

City of Ocean City and Habitat for Humanity

Public Meeting 06/30/2016



What is Affordable Housing?

- Affordable housing has affordability controls limiting the rent and/or sales price for at least 30 years.
- Affordable housing is priced to be affordable to households earning up to 80% of the area median income for the region in which the housing is placed.

Why Affordable Housing?

- The Council on Affordable Housing (COAH) is an agency in the State of NJ within the NJ Department of Community Affairs. COAH was responsible for ensuring that all NJ municipalities provide their fair share of low and moderate income (LMI) housing.
- COAH was created by the NJ Legislature in 1985 in response to the Fair Housing Act and a series of NJ Supreme Court rulings known as the Mt. Laurel decisions.

Timeline for Affordable Housing in NJ

- COAH was formed in 1985 and was directed to allocate affordable housing obligations to every town in New Jersey and adopt regulations to address the number of units.
- Over the years, more than 300 towns participated in the COAH process.
- COAH adopted new rules in 2004 and 2008 but the rules were invalidated by the courts.
- May, 2014 COAH passed new guidelines, which increase the amount of units developers are permitted to build in exchange for one affordable housing unit from four to nine.
- October, 2014 the COAH Board failed to meet the deadline by the Supreme Court for establishing new Third Round guidelines.
- March, 2015 NJ Supreme Court ruled that determination of affordable housing obligations would be administered by the court.

Where does this leave the City?

- The City has developed a spending plan to address the affordable housing obligation in the City. The current obligation is 8 units, with future obligations in the process of being determined by the courts.
- The City is defending against a claim that its fair share obligation is 1,000 units. Fair Share Housing Center (FSHC) gave the City 1,176 units that was capped at 1,000 units.

What happens if the City does not address Affordable Housing?

- The affordable housing fees that have been collected to address affordable housing may be lost (Over \$3 Million Dollars).
- The potential would be open for developers to come in to the City and develop areas of the City with affordable housing with no public or municipal input.

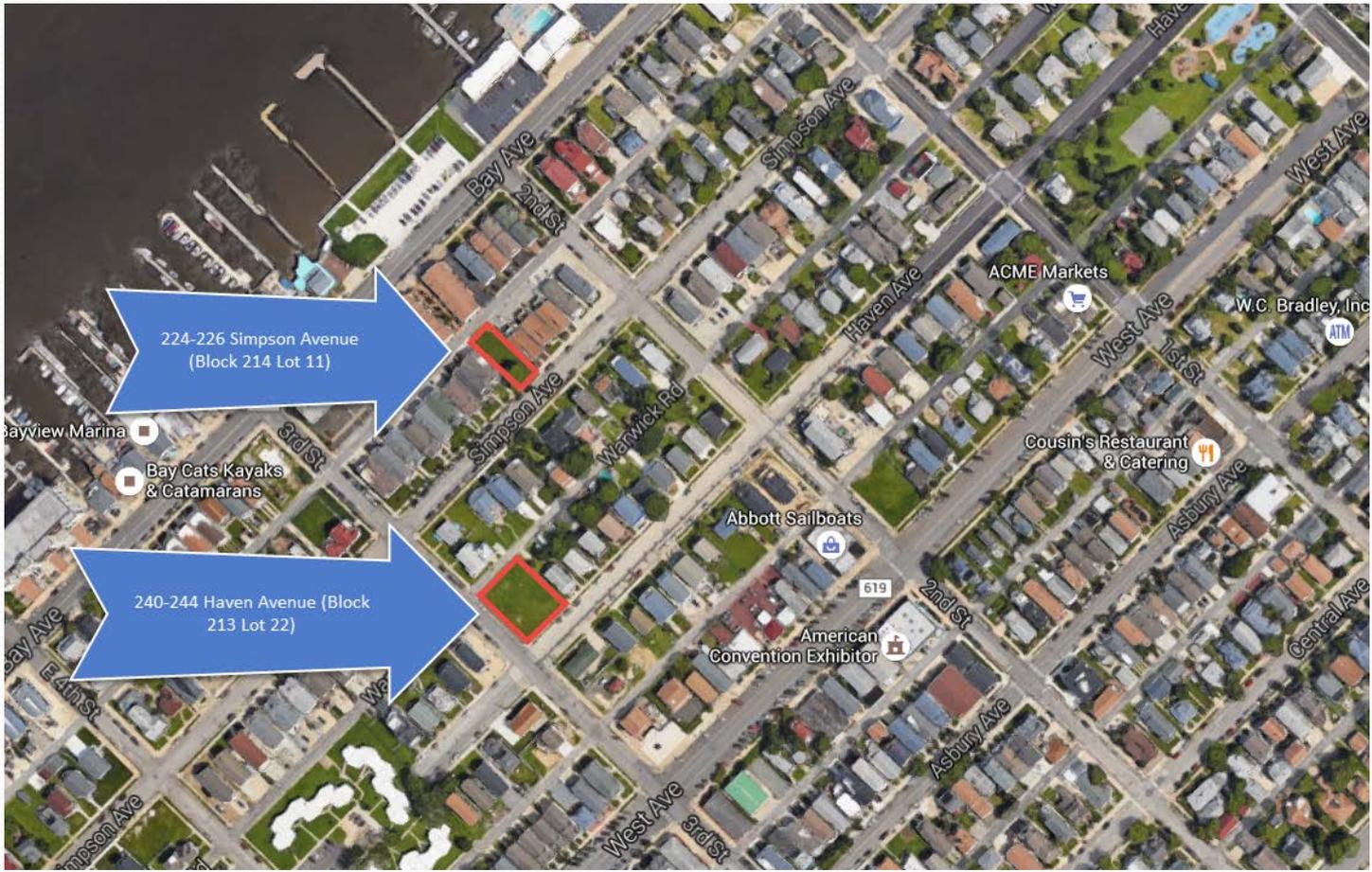
Current Affordable Housing in the City

- Two (2) - single family homes in the 2nd Ward
- Wesley By the Bay (3rd Ward)
- Ocean City Housing Authority (1st & 2nd Ward)
 - Pecks Beach Village
 - Bay View Manor

How do we potentially meet the affordable housing obligation?

- Market to Affordable Housing
- Habitat for Humanity

Potential Project Locations with Habitat for Humanity



Why these locations?

- City Owned
(Foreclosed Properties)
- Vacant Lots

**Habitat Cape May
Ocean City Public Meeting
June 30, 2016**



**Habitat
for Humanity[®]**
Cape May County

About Habitat for Humanity

- Habitat for Humanity is a non-profit, non-denominational Christian housing ministry that was founded in 1976 in Americus, Georgia.
- Since its founding, Habitat for Humanity has helped build over 1,000,000 affordable houses in partnership with homeowners and local communities.
- Habitat operates at the grassroots level, with 1,500 affiliates in all 50 U.S. states, more than 90 countries, and every county in New Jersey.

How Habitat is Organized

- The international headquarters of Habitat for Humanity are located in Atlanta and Americus, GA and provide support and guidance to local Habitat affiliates.
- The Habitat International team collects and disseminates best practices from across the U.S., and serves as the steward for our global brand.
- Local Habitat affiliates are independent non-profit organizations, with flexibility to respond to the unique needs of their local communities.

About Habitat Cape May County

- Our local Habitat affiliate was founded in 1991, and built 9 houses in its first 20 years of operation.
- In the past 5 years, we have greatly expanded our presence and capacity:
 - From 10 construction volunteers to over 500 from throughout Cape May County (including Ocean City)
 - From one modular house every two years to two stick-built houses per year (7 houses in Middle Township since 2011)
- Our goal: to continue to expand our reach, and to develop partnerships with municipalities in other parts of Cape May County.

Habitat's Business Model

- Local municipalities, organizations, businesses and individuals provide land, materials, services and funds.
- Local volunteers provide construction labor, working side-by-side with Habitat homeowners.
- The local Habitat Affiliate sells the home to the homeowner via a zero-interest mortgage (usually 30 years).
- Monthly mortgage payments come back to the Habitat Affiliate to help fund the construction of more houses in the community.

Support Stays in Cape May County



National Construction Donors



valspar®



Local Construction Donors



Affordable Housing – Not Section 8

- Habitat for Humanity is NOT a giveaway program. We offer local, year-round working families who might not be able to afford a mortgage in our expensive local real estate market a chance to own a home of their own.
- Homeowner families purchase their homes from Habitat Cape May, pay a \$1500 down payment, and make monthly mortgage payments including property taxes and insurance.
- Partner homeowners work side-by-side with Habitat volunteers, contributing a minimum of 300 hours of “sweat equity” into building their homes.

The Economics of a Habitat House

- Habitat mortgages are affordable because they don't exceed 30% of a family's gross income:
 - Zero-interest mortgage
 - Sale price less than market value (currently 60 – 70 % of appraisal), **BUT...**
- Habitat holds a silent 2nd mortgage for the difference between appraisal and sale price:
 - Both mortgages are filed with the County Clerk as part of the sale transaction – full value of the property is recorded
 - The second mortgage is payable in full upon sale of the house (no profit to homeowner from reduced sale price)
- Homes are deed-restricted – will be controlled as affordable housing for a minimum of 30 years, and up to 50 years
- Homeowner must pay off 50% of mortgage to earn equity above the original appraised value

How We Choose Homeowners

- We select families based on 3 criteria: the ability to repay a Habitat mortgage, need, and willingness to partner with Habitat.
- Successful applicants must have an outstanding employment history, a low debt to income ratio, and a strong rental record – giving responsible renters the opportunity to become homeowners.
- In New Jersey, families with incomes as high as 80% of the area average (\$58,383 for a family of four in Cape May County) can still qualify for “affordable housing.”
- Our homeowner selection process is extremely rigorous. Over the past five years, less than 5% of applicants have been approved. We carefully vet each applicant to find the families that will be good partners with Habitat, and good neighbors in our local community.

What does a Habitat Build Look Like?

“Give a Blessing”

- Over 30 Cape May County churches, schools and organizations have participated, including four in Ocean City churches.
- Individuals sponsor the framing studs, and decorate them with messages, blessings, artwork and more – over 220 studs were sponsored on our most recent build.
- Once the house is under roof, all the sponsors are invited to the “Stud Finder Reception”, where everyone can find their stud built into the frame of the house, and meet the family.

The “Give a Blessing” Project



The “Stud Finder Reception”



Holy Trinity Episcopal Church Youth – October 14, 2015



What does a Habitat Build Look Like?

Volunteer Workdays

- Tuesdays, Thursdays & one Saturday per month
- Special days arranged for groups
- Volunteers age 16 and over, special work days for younger kids
- Coffee, donuts, water and lunch provided
- All construction overseen by paid Habitat supervisors and volunteer coordinator
 - All tools and safety equipment and insurance coverage provided
 - No experience necessary

Home Dedication

- 5-6 months post ground-breaking

















Why Volunteer for Habitat?

- Our Volunteers are **Hands On**
 - No envelope stuffing here (unless you want to)
 - Learn new skills, meet new people
 - See the fruits of your labor every day
- Get to know the people you are helping
- Habitat offers volunteers an opportunity to truly **work together** to make a difference in their local community

Why Partner with Habitat?

- We build high-quality houses.
 - All our homes are designed by Ocean City architect Christina Amey to compliment the surrounding neighborhood.
 - Each house is fully Energy Star certified, and built with high grade materials, and adheres to all local building codes & requirements.
- Our building projects create community, involving up to 200 local volunteers on every project.
- We work hard to select deserving families that will be good neighbors. We also continue to support our homeowners as needed post-purchase and beyond.

Storm Cleanup from June 21, 2016





***Thank you for the opportunity
to meet with you!***