	\$120,920
Interest Reserve	\$ 2,300
Closing Costs (legal fees etc.)	\$ 1,200
Permits /Impact fees/Utility	\$ 9,000
Land/Infrastructure	\$ 16,663
Developers Fees/Overhead	\$ 15,505
TOTAL:	\$165,588
Sources of Funding:	<u>Total</u>
Construction Draws	\$133,420
Equity	\$ 32,168
TOTAL:	\$165,588

Permanent Budget – Homebuyer Financing	
Uses of Funding:	<u>Total</u>
Sales Price	\$165,588
Closing Costs	\$ 9,100
TOTAL:	\$174,688
Sources of Funding:	<u>Total</u>
Permanent Loan to Homebuyer (1st mortgage)	\$100,393
Homebuyers Equity	\$ 1,000
CWHIP Program Assistance (2nd Mortgage)	\$ 48,632
Impact fees/Utility credits	\$ 8,000
Land/Infrastructure credits	\$ 16,663
TOTAL:	\$174,688

Exhibit "II"

Anticipated Draw Schedule

(Based on a construction loan of \$133,420)

First Draw: \$18,700

Permitting, clearing & grading, footers, stem wall, rough plumbing, slab (monolithic slab) slab/form work, rough plumbing

Second Draw: \$42,600

Rough frame/exterior structural insulated panels to include rough electric, plumbing, heat & air, windows, exterior doors

Third Draw: \$26,700

Roofing, insulation, sheet rock, 2nd electric, plumbing, heat & air

Fourth Draw: \$20,000

Kitchen cabinets, bath cabinets, paint, doors, trim, finish plumbing, electric, heat & air

Fifth and Final Draw \$25,420

Carpet, tile, clean up, septic tank or central sewer, driveway, certificate of occupancy, release of all liens and certified statement by Contactor as to the satisfaction of any and all debts related to the permitting, construction and completion of said residential structure and additional infrastructure improvements, final inspection by County Building Department and County Housing Division

Exhibit “III”

Approved Contractors, including Selected Builders, for CWHIP Program

Housing Finance Authority of St. Johns County

Habitat for Humanity of St. Augustine, Inc.

Covenant Homes of St. Augustine, Inc.

Gemini Development, LLC

Central Florida CDC

Brunson Custom Homes, Inc.

E&C Construction of St. Augustine, Inc.

Pennyworth Homes

Cope Homes, Inc.

Storm Safe Homes/High Strength Structures, LLC