



CITY OF DELRAY BEACH

NEIGHBORHOOD & COMMUNITY SERVICES

100 N.W. 1ST AVENUE • DELRAY BEACH • FLORIDA 33444 • (561) 243-7364



MEMORANDUM

TO: Terrence R. Moore, ICMA-CM, City Manager

FROM: Ellen DeLima, Housing Property Coordinator

THRU: Jeri Pryor, Director, Neighborhood & Community Services
Tavarous Parks, Administrator, Neighborhood Services Division

DATE: December 2, 2025

SUBJECT: Subordination Policy and Procedures Amendment

ITEM BEFORE THE COMMISSION

Approval of the updated Subordination Policy and Procedures by the City Commission will authorize the City Manager to approve all subordination requests moving forward.

BACKGROUND : Subsidies provided for homeownership and housing rehabilitation from various funding sources are secured through a Promissory Note and Lien agreements. All housing assistance grants require recipients to maintain ownership and residency for a specified period, which varies based on the grant amount. For the Housing Rehabilitation Program, grants of \$42,500 per unit or less are forgiven at a rate of 20% per year over five (5) years, while grants exceeding \$42,500 per unit are forgiven over ten (10) years. The Purchase Assistance Program provides up to \$75,000 in gap financing and secured through the Promissory note and forgiven at either 10 years for \$35,000 or under or 15 years for over between \$35,000-\$75,000.

When a homeowner requests to refinance their first mortgage for a lower interest rate or shorter loan term, the City of Delray Beach must approve the subordination of its second mortgage. Currently, all subordination requests require Commission approval, a process that can be time consuming and often leaves residents facing looming deadlines with their lenders.

This allows the homeowner to access their home equity, with cash out refinancing restricted to funding for home improvements only. Each subordination request is reviewed individually with the primary goal of supporting housing affordability.

RECOMMENDATION: The Affordable Housing Advisory Committee and city staff recommend that the City Commission approve the revised Subordination Policy and Procedures. This will assist in expediting the process for homeowners facing imminent closing deadlines. Given the time-sensitive nature of subordination requests, the updated policy aims to streamline the review process and ensure faster turnaround times.