

The Miami Herald

Posted on Fri, Jul. 03, 2009

Home-buyers' cash plan hits roadblock

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Sun Sentinel

A state program that started Wednesday promises to advance up to \$8,000 to first-time home buyers. But the program has plenty of roadblocks ahead.

The cash isn't there to make loans to home buyers, procedures to implement the program are not in place and purchasers may have to race to meet a federal tax deadline of Dec. 1.

In addition, the \$30 million Florida Homebuyer Opportunity Program replaces what had been a \$161 million statewide grant program to help low-income home buyers and promote construction of affordable housing.

Builders are hoping the new program will boost the troubled housing market. "We think this will spark some activity once buyers realize the [tax] credit is available and that they can get it on the front end rather than on the back end," said David Hart, vice president of the Florida Home Builders Association.

But the program won't get off the ground quickly.

"I don't know of a single jurisdiction in the state that is ready to go at this point, even if they had the money," said Wellington Meffert, general counsel for the Florida Housing Finance Corp., which is administering the program.

Another struggle is over the budget, which is much lower than what local housing agencies usually receive.

For example, the city of Boca Raton's allocation is just under \$70,000. In the new home buyer program, after administrative costs are subtracted, that "is going to translate to [helping] about eight or nine home buyers," said Teresa McClurg, Boca's community improvement administrator.

For all of Palm Beach County, including Boca Raton, the funds would cover about 119 similar loans.

In Broward County, the allocation is \$1.36 million, which would provide 153 loans to home buyers, after overhead costs of 10 percent are subtracted and if each buyer gets the maximum credit. In Miami-Dade, the allocation is \$1.15 million, enough for 129 loans under the same terms.

Here's how the home buyer program works:

First-time home buyers this year are eligible for a federal income tax credit of up to \$8,000 if their income generally is \$75,000 or less for single taxpayers and \$150,000 for married couples.

Anyone who hasn't purchased a home in the past three years qualifies as a first-time home buyer.

Rather than let home buyers wait until 2009 tax returns are filed next April, Florida legislators decided to advance the \$8,000 in an interest-free loan.

Buyers have to agree to file for the tax credit and to repay the money within 18 months.

The Florida Legislature funded the home buyer program with \$30 million.

At the same time, the Legislature took money away from a trust fund for low-income housing to use for other purposes.

According to Meffert, the trust fund produced about \$161 million annually in recent years for the State Housing Initiatives Partnership, or SHIP, Program.

SHIP money was used to provide affordable rents, fund emergency repairs, make renovations, construct low-income housing and provide home buyer counseling and financial assistance.

This fiscal year, which started Wednesday, there is no SHIP money. In its place, administrators of the SHIP Program in each county's housing agency will be given the much smaller home-buyer program money.

"There will be some home buyers [for whom] this \$8,000 earlier rather than later will make the difference for them to buy a home now," said Lloyd Boggio, a Miami developer who is chairman of the Coalition of Affordable Housing Providers. "But it's my personal opinion that the impact of what is lost in our communities is much greater than what's gained with this program."

The home buyer program money hasn't arrived because the funds will come from documentary stamp tax revenues starting this month. Meffert says he expects the first funds for the home buyer program to be available in early August.

That could put home buyers in a scramble, because the home must be purchased by Dec. 1 in order to qualify for the federal tax credit.

To find a local SHIP Program office, go to www.floridahousing.org, select "Housing Partners," then "Local Governments (SHIP)," then "Find Local SHIP Offices."