



Housing Finance Division

110 Northeast 3rd Street, Suite 300 • Fort Lauderdale, Florida 33301 • 954-357-4900 • FAX 954-357-8224

August 18, 2023

Cale Curtis, City Manager
City of Margate
5790 Margate Boulevard
Margate, FL 33063

RE: Minor Home Repair and Special Needs/Barrier Free Programs

Dear Mr. Curtis:

Broward County Housing Finance Division (HFD) works with Margate homeowners who applied for Margate's Minor Home Repair (MHR) and Special Needs/Barrier Free (SN/BF) assistance. In some situations, the current Margate maximum assistance per household and program guidelines are constraining and do not enable repairs that are appropriate for these Margate homes. We respectfully suggest Margate consider some program changes noted below, in the hope to better serve Margate residents and the City of Margate.

MAXIMUM PROJECT ASSISTANCE: There has been significant escalations in construction costs, particularly roofing materials, impact windows and doors, HVAC systems, and labor costs. To more adequately complete repairs on aging housing stock, we recommend Margate raise its maximum project assistance amounts. Currently Margate SHIP funded projects are capped at \$25,000 "all in" which equates to construction budget of \$19,000 plus \$6,000 vendor service delivery fees. CDBG funded projects and SHIP funded Special Needs/Barrier Free projects are capped at \$40,000 "all in", a \$34,000 construction budget plus \$6,000 service delivery fees.

The service delivery fees represent flat charges for distinct tasks provided by the 3 vendors who facilitate the home rehabilitation programs for HFD. The charges are for initial, progress, and final inspections; preparation of bid specifications and scope of work write up; pre-bid meeting; bid solicitation, review, and contract preparation; liaison with homeowner, contractor, and building department, if necessary; project oversight and close out; invoicing and reporting. The homeowner's mortgage and promissory note includes \$4500 of the fees and could be recaptured if the home is sold within the next 10 years. \$1500 is the vendor's administrative fee.

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With Margate's existing maximum project limits, some homes cannot be fully hurricane hardened. In one specific situation, the lowest competitive bid still exceeds budget, and the condo cannot be "hurricane hardened" because adding an impact resistant entry door brings the total project \$240 over the SHIP \$25,000 limit.

Another Margate owner of a single family home is slotted for SHIP funding since her household income exceeds the CDBG 80% AMI maximum. The home has 7 exterior doors, yet the SHIP budget accommodates replacement of 4 doors only. The home also needs impact windows, HVAC replacement, new electrical panel upgrade, and attic insulation, however these items also do not fit within the current SHIP budget.

A Special Needs client owns a single family home that needs hurricane hardening as well as interior services. The initial \$51,000 estimate includes reroof, attic insulation, ceiling repairs due to roof leaks, installation of impact windows and doors, electrical upgrade (panel currently has fuses), install central HVAC (currently no central a/c), and connection of kitchen and laundry washing machine to main house drain. If the \$40,000 Special Needs limit remains, only a portion of the necessary services can be provided.

In response to the sharp rise in construction and labor costs, Broward County increased its MHR construction budget to up to \$60,000, with vendor service delivery fees in addition to the construction costs. The County maintains the same levels for SHIP and CDBG funded MHR projects.

Broward's SN/BF construction budget may go up to \$100,000, and vendor fees can be in addition to the construction costs. This allows the Special Needs household hurricane hardening as well as barrier removal and increased accessibility to the home interior.

Below is a comparison of Margate's current budgets versus Broward County's (BC):

	SHIP MHR		CDBG MHR		SHIP SN/BF	
	Margate	BC	Margate	BC	Margate	BC
Construction costs	\$19,000	\$60,000	\$34,000	\$60,000	\$34,000	\$100,000
Vendor service delivery fees	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
Maximum Project Assistance TOTAL	\$25,000	\$66,000	\$40,000	\$66,000	\$40,000	\$106,000

Per Margate guidelines, SHIP and CDBG funds may not be "" leveraged" or used together on a home project. Margate rehab is also "one and done", in that a homeowner is ineligible for any other home repair services from Margate after the initial rehab is completed. Margate homeowners hope to complete as many repairs as needed through this one time opportunity.

INSURANCE REQUIREMENTS: Broward County is named as an additional mortgagee for those homeowners with property insurance. However, a few applicants, particularly elderly homeowners, may own their home "free and clear" (without a first mortgage loan), may not have insurance, or their insurance was cancelled due to property condition. It is almost impossible for these homeowners to obtain insurance if they have been cancelled, and for lower income homeowners, the increased insurance premiums make the home nearly unaffordable on their fixed income. In those circumstances where a homeowner does not have insurance, Broward County will proceed with the home repair without requiring the homeowner to obtain insurance coverage. The County considers the benefit of helping a resident remain in their home by providing rehab services mitigates the potential risk to the rehab funds.

LIEN POSITION: Margate guidelines require the rehab loans be in first or second position. Some income eligible applicants may have entered a loan modification with their first mortgage lender, reducing the first mortgage loan principal amount, and executing a second mortgage with Florida Housing Finance Corp. (FHFC) or HUD for the loan balance. The principal amount of the second mortgage is deferred, non-amortizing, and due at the end of the loan term or upon property sale. Although the principal loan was divided into two mortgages, the combined loan amount remains the same as the initial first mortgage loan. The County proposes that the City allow junior lien positions provided the combined loan to value, including the proposed rehab loan, is at or below 90% of the Broward County Property Appraiser's Just/Market Value.

We respectfully request Margate consider modifications to their Minor Home Repair and Special Needs/Barrier Free home rehabilitation programs as following:

- **Increase the Maximum Project Assistance Amounts**
- **Allow a rehab project if homeowner does not have property insurance**
- **Allow the Margate rehab loan to go into a third lien position behind a restructured first mortgage and second loan from FHFC or HUD**

Thank you for considering these possible changes. Should you have any questions or need further information please do not hesitate to contact our offices.

Sincerely,



Suzanne Weiss, Manager
HomeOwnership & Repair Section

C: Nancy Popick: Margate Assistant City Manager
Ralph Stone, Sue Fejes, Angela Bauldree, Yvette Lopez, Mildred Reynolds:
Broward County Housing Finance Division