



# CITY COMMISSION POLICY

|                             |   |                               |
|-----------------------------|---|-------------------------------|
| <b>SUBJECT:</b>             | <b>CITY EMPLOYEE HOME OWNERSHIP INCENTIVE</b> |                               |
| <b>NUMBER:</b>              | 600-06  | <b>DATE:</b> October 24, 1995 |
| <b>PREPARED BY:</b>         | Executive Office                              |                               |
|                             | <u>FILE NUMBER</u>                            | <u>DATE</u>                   |
| <b>HISTORY:</b>             | 61196   | 10/24/1995                    |
|                             | 62503   | 12/10/1996                    |
|                             | 64616   | 4/28/1998                     |
|                             | 92846   | 8/8/2023                      |
| <b>ASSOCIATED POLICIES:</b> | NONE  |                               |

## I. SUMMARY

This policy aims to encourage and incentivize City of Grand Rapids employees to live in the City’s geographical boundaries. The policy will serve to foster stronger community relationships with residents and to enhance the employee’s ability to achieve greater work life balance, and employee incentives to assist with mortgage closing costs and prepaid cost.

## II. PURPOSE

To help encourage and incentivize City of Grand Rapids employees to live in the City’s geographical boundaries. This policy is also provided to foster stronger community relationships with residents as neighbors and to enhance the employee’s ability to achieve greater work life balance for themselves by working closer to their employment location and in the city in which they serve. This incentive assists employees with the payment of closing costs and prepaid costs for home purchase mortgages for residences within the geographical limits of the City.

## III. POLICY APPLICABILITY

A program to assist City employees in closing the purchase of a home within the City. The payment of the awarded amount will be paid directly to the employee on the payday closest to their closing date as long as the required supporting documentation have been received, i.e. payment receipt or closing documentation showing closing costs. The payment under this policy is to be used exclusively to pay all or a portion of the closing costs and/or prepaid costs of an eligible employee in the purchase of a home within the dollar limits set out in this policy. This is strictly an employer’s benefit award incentive program and is not affiliated or associated with any State or Federal home ownership programs and is not funded by any other entity other than the City of Grand Rapids.

**IV. INCENTIVE AMOUNTS NOT TO EXCEED**

The City will pay directly to the employee an amount towards the actual closing costs and/or prepaid costs which shall not exceed the following limits on behalf of an eligible City employee an amount not to exceed the following. If the actual closing costs are less than the incentive amounts that follow, the payment shall be capped at the actual costs.

- a. For employees that already reside in Grand Rapids, the City will pay actual closing costs and/or prepaid costs as determined on the closing statement from the financial institution up to a maximum of \$6,000.
- a. For employees that do not presently reside Grand Rapids, the City will pay actual closing costs and/or prepaid costs as determined on the closing statement from the financial institution up to a maximum of \$7,000.
- b. For employees that are first-time homeowners, the City shall pay an additional incentive amount up to \$2,500.

**V. EMPLOYEE ELIGIBILITY REQUIREMENTS**

To be eligible, an employee must:

- a. Be a permanent employee having successfully passed their entrance probationary period with the City;
- b. Purchase a home located with the geographical limits of the City;
- c. Use the property purchased as their homestead residence for a minimum of five years;
- d. Finance the purchase through a financial institution which is authorized to provide mortgages;
- e. Provide a down payment acceptable to the financial institution providing the financing;
- f. Understand that the City does not assume any liability for the mortgage selection made by the employee; and
- g. Understand that the employee is responsible for any costs that exceed this maximum limit and is responsible for payment of any taxes related to the receipt of this benefit.

**VI. CONDITIONS FOR PAYMENT**

Payment will be made only under the following conditions:

- a. The employee has not previously received an incentive payment under this policy during their employment with the City.
- b. Any home for which an incentive payment is made must qualify as a homestead as provided for under Michigan law.

- c. Mortgage purchases only shall be eligible. Payments shall not be made for land contract purchases, lease/option purchases, refinances or other methods of purchase not involving conveyance of legal title to the purchaser.
- d. The total incentive assistance payments in any fiscal year shall be limited to the amount allocated to the Human Resources budget by the City Commission.

**VII. CONTINUATION OF THE PROGRAM**

This program will be continued only as long as it is deemed appropriate by the City Commission. The City Manager may at their discretion recommend the termination or modification of this program due to a determination that (1) the desired purpose has been attained; (2) the program is not sufficiently meeting the desired goal; (3) the program is not cost effective or fiscally sustainable; or (4) the program should be discontinued or modified for any other legitimate reason at the discretion of the City Manager

**VIII. REPAYMENT FOR FAILURE TO MAINTAIN HOMESTEAD OF PURCHASED RESIDENCE**

If, during the five-year period, an employee fails to maintain the purchased home as a homestead, the employee is obligated to repay the incentive according to the following terms:

- a. Incentive Repayments Terms:

| OCCUPANCY TIME    | REPAYMENT AMOUNT          |
|-------------------|---------------------------|
| 1 YEAR OR LESS    | 100% OF THE NET INCENTIVE |
| 2 YEAR OR LESS    | 80% OF THE NET INCENTIVE  |
| 3 YEAR OR LESS    | 60% OF THE NET INCENTIVE  |
| 4 YEAR OR LESS    | 40% OF THE NET INCENTIVE  |
| LESS THAN 5 YEARS | 20% OF THE NET INCENTIVE  |

**IX. EMPLOYEE ACCEPTANCE OF PAYMENT TERMS AND CONDITIONS**

If the employee is approved for participation in the program, the employee agrees to be subject to the above repayment terms in the event of non-compliance with the homestead requirements. In such event, the employee will be given the option of immediate repayment of the full amount, or repayment in 26 equal installments through payroll deduction.