

ISSUES

SHIMBERG CENTER FOR AFFORDABLE HOUSING

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THREE HUD HOUSING PROGRAMS

The **Officer Next Door** and the **Teacher Next Door** programs are two exciting new HUD initiatives that will offer thousands of police officers and teachers highly discounted homeownership opportunities while strengthening the communities where they work. The **Dollar Homes** program will help local governments acquire thousands of HUD-owned homes for \$1 each to create housing for families in need and to revitalize neighborhoods.

Additional information and contact information for the Department of Housing & Urban Development may be found at www.hud.gov.

Office Next Door Program

The U.S. Housing & Urban Development launched the Officer Next Door initiative three years ago to increase homeownership opportunities for police officers and to create safer neighborhoods nationwide. As of July 2000 over 3900 homes have been sold to police officers at 50 percent off price across the country. Last year, Prince William County, Virginia, became the first county to purchase a home at half price thru HUD's Officer Next Door initiative, and they have already reaped the benefits of having officers living in the neighborhood. Prince William County purchased the Officer Next Door home to be used



as a residential police substation, where two police officers now both live and work and provide the neighborhood with an increased sense of security and full time police presence.

HUD's Officer Next Door program is a key element of the Department's commitment to strengthen America's communities. The program offers HUD-owned, single family homes to law enforcement officers at 50 percent discount. The program helps to prevent crime and promotes neighborhood safety and security by encouraging law enforcement officers to become homeowners and residents in economically distressed communities.

Under the program, HUD offers homes are located in designated revitalization areas*. Revitalization areas are typically in low- and moderate-

income neighborhoods, have many vacant properties and often have high crime rates, but are considered good candidates for economic development and improvement. Homes offered for sale in the program were previously insured through the Federal Housing Administration (FHA) and then foreclosed. HUD also reduces the down payment requirement to just \$100 if the home is purchased with an FHA insured mortgage.

Officers must live in the property as their sole residence for at least three years after purchase. A law enforcement officer who is employed full-time by a federal, state, county or municipal government and is sworn to uphold, and make arrests for violations of federal, state, county or municipal laws is eligible to participate in this program. The Mortgage Bankers Association of America has urged its nearly 3,000 member lenders to provide officers moving into eligible neighborhoods with a choice of mortgage discounts: either a one-half point reduction in closing costs (an immediate \$500 savings on a typical \$100,000 mortgage), or a one-eighth point reduction on interest rates over the life of the mortgage (a \$3,000 savings over 30 years on a \$100,000 mortgage). Officers may buy a home directly from HUD or may use a real estate broker to arrange the sale. If a broker is used, the officer's discount will be reduced by any broker/agent commissions. For a listing of properties visit HUD's Web site at www.hud.gov/officer.

Teacher Next Door Program

The Teacher Next Door program is also a key element of HUD's commitment to strengthen America's communities. The program offers HUD-owned, single family homes to public and private school teachers at 50



percent discount. The Teacher Next Door program recognizes teachers for the value they bring to community and family life, and provides them with increased opportunities to serve our most needy communities outside the classroom.

Any teacher who is employed full-time by a public school, private school, or federal, state, county or municipal educational agency and is a state-certified classroom teacher or administrator in grades K-12 is eligible to apply for HUD's Teacher Next Door (TND) initiative. Teachers can purchase HUD homes at 50 percent off of the list price in HUD-designated revitalization areas*. These are neighborhoods receiving targeted public and private sector assistance that offer significant opportunities for local economic growth. To make properties even more affordable, HUD will reduce the down payment to just \$100 if a teacher purchases a new home with an FHA-insured mortgage.

Homes must be located in the school district in which the teacher is employed. Homes offered for sale were previously insured through HUD's Federal Housing Administration (FHA) and then foreclosed on.

Teachers must live in their new home as their sole residence for at least three years after its purchase. Teachers may purchase their home directly from HUD or use a real estate broker to arrange the sale. If a broker is used, the teacher's discount will be reduced by any broker or agent commission.

*Revitalization Areas

Revitalization areas are HUD-designated neighborhoods in need of economic and community development and where there is already a strong commitment by the local governments. There are over 750 revitalization areas across the country and HUD is always working with localities to designate new areas. The current list of Revitalization Areas in Florida is:

City	ZIP Code
Apopka	32703
Fort Lauderdale	33311
Hialeah	33015
Miami	33142
Miami	33147
Miami	33150
Miami	33168
Opa Locka	33054
Opa Locka	33055
Orlando	32805
Orlando	32819
Saint Petersburg	33701
Saint Petersburg	33705
Saint Petersburg	33712
Sanford	32771
West Palm Beach	33404
West Palm Beach	33407

For more information on Revitalization Areas, e-mail a Teacher Next Door Specialist at teacher_next_door@hud.gov or call us at 1.800.217.6970.

NOTE: When you buy a home under HUD's Officer or Teacher Next Door initiatives, you receive a 50% discount off the list price of the home. At closing, you will be required to sign a second mortgage and note for the amount of the discount. For example, if you bought a home for \$100,000, you would receive a \$50,000 (50%) discount. A second mortgage for this \$50,000 discounted amount would remain in effect for a pe-

riod of three years from the date of your closing. If you leave the home prior to completing your three-year mandatory occupancy period, you will be required to re-pay HUD a portion of the discount you received as follows:

- *Prior to 1st Anniversary of Closing - 90% (\$45,000 in the above example)*
- *Prior to 2nd Anniversary of Closing - 60% (\$30,000 in the above example)*
- *Prior to 3rd Anniversary of Closing - 30% (\$15,000 in the above example)*

This second mortgage is called a "silent second" because no interest accrues on it, and no payments are required. When you complete your mandatory three-year occupancy period, HUD will automatically cancel this instrument and you will only have your first mortgage in place from that time forward. Copies of the second mortgage and note can be found in HUD Housing Notice 99-30, which can be downloaded at www.hudclips.org. The Notice can be found under 1999 Housing Notices. (Hint: After printing the letter which is in the beginning of the Notice, click on the word "attachment" to the left of the signature block. This will load the policy and procedure manual in which the documents are located)

Dollar Homes Program



Beginning in May 2000 HUD launched its new "Dollar Homes" initiative to sell local governments thousands of HUD-owned homes for \$1 each to create housing for families in need and to revitalize neighborhoods. Under the program, single-family homes that are acquired in foreclosure actions by the Federal Housing Administration will be eligible for sale to local governments around the nation for \$1 each when the homes have been listed for sale for at least six

months and remain unsold. Over 1,000 homes were initially eligible for sale to local governments under the initiative, with additional homes available for sale each week.

By selling vacant homes for \$1 after six months on the market, HUD will make it possible for communities to fix up the homes and put them to good use at a considerable savings. The newly occupied homes can then act as catalysts for neighborhood revitalization, attracting new residents and businesses to an area.

Local governments can partner with local non-profit homeownership organizations or tap into existing local programs to resell the homes to low-

and moderate-income residents of the community. The local governments will be required to purchase the properties and convey them to the nonprofit organizations for rehabilitation and resale to first-time homebuyers.

To find out if properties are available for sale in your community, visit www.hud.gov, go to "HUD Homes for Sale", and click on Florida to find out where homes are located.

Affordable Housing ISSUES is prepared bi-monthly by the Shimberg Center for Affordable Housing for the purpose of discussing contemporary issues facing affordable housing providers. Reproduction of this newsletter is both permitted and encouraged. Comments or questions regarding the content are welcome and should be addressed to Robert C. Stroh, Director.

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