



# **AFFORDABLE HOUSING FUNDING SOURCES**

**PREPARED BY:  
THE FLORIDA HOUSING COALITION, INC.**

**JUNE 2015**





**The Florida Housing Coalition, Inc.**

is a nonprofit, statewide membership organization, whose mission is to bring together housing advocates and resources so that everyone has a quality affordable home and suitable living environment. The Coalition has seven offices throughout Florida and has been providing training And technical assistance since 1982, both In Florida and nationally.

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# Introduction

This Affordable Housing Resource Guide was developed by the Florida Housing Coalition as a quick reference source for affordable housing providers, administrators of local government housing and human service programs, and other professionals with an interest in affordable housing. This guide is particularly geared toward nonprofit organizations that currently provide affordable housing, or are considering becoming affordable housing developers and/or owners.

The guide is organized into two sections:

- Public Funding Sources Suitable for Individual Applicants and/or Small-Scale Developments
- Public Funding Sources Suitable for Larger Scale Developments

The categories for these sections are approximate and not mutually exclusive. For example, some of the funding sources most accessible to small-scale developers, such as State Housing Initiatives Partnership (SHIP) and Community Development Block Grant (CDBG) funds, are often used by developers of large projects as well. Additionally, some funding sources that are traditionally used for large-scale multifamily developments may be available for small-scale developers in some circumstances. For example, the Florida Housing Finance Corporation (FHFC) targets some of the Low Income Housing Tax Credit (LIHTC) and State Apartment Incentive Loan (SAIL) funds it administers to small-scale projects.

Each funding source has an entry that briefly describes the program, including the types of housing it supports, eligible applicants, the forms of subsidy it provides, and which organizations administer the funds. It is important to note that funds for many federal programs are passed through to state and/or local governments, which are often given wide latitude in designing programs to administer the funds. The same is true for many State programs.

The information in this guide is not comprehensive, but rather is meant as a starting point for the prospective applicant to search for more information. Applicants should contact the agencies listed at the end of each entry to learn more about available funds and project priorities in their geographic area. In addition, applicants should be aware that regulations and funding priorities for some programs may have changed since this guide was published.

For an affordable housing developer, building even one house can be a difficult and complex effort requiring multiple funding sources. Providing affordable housing is not a casual undertaking—it is a commitment of staff and board time, money, and relationship-building over a span of years or even decades. However, to effectively develop, own, and/or manage high-quality housing for low-income Floridians seeking a better life is one of the most fulfilling endeavors you can embark on.

# GLOSSARY OF TERMS

## **Affordable Housing**

The rule of thumb used by the federal government is that housing should cost no more than 30 percent of a household's gross income. Housing costs include rent or mortgage payments, property taxes (for homeowners), renter's or homeowner's insurance, and utility costs. Many, though not all, federal, state, and local funding programs require affordable housing providers to use this standard when setting rents or purchase prices for their units. Depending on the program, the rent or purchase price of a unit may be set at 30 percent of a specific income level (e.g. 50 percent of Area Median Income), or at 30 percent of the applicant household's income.

One example of a program that does not have a specific definition of affordability is the Community Development Block Grant (CDBG). In practice, many CDBG grantees use the 30-percent standard.

## **Affordability Period**

The period during which a subsidized owner-occupied or rental unit must be kept affordable to households at designated income levels. Affordability periods vary widely among subsidy programs, generally ranging from 15 to 40 years. This period is sometimes also referred to as a "compliance period".

## **Amortizing Loan**

A loan where the principal of the loan is paid down over the life of the loan (that is, amortized) according to an amortization schedule, typically through equal payments.

## **Area Median Income (AMI)**

The median household or family income in a designated geographic area, usually a metropolitan area or a county. Every year, the U.S. Department of Housing and Urban Development (HUD) calculates "Median Family Incomes" for designated geographic areas around the country, using data from the U.S. Census Bureau and the Consumer Price Index. State and local housing programs generally use HUD's Median Family Income calculations for their own definitions of Area Median Income.

Note that in any given year, HUD's Median Family Incomes are different than median family incomes and median household incomes calculated by the Census Bureau, due to differences in calculation methods.

## **Deferred-Payment Loan**

A loan to a homebuyer or affordable housing developer that does not have to be repaid until a later date, when or if certain conditions are met. For example, if a homebuyer receives a deferred-payment loan for down payment assistance or mortgage principal reduction, he or she may have to pay back all or part of the loan if he or she sells the home during the affordability period (see **Recapture**). Depending on the program, deferred-payment loans may be forgivable under certain circumstances.

## **Extremely Low-Income (ELI) Household**

A household with an income up to 30 percent of the Area Median Income (AMI).

## **Forgivable Loan**

A loan to a homebuyer or affordable housing developer for which repayment is not required if certain conditions are met. For example, in some homebuyer subsidy programs, the homebuyer is assisted with a loan that is forgiven if he or she lives in the home for a certain minimum amount of time.

## **Gap Financing**

Gap financing generally refers to a grant or loan that covers the difference between the cost of developing and operating an affordable housing project, and the funding sources that the developer has already obtained or is likely to obtain.

## **Guarantee**

In the affordable housing field, a guarantee usually refers to a pledge from a funding agency to repay a mortgage or other loan if the borrower (an income-qualified homebuyer or affordable housing developer) defaults. Loan guarantees encourage private lenders, such as banks, to make loans to individuals and organizations who would otherwise be considered too risky.

## **Joint Venture**

A legal entity created by two or more organizations to undertake a specific project, sharing the benefits and risks according to a specified agreement. In affordable housing, a joint venture generally refers to a development project undertaken by two or more organizations working in partnership. The parties of a joint venture may be an inexperienced and experienced housing developer, a housing developer and a social service agency, or other configuration. A joint venture may consist of nonprofit organizations, for-profits, or both.

## **Loan-to-Value (LTV) Ratio**

The ratio of a mortgage loan for a homebuyer or rental housing developer to the total value of the property. Some funding programs have a maximum loan-to-value ratio used to determine the maximum amount of subsidy to award to an applicant.

## **Low-Income (LI) Household**

The most commonly used definition of a low-income household is one whose annual income is no more than 80 percent of Area Median Income (AMI). The entries in this Guide use this definition of low-income unless otherwise stated. One program that uses a different definition is the Community Development Block Grant. Under CDBG regulations, a low-income household is one whose income is up to 50 percent of AMI.

## **Moderate-Income Household**

Under Florida Statutes, a moderate-income household does not exceed 120 percent of the Area Median Income (AMI). Under the CDBG and Neighborhood Stabilization Programs (NSP), a moderate-income household has an income greater than 50 percent of AMI but no more than 80 percent of AMI. Some programs, such as those administered by the United States Department of Agriculture's Rural Housing Service (USDA RHS), have their own definitions of moderate-income.

## **Non-Amortizing Loan**

A loan in which payments on the principal are not made on a regular basis. As a result, the value of principal does not decrease at all over the life of the loan. The principal is then paid as a lump sum at the maturity of the loan. Examples of non-amortizing loans include balloon mortgages and deferred interest programs.

## **Participating Jurisdiction**

Any State or unit of local government that has been designated by HUD to administer a HOME Investments Partnerships program grant.

## **Recapture**

A recapture provision is one way to ensure that a subsidy for an owner-occupied home remains available for future low-income homebuyers. A recapture provision is triggered if a low-income homeowner who benefited from a subsidy chooses to sell the house during the affordability period. Depending on the specific program guidelines, the homeowner may have to pay back all or part of the original subsidy using proceeds from selling the house. The entity that administers the program can reinvest these recaptured funds to help future homebuyers.

The term “recapture” can also refer to a funding agency requiring a beneficiary (a public or private entity or an individual) to pay back funds, if the beneficiary used them for inappropriate activities, failed to spend them by an agreed-upon deadline, or otherwise failed to comply with the program.

## **Resale Requirement**

If an affordable home sold to an income-qualified homebuyer has a resale requirement, the homeowner is legally required by a deed restriction or land covenant to sell the home to another income-qualified household at an affordable price (when/if the first homeowner chooses to sell.)

## **Very Low-Income (VLI) Household**

A household with an income up to 50 percent of the (Area Median Income).



# ACRONYMS

AHP	Affordable Housing Program (Federal Home Loan Bank of Atlanta)
ALF	Assisted Living Facility
AMI	Area Median Income
CCTC(P)	Community Contribution Tax Credit (Program)
CDBG	Community Development Block Grant
CHDO	Community Housing Development Organization
DEO	Department of Economic Opportunity
FCLF	Florida Community Loan Fund
FHFC	Florida Housing Finance Corporation (or “Florida Housing”)
FSS	Family Self-Sufficiency Program
FTHB	First-Time Homebuyer Program
FY	Fiscal Year
HCV	Housing Choice Voucher (also known as a “Section 8 Voucher”)
HFA	Housing Finance Agency
HOME	HOME Investment Partnerships Program
HUD	U.S. Department of Housing and Urban Development
IDA	Individual Development Account
LHAP	Local Housing Assistance Plan
LIHTC	Low Income Housing Tax Credits (or “Housing Credits”)
LTV	Loan-to-Value Ratio
MMRB	Multifamily Mortgage Revenue Bond Program

NOFA	Notice of Funding Availability
NSP	Neighborhood Stabilization Program
PBRA	Project-Based Rental Assistance (acronym generally used for HOME and Section 8)
PBV	Project-Based Voucher
PHA	Public Housing Authority
PJ	Participating Jurisdiction
PLP	Predevelopment Loan Program
PRA	Project-based Rental Assistance (acronym generally used for Section 202 and Section 811)
RA	Rental Assistance
RFA	Request for Applications
SAIL	State Apartment Incentive Loan Program
SHIP	State Housing Initiatives Partnership Program
SPRAC	Senior Preservation Rental Assistance Contract
TA	Technical Assistance
TBRA	Tenant-Based Rental Assistance
TBV	Tenant-Based Voucher
USDA	U.S. Department of Agriculture
WAP	Weatherization Assistance Program

# Public Funding Sources Suitable for Individual Applicants and/or Small-Scale Developments

This section includes public funding sources for which low-income individuals and families may apply directly, and/or which are commonly used by nonprofit and for-profit developers to develop single-family homes or small multifamily projects. Of the various government funding sources available, the ones in this section tend to be most accessible to small nonprofits and those that have recently entered the housing development business. However, if your organization is new to affordable housing development, it is advisable to evaluate your level of organizational capacity before applying for these funding sources. One option is to partner with a more experienced for-profit or nonprofit developer on a small-scale project.

If you wish to help low-income families find low-cost rental housing, the Florida Housing Finance Corporation's "Florida Housing Search" website ([www.floridahousingsearch.org](http://www.floridahousingsearch.org)). Florida Housing Search provides information on assisted and market-rate rental housing, assisted living facilities, and adult family care homes. Users can search for apartments by community, rent range, accessibility features, pet policies, and other characteristics. The website also provides links to information on tenant rights and responsibilities, fair housing, and rent and utility assistance.

## FIRST TIME HOMEBUYER – SINGLE FAMILY MORTGAGE REVENUE BOND

The Florida Housing Finance Corporation administers a single family bond program that provides low-interest financing to participating lenders. Applicants may apply for home loans from these lenders and receive a lower interest rate plus down payment assistance.

<b>Applicants:</b> Individuals	<b>Housing Type:</b> Homeownership
<b>Application Cycle:</b> Year-round	<b>Primary Uses:</b> Gap financing, Acquisition of new or existing single family homes or condos

Florida Housing's First Time Homebuyer Program (FTHB) offers 30-year fixed-interest mortgage loans to first-time homebuyers through its network of participating lenders and lending institutions. Applicants who are not first-time homebuyers may still be eligible for this program if the home being purchased is in a federally designated targeted area or the applicant is qualified Veteran. This program uses income and purchase price limits to determine eligibility. Additionally a potential homebuyer must complete a 6-8 hour face-to-face homebuyer education class, be able to qualify for a mortgage, and have a minimum credit score of 640.

In conjunction with the FTHB program, Florida Housing offers up to \$10,000 in down payment and closing cost assistance for families with incomes up to 120 percent of AMI. Assistance is given as a second mortgage loan. Note that this source of down payment assistance is only available to homebuyers receiving a FTHB loan; it is not a stand-alone product.

Income and purchase price limits vary by county, and may be viewed on the First Time Homebuyer Wizard on Florida Housing's website at <http://apps.floridahousing.org/StandAlone/FTHBWizard/FTHBWizardForm2.aspx>. The Wizard will also provide contact information for participating lenders in your county.

**Eligible Applicants:** First-time Homebuyers, qualified veterans, persons purchasing a home in a federally designated target area.

### **Program Contact:**

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## HOUSING CHOICE VOUCHER (HCV) PROGRAM

A federal rental subsidy program supported by HUD funds and administered by local Public Housing Authorities (PHAs). PHAs provide payments to private landlords and to reduce rental housing costs for low and very low income voucher holders.

<b>Applicants:</b> Very low- and low-income households	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Varies with each Public Housing Agency	<b>Primary Uses:</b> Rental assistance

Housing Choice Vouchers (HCVs; sometimes referred to as Section 8 Vouchers) provide ongoing rental subsidies, known as Housing Assistance Payments, directly to private landlords on behalf of their low- and very low-income tenants. Funds for this program are appropriated by Congress to HUD, which disburses them to PHAs according to pre-established contracts.

HCVs are “tenant-based”: when a household receives an HCV, it is responsible for finding a rental unit that meets PHA standards (developed according to HUD guidelines) for housing quality and rent reasonableness. Many PHAs provide voucher recipients with a list of landlords in their community that participate in the HCV program. HCVs are portable; a household may move to another community and use its voucher if it meets certain residency requirements in the PHA’s jurisdiction and notifies the PHA before moving.

The PHA also administers the Family Self-Sufficiency (FSS) program, which is voluntary for voucher recipients. The goal of FSS is to promote the development of local strategies for coordinating the use of Housing Choice Vouchers with public and private resources to help eligible families achieve economic independence. The objective of the program is to create an individualized five-year plan to assist these families in obtaining employment that will allow them to become self-sufficient and not dependent on future rental assistance.

**Eligible Applicants:** In most cases, new applicants must be considered Very low-income (50% or less of AMI), although there may be instances where the PHA is able to assist a low income family (80% or less of Area Median Income). In general, at least 75% of households admitted to a PHA’s voucher program each year (including both HCVs and Project-Based Vouchers) must be extremely low-income (up to 30% of AMI).

### **Program Contact:**

Contact PHAs in the area you wish to live.

<http://www.hud.gov/offices/pih/pha/contacts/states/fl.cfm>

## HUD-VASH Program

The HUD-Veterans Affairs Supportive Housing (HUD-VASH) program combines Housing Choice Voucher (HCV) rental assistance for homeless Veterans with case management and clinical services provided by the Department of Veterans Affairs (VA). VA provides these services for participating Veterans at VA medical centers (VAMCs) and community-based outreach clinics.

<b>Applicants:</b> Homeless veterans who need case management services in order to obtain and sustain independent community housing.	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Varies with each participating public housing agency	<b>Primary Uses:</b> Rental assistance

The HUD-VASH Program is a joint effort between HUD and VA to move Veterans and their families out of homelessness and into permanent housing. HUD provides housing assistance through its Housing Choice Voucher Program (Section 8) that allows homeless Veterans to rent privately owned housing. VA offers eligible homeless Veterans clinical and supportive services through its health care system across the 50 states, the District of Columbia, Puerto Rico and Guam.

**Eligible Applicants:** Veterans who are appropriate for this program must be VA health care eligible Veterans. VA eligibility makes this determination. Veterans who are appropriate candidates for this program must need case management services in order to obtain and sustain independent community housing. Veterans who need case management services have serious mental illness, substance use disorder history, or physical disability. Veterans with the most vulnerability are excellent candidates for this program.

**Program Contact:**  
National Call Center for Homeless Veterans  
1-877-4AID-VET

## PROJECT BASED VOUCHERS – Section 8

A federal rental subsidy program supported by HUD funds and administered by local Public Housing Authorities (PHAs). PHAs provide payments to private landlords to reduce rental housing costs for low and very low income voucher holders.

<b>Applicants:</b> Very low- and low-income households	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Variable	<b>Primary Uses:</b> Rental assistance

A Public Housing Authority (PHA) may choose to use up to 20% of the Housing Choice Voucher funding it receives from HUD to support Project-Based Vouchers (PBVs) instead of tenant-based vouchers. The PHA contracts with owners of specific rental housing developments to subsidize monthly rents for a certain percentage of their units, making them affordable to low-income tenants. The developments may be existing housing, or may be newly constructed or rehabilitated to standards agreed upon with the PHA. Note that Project Based Vouchers do not subsidize construction or rehabilitation, and developments with certain federal subsidies (including HUD's Sections 202 and project-based Section 811) are ineligible for PBVs.

The property owner enters into a Housing Assistance Payment (HAP) contract with the PHA for an initial term of up to 10 years. Thereafter, the owner may choose to renew the contract with the PHA in increments of up to 5 years.

**Eligible Applicants:** In most cases, new applicants must be considered Very Low Income (50% or less of area median income), although there may be instances where the PHA is able to assist a low income family (80% or less of Area Median Income). In general, at least 75% of households admitted to a PHA's voucher program each year (including both HCVs and Project-Based Vouchers) must be extremely low-income (30% or less of area median income).

**Program Contact:**

Local HUD offices, Local Public Housing Authorities, Local Housing Finance Agencies, Nonprofit housing organizations

## CONTINUUM OF CARE PROGRAM – Rental Assistance

A federal rental subsidy program supported by HUD funds and managed by a Project Applicant working with a unit of local government or Public Housing Authority. This program provides payments to private landlords to reduce rental housing costs for homeless households.

<b>Project Applicants:</b> States, local governments, private nonprofit organizations	<b>Housing Type:</b> Rental, with lease in name of tenant household.
<b>Beneficiaries:</b> Homeless households	
<b>Application Cycle:</b> Annual, but variable.	<b>Primary Uses:</b> Rental assistance

After HUD issues a Notice of Funding Availability (NOFA) for an annual competition, Project Applicants submit project applications to the local Continuum of Care (CoC). The CoC then ranks applications received according to objective criteria. The applications and rankings are submitted to HUD for approval. The successful rental assistance Project Applicant screens and serves homeless households according to applicable regulations, the NOFA, the application, and the HUD contract. The HEARTH Act requires that rental assistance contracts and payments to landlords be made by a unit of local government or Public Housing Authority.

Grant funds may be used for rental assistance for homeless individuals and families. Rental assistance cannot be provided to a program participant who is already receiving rental assistance, or living in a housing unit receiving rental assistance or operating assistance through other federal, State, or local sources.

The rental assistance may be short-term, up to 3 months of rent; medium-term, for 3 to 24 months of rent; or long-term, for longer than 24 months of rent and must be administered in accordance with the policies and procedures established by the Continuum. The rental assistance may be tenant-based, project-based, or sponsor based, and may be for transitional or permanent housing.

**Eligible Applicants:** Household eligibility will be determined by the terms of the HUD contract with the Project Applicant.

### **Program Contact:**

#### **Local Continuums of Care (CoC)**

You can identify your local CoC by going to the web page below, and by selecting Florida as the location, and Continuum of Care as the program <https://www.hudexchange.info/grantees/>



## CONTINUUM OF CARE PROGRAM – Leasing

A federal rental subsidy program supported by HUD funds and administered by a Project Applicant.

<b>Project Applicants:</b> States, local governments, private nonprofit organizations	<b>Housing Type:</b> Rental, with lease in name of Project Applicant
<b>Beneficiaries:</b> Homeless households	
<b>Application Cycle:</b> Annual, but variable.	<b>Primary Uses:</b> Rental assistance

After HUD issues a Notice of Funding Availability (NOFA) for an annual competition, Project Applicants submit project applications to the local Continuum of Care (CoC), The CoC then ranks applications received according to objective criteria. The applications and rankings are submitted to HUD for approval. The successful leasing Project Applicant screens and serves homeless households according to applicable regulations, the NOFA, the application, and the HUD contract.

Where the Project Applicant or subrecipient is leasing the structure grant funds may be used to pay for 100 percent of the costs of leasing a structure to provide housing or supportive services to homeless persons for up to 3 years. Leasing funds may not be used to lease units or structures owned by the recipient, subrecipient, their parent organization(s), any other related organization(s), or organizations that are members of a partnership, where the partnership owns the structure, unless HUD has authorized an exception for good cause.

**Eligible Applicants:** Household eligibility will be determined by the terms of the HUD contract with the Project Applicant.

### **Program Contact:**

#### **Local Continuums of Care (CoC)**

You can identify your local CoC by going to the web page below, and by selecting Florida as the location, and Continuum of Care as the program <https://www.hudexchange.info/grantees/>

## PREDEVELOPMENT LOAN PROGRAM (PLP)

The predevelopment process is vital to developing successful affordable housing properties. However, funding for predevelopment activities is difficult to obtain, especially for small nonprofit developers. Florida Housing Finance Corporation fills this gap with the Predevelopment Loan Program, which offers technical assistance and low-interest loans of up to \$750,000 for site acquisition and other common predevelopment expenses.

<b>Applicants:</b> Nonprofit and community-based organizations, Units of government, Public housing authorities	<b>Housing Type:</b> Rental, Homeownership
<b>Application Cycle:</b> Year-round	<b>Primary Uses:</b> Predevelopment costs, including site acquisition

PLP has two stages for a successful applicant. In the first stage, the agency submits an application with information about the organization and the development. The applicant should have a site in mind and provide as much detail about the proposed development as possible, but plans may be tentative at this stage. If the application is accepted, Florida Housing will assign a technical assistance (TA) provider to work with the applicant to draft a predevelopment budget and a development plan. As part of this process, the TA provider assists the applicant in assembling the development team, developing operating pro formas, selecting appropriate funding sources, and analyzing the overall feasibility of the project.

The next stage begins with submission of a TA-provider-approved PLP budget and development plan to FHFC. The PLP loan, if approved, covers a wide range of activities, including:

- Land Acquisition
- Appraisals
- Title Searches
- Legal Fees
- Architectural and Engineering Fees
- Market Studies
- Permit fees
- Impact fees
- Site plan approval fees
- Environmental reviews

The PLP loan has a 1% interest rate and is non-amortizing. The loan matures three years after closing, or once construction or permanent financing is obtained, whichever comes first. For rental developments, the borrower must commit to setting aside at least 20% of units for households at or below 50% of AMI, over a 15-year affordability period. For homeownership

developments, 50% of the homes must be sold to buyers whose incomes do not exceed 80% of AMI, and the remaining units sold to buyers at or below 120% of AMI.

**Eligible Applicants:** PLP is available to nonprofit and community-based organizations, units of government, and public housing authorities. For-profit entities, limited liability companies and limited partnerships that are owned by nonprofits are also eligible.

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### STATE HOUSING INITIATIVES PARTNERSHIP (SHIP)

The SHIP program primarily promotes homeownership, providing subsidies for construction, acquisition, and rehabilitation of owner-occupied housing, as well as down payment and closing cost assistance for homebuyers. SHIP is also used to subsidize rental housing development and short term rental assistance to alleviate homelessness.

<p><b>Applicants:</b> For-profit and nonprofit housing developers, Public Agencies, Individuals</p>	<p><b>Housing Type:</b> Ownership and Rental</p>
<p><b>Application Cycle:</b> Local Government Control Based on Annual Legislative Appropriation</p>	<p><b>Primary Uses:</b> Gap financing, Construction, Repairs, Rehabilitation, Acquisition, Rental deposit assistance</p>

Created in 1992 as part of the William E. Sadowski Affordable Housing Act, the State Housing Initiatives Partnership (SHIP) Program’s mission is threefold: (1) provide funding to eligible local governments for the implementation of programs that create and preserve affordable housing; (2) foster public-private partnerships; and (3) encourage local governments to implement regulatory reforms that reduce the cost of developing affordable housing. Funds are allocated to every Florida county, and to municipalities that are eligible for Community Development Block Grant (CDBG) entitlement funds.

SHIP is a highly flexible program, and is often used as a source of matching funds for federal and state grants. However, it imposes some basic restrictions. At least 30 percent of a local government’s total annual distribution of SHIP funds must be reserved for awards to very low-income persons (50 percent of AMI), and an additional 30 percent of funds must be awarded to low-income persons (80 percent of AMI). The remainder may serve any combination of very low-, low- or moderate-income persons (up to 50%, 80%, and 120% percent of AMI,

respectively) and people with special needs. The maximum income for a SHIP beneficiary is 140% of AMI.

In addition, at least 65 percent of a local government's total annual distribution of SHIP funds must be used for homeownership. A minimum of 75 percent of a local government's annual SHIP distribution must be used for construction-related activities, including new construction, rehabilitation, emergency repairs, and down payment, closing cost, or rental deposit assistance for a newly constructed or rehabilitated unit.

**Homeownership:** SHIP can provide subsidies for housing development activities, including acquisition, rehabilitation, and new construction. Ownership units subsidized with SHIP must be sold to income eligible households at a maximum price determined by the local government. SHIP funds may also be provided directly to eligible homebuyers in the form of down payment and closing cost assistance or mortgage buy-downs, and to homeowners for rehabilitation and emergency repairs. **Rental:** SHIP rental funds may be used for emergency repairs; new construction; acquisition; rehabilitation; special needs housing; security and utility deposit assistance; and temporary rental assistance to help prevent and end homelessness. SHIP funds may not be provided for ongoing rental assistance. Rental units with SHIP subsidies for construction or acquisition/rehabilitation must be rented at affordable rates as determined annually by the Florida Housing Finance Corporation.

**Eligible Applicants:** Individuals, nonprofit organizations, and for-profit developers must apply for funding to the SHIP jurisdiction where the home or development site is located. Each SHIP jurisdiction has a Local Housing Assistance Plan (LHAP) that describes the activities to be funded, criteria for eligible applicants, and the process for applying for funding.

You can find your local SHIP office and review the LHAP by going to this web page <http://www.floridahousing.org/HousingPartners/LocalGovernments/>

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Website: [www.floridahousing.org](http://www.floridahousing.org)

## HOME INVESTMENTS PARTNERSHIP PROGRAM (HOME)

HOME is a HUD-administered federal program that provides funding for local communities to provide affordable housing for low- and very low-income residents. HOME funds can provide construction or acquisition/rehabilitation subsidies for affordable housing developers, purchase assistance and gap financing for homebuyers, rehabilitation assistance for homeowners, and tenant-based rental assistance.

<p><b>Applicants:</b> Low- and very low-income households; Nonprofit and for-profit affordable housing developers</p>	<p><b>Housing Type:</b> Homeownership, Lease Purchase, Rental</p>
<p><b>Application Cycle:</b> Varies by Participating Jurisdiction</p>	<p><b>Primary Uses:</b> Acquisition, Purchase assistance, Rehabilitation, Gap financing, Rental assistance</p>

**Homeownership:** HOME funds can be used for property acquisition, new construction, and rehabilitation of housing to be owner-occupied. Funds may be provided to developers to subsidize construction or acquisition/rehabilitation, allowing the homes to be sold at a lower price. Rehabilitation assistance can also be provided directly to eligible homeowners.

HOME may also be used to provide down payment and closing cost assistance to homebuyers, as well as gap financing to reduce monthly mortgage payments. Assistance is provided in the form of grants, low-interest loans, deferred-payment loans, loan guarantees, and interest buydowns. Long-term affordability is achieved by the use of either a recapture mechanism or a resale requirement recorded as a deed restriction or covenant.

**Rental Development:** HOME can be used for property acquisition, new construction, and rehabilitation of non-luxury rental housing with suitable amenities. The funds are provided in exchange for a long-term (at least 15 years) commitment to primarily assist persons or households at 60% or less of area median income. HOME can also be used to fund an initial operating reserve for up to 18 months. Owners of HOME assisted rental property must rent the units at rates set by HUD, which are adjusted annually. Depending on the agency distributing the funds, HOME may be provided as a low-interest loan, a deferred-payment forgivable loan or a grant.

**Tenant-Based Rental Assistance (TBRA):** Under this program, a PJ or its subrecipient makes rental subsidy payments directly to landlords on behalf of a very low- or low-income tenant. TBRA can be used for rental subsidy payments, security deposits and (in some cases) utility deposits. The program may be administered by a local government department or agency, a Public Housing Authority (PHA) or a nonprofit organization.

TBRA is similar to a Housing Choice Voucher (see p. 12) in that it provides monthly rental subsidies to private landlords to help defray the cost of the rental unit for a low-income tenant. Local Governments may choose to make the TBRA available to the general population or

designate it to specific population segments, such as persons with disabilities, victims of domestic violence, youth aging out of foster care or homeless individuals and families. Units are selected by the tenant and are generally eligible if they meet certain housing quality standards and the rent is considered to be reasonable.

**Eligible Applicants:**

HOME funds are provided directly to local government Participating Jurisdictions (PJs) on a formula basis, and PJs award the funds to developers, homeowners, homebuyers, and renters according to a locally determined process. The State of Florida also receives a HOME allocation, and awards funds to local governments, housing developers, nonprofits, and Public Housing Authorities in competitive solicitations.

Fifteen percent of HOME funds awarded to State governments and local PJs are reserved for projects by Community Housing Development Corporations (CHDOs). CHDOs are community-based nonprofit housing providers that meet certain HUD criteria for geographic and programmatic focus and board structure. PJs, not HUD, are responsible for certifying organizations seeking CHDO status.

In most cases, new applicants for TBRA must be considered very low-income (50% or less of AMI); however, there may be instances where a low-income family (80% or less of AMI) can receive assistance.

**Program Contact:**

**Local HOME (Participating Jurisdictions)**

You can identify your local PJ by going to the web page below, and by selecting Florida as the location, and HOME Investments Partnership as the program

<https://www.hudexchange.info/grantees/>

If your city or county is not listed as a local Participating Jurisdiction, HOME funding for your area is allocated through the State HOME PJ- Florida Housing Finance Corporation.

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## COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

The Community Development Block Grant is a HUD-administered federal program. Funds may be provided as a subsidy to housing developers, or directly to homeowners or homebuyers. HUD provides CDBG grants on a formula basis directly to urban counties and larger cities (called Entitlement Communities), and to state governments to award on a competitive basis to non-entitlement communities.

<p><b>Applicants:</b> Affordable housing developers, Individuals</p>	<p><b>Housing Type:</b> Homeownership, Rental</p>
<p><b>Application Cycle:</b> State or local government control based on annual Congressional appropriation</p>	<p><b>Primary Uses:</b> Gap financing, Emergency repairs, Acquisition, Rehabilitation, Slum and blight clearance, Infrastructure, Public Services</p>

CDBG funds can be used for a wide range of programs that meet at least one of three National Objectives: 1) Benefit to low- and moderate-income\* persons, 2) Prevent or eliminate slums and blight, or 3) Meet urgent community needs (e.g. for infrastructure). At least 70% of a local government’s CDBG award must benefit low- and moderate-income persons. A community’s housing activities using CDBG funds often qualify under the low/moderate-income national objective, but can qualify under the other two national objectives in some cases.

**Homeownership Assistance:** CDBG allows two broad categories of homeownership assistance: homeowner rehabilitation and home purchase activities. Homeowner rehabilitation programs provide homeowners with funds for moderate and substantial rehabilitation, energy efficiency improvements, accessibility modifications, and demolition and reconstruction of a home on the same property.

Home purchase assistance programs are limited to low- and moderate-income homebuyers in most cases, and may include assistance with down payments and closing costs, principal write-downs, interest rate subsidies, loan guarantees, and subsidies for homebuyers’ Individual Development Accounts (IDAs). CDBG funds may also be provided to affordable housing developers to subsidize the cost of property acquisition and rehabilitation for sale to eligible families. New construction of ownership housing is allowed only in limited circumstances.

**Rental Housing:** CDBG may also be used to subsidize the cost of developing rental housing. Eligible activities include acquisition, rehabilitation and, in limited circumstances, new construction. Grantees may provide assistance in the form of loans, grants, loan guarantees, and interest subsidies.

**Eligible Applicants:** For Florida Small Cities CDBG (administered by the Florida Department of Economic Opportunity) – Non-Entitlement cities and counties apply for funds through an annual competitive process, and then award funds to local agencies, homeowners, and homebuyers. For Entitlement Communities – Housing developers, property owners, and

homebuyers need to contact their respective city or county to ask how the CDBG entitlement funds are being used in their community. There is wide variation among cities and counties as to how they use these funds.

**Program Contact:** For Local Entitlement Communities – HUD, Local Government Housing and Community Development departments. The contact information for the cities and counties that receive CDBG funds directly from HUD is listed at the following website:

<http://portal.hud.gov/hudportal/HUD?src=/states/florida/community/cdbg>

For Non-Entitlement Communities – Contact the Florida Small Cities Program at <http://www.floridajobs.org/community-planning-and-development/assistance-for-governments-and-organizations/florida-small-cities-community-development-block-grant-program>.

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\*Note that CDBG regulations have a different definition for the term “low-income” than the one used in Florida Statutes. CDBG defines a low-income household as having an income at or below the “very low-income” threshold established by HUD for the Section 8 program, and a moderate-income household as having an income at or below the Section 8 “low-income” threshold but above the “very low-income” threshold. The Florida Statutes use the Section 8 definitions of low-income ( $\leq 80\%$  of area median) and very low-income ( $\leq 50\%$  of area median). HUD updates Section 8 income limits on an annual basis, with some mathematical adjustments made for geographic areas where housing costs or incomes are exceptionally low or high.



## COMMUNITY CONTRIBUTION TAX CREDIT (CCTC)

This program is a state tax incentive that allows businesses a tax credit on Florida corporate income tax, insurance premium tax, or sales tax refund for donations made to local community development projects. Affordable housing projects are not required to be located in an Enterprise Zone or Front Porch Community to be eligible for the credit, but other CCTC project types must be located in these areas.

<b>Applicants:</b> Corporations that make donations to Community Development and Affordable Housing nonprofits or government agencies	<b>Housing Type:</b> Rental, Homeownership
<b>Application Cycle:</b> Year-round	<b>Primary Use:</b> New construction, Acquisition, Rehabilitation

The Community Contribution Tax Credit Program (CCTCP) allows businesses that donate cash, property or goods to an approved community-based organization or government agency to take a credit against Florida corporate income tax, insurance premium tax or sales tax refund. Approved sponsors of a project may construct, improve, or substantially rehabilitate housing, commercial, industrial or public facilities or promote entrepreneurial or job development opportunities for low-income (at or below 80% of AMI) persons.

For each dollar donated, businesses may receive up to \$0.50 in tax credits, and the donation may also be deducted from federal taxable income. The annual amount of the credit granted is limited to \$200,000 per firm and \$21,900,000 for the state. Unused credits may be carried forward for up to 5 years. Before making a CCTCP donation, a business should contact the Department of Economic Opportunity to confirm that the project is eligible for a tax credit.

The most successful beneficiaries for this program in the past decade have been local affiliates of Habitat for Humanity. Habitat affiliates seek approval under the program as community-based organizations, and solicit and receive donations from qualified corporations. The funds raised from the donations are used to purchase materials and supplies for the construction of affordable homes.

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## USDA RURAL HOUSING SERVICE – Ownership

The USDA Rural Housing Service has various programs available to assist low income homebuyers, public agencies, for-profit and nonprofit organizations with the purchase and repair of homes in rural areas.

<b>Applicants:</b> Nonprofits, Public agencies, Individuals, Lenders	<b>Housing Type:</b> Homeownership
<b>Application Cycle:</b> Year-round	<b>Primary Uses:</b> Acquisition, Rehabilitation, New construction, Program administration

The Florida State Office, located in Gainesville, administers USDA Rural Development programs for Florida through six area offices. Detailed information and applications for financial assistance are available through these offices.

**Section 502 Direct Loan Program:** Provides loans to very low- (50% or less of AMI) and low-income (80% or less of AMI) rural residents to purchase, construct, repair, reconstruct, relocate or, in limited circumstances, refinance a dwelling and related facilities. Up to 100 percent of the value may be financed; however, leveraging with other subsidies (such as SHIP and HOME) and private lenders is encouraged. The maximum loan term is 33 years and 30 for manufactured homes. Terms may go to 38 years for those with incomes at less than 60% of area median. Maximum eligible mortgage amounts are calculated for multiple areas in a state, and reflect the value of a modest home. Certain applicants receive priority, including existing Rural Housing Service customers seeking to eliminate health and safety hazards.

The number of Section 502 Direct Loan originations has declined significantly in recent years, as USDA has increasingly used Section 502 funds for loan guarantees, described below.

**Section 502 Single Family Housing Guaranteed Loan Program:** Encourages lenders to make mortgage loans for modest homes to families with low and moderate incomes (up to 115 percent of AMI) by guaranteeing the loan against default. Guaranteed Rural Housing Loans may be made up to 100 percent of the market value or acquisition costs, whichever is less, which eliminates the need for both a down payment and mortgage insurance. Lenders apply to their local Rural Development office to become approved to originate RHS Guaranteed Rural Housing loans, and eligible homebuyers then apply to approved lenders.

**Section 504 Loan and Grant Program:** Provides home improvement and repair loans (with a 1 percent interest rate) and grants to enable very low-income (50% or less of AMI) rural homeowners to remove health and safety hazards or make general repairs and improvements. Grants are also available for persons 62 years of age and older who need to make health, safety, and/or accessibility improvements. The maximum loan amount is \$20,000 and the maximum grant an elderly person can receive is \$7,500. Priority is given to applicants seeking to eliminate health and safety hazards.

**Rural Housing Site Loans:** Provide financing for public and nonprofit agencies to purchase and develop sites for low- and moderate-income ownership housing. Section 523 loans are available at 3 percent interest to agencies that work with homebuyers to construct homes using the self-help method. Section 524 loans are available for agencies that serve low- and moderate-income homeowners without the self-help method; for the interest rate, the agency may select the market rate at the time of loan approval or closing. However, funding for these loans has been limited and sporadic in recent years.

**Technical Assistance Grants:** The Section 523 Technical Assistance Grant is available specifically for public and nonprofit agencies (including state and local governments) that operate the self-help homeownership programs for low-income families. USDA also has a Technical and Supervisory Assistance Grants program for nonprofit organizations (both public and private) that operate homeownership programs for low-income families in rural areas. However, it has not been funded in recent years.

**Housing Preservation Grants (Section 533):** Provide qualified non-profit organizations and public agencies with grant funds to administer programs that assist very low- and low-income rural homeowners with the repairs and/or rehabilitation of their homes. Owners of rental properties occupied by low- and very low-income tenants are also eligible beneficiaries.

**Mutual Self-Help Housing Loans (Section 502):** Are generally administered by nonprofits or municipalities that assist groups of six to eight low-income families, helping each other to build homes. The loans are limited and competitive, and nonprofits or municipalities must apply to their local RHS office. Funds may be used for materials and construction activities not conducted by the homebuyers, including site preparation and skilled labor. The families must agree to work together until all homes are finished. Self-Help Housing Loans are provided as part of the 502 Direct Loan Program.

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## USDA RURAL HOUSING SERVICE – Rental

Rural Housing loans provide financing for multifamily properties and group homes in rural areas in exchange for ensuring the units are affordable to low- and moderate-income families. Project-based rental assistance may also be provided.

<b>Applicants:</b> For-profit, Nonprofit, Public agencies, Individual landlords, Farmers and farm Organizations	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Annual Notice of Funding Availability (NOFA) contingent on Congressional appropriation	<b>Primary Uses:</b> Acquisition, Rehabilitation, New construction, Project-based rental assistance

**Rural Rental Housing Loans (Section 515):** Financing for development and rehabilitation of rental housing that serves very low-, low-, and moderate-income families, including but not limited to the elderly, persons with disabilities, and farmworkers. These Section 515 loans are offered on a competitive basis under a NOFA (Notice of Funding Availability) process, which usually opens in November of each year. In exchange for a low-interest loan, the owner must agree to rent the units to income-qualified households. The loans are primarily used as a direct mortgage, but the funds may also be used to buy and improve land and to provide water and waste disposal systems. However, Section 515 funding has dropped sharply in recent years. Since FY 2012, funds have been used exclusively to preserve existing units.

**Guaranteed Rural Rental Housing Program (Section 538):** Encourages lenders to make mortgage loans for rental housing serving families with low and moderate incomes (up to 115 percent of AMI), by guaranteeing the loan against default. The maximum loan to value is 90% for for-profit entities and 97% for non-profit entities. Lenders apply to their local Rural Development office to become approved to originate RHS Guaranteed Rural Housing loans, and eligible property owners/developers then apply to approved lenders.

**Housing Preservation Grants (Section 533):** Provide qualified non-profit organizations and public agencies with grant funds to administer programs that assist in the preservation of rental and ownership housing for very low- and low-income families. USDA issues a NOFA (Notice of Funding Availability) annually, generally in late fall or early spring.

**Rental Assistance (RA):** RA is available mainly to housing financed with Rural Rental Housing (Section 515) or off-farm housing (Section 516(1)) loans or grants, and provides the difference between established rents and a very low- or low-income tenant's affordable level of rent contribution. Availability of RA is contingent on funding and the level of need among the development's tenants.

**Farmworker Housing Loans and Grants:** Available to individuals and/or entities involved in the provision of affordable housing for farmworkers. Section 516(1) loans and grants are available to public and broad-based nonprofit agencies for off-farm housing. Section 514 loans are available to farmers, family farm partnerships and corporations, and farmers' associations to develop on-farm housing. Loans are for 33 years at 1% interest, while grants may cover up to 90% of development costs.

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## WEATHERIZATION ASSISTANCE PROGRAM (WAP)

The Weatherization Assistance Program provides grants to Community Action Agencies, local governments, Indian tribes, and non-profit organizations to provide specific program services for low-income families in Florida.

<b>Applicants:</b> Individuals, Property owners or managers	<b>Housing Type:</b> Homeownership, Rental
<b>Cycle:</b> Year-round	<b>Primary Uses:</b> Grant for weatherization upgrades

WAP's mission is to reduce the monthly energy burden on low-income households by improving the energy efficiency of the home. The program offers free weatherization services to homeowners and renters including upgrades of air infiltration with weather stripping, caulking, thresholds, minor repairs to walls, ceilings, and floors, and window and door replacement. Other actions may include installation of attic ventilation, solar reflective coating to manufactured homes, solar screens, repairs or replacement of inefficient heating and cooling units, and the repair or replacement of water heaters.

### Eligible Applicants:

To qualify for the Weatherization Program, the total household income may not be more than 200 percent of the national poverty level. Preference is given to owner-occupied homes, elderly, or physically disabled residents, families with children under 12 and households with a high energy burden (repeated high utility bills).

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## NEIGHBORHOOD STABILIZATION PROGRAM (NSP)

At the height of the recession, Congress created the Neighborhood Stabilization program to help communities arrest and reverse blight and property value decline in neighborhoods most impacted by foreclosures and predatory lending. NSP funds were provided in three rounds in 2008, 2009, and 2010, known as NSP1, NSP2, and NSP3, respectively. Although the expenditure deadlines for NSP have passed, many grantees have and are continuing to earn program income.

<p><b>Applicants:</b> Nonprofit and for-profit housing developers, Individuals</p>	<p><b>Housing type:</b> Homeownership, Rental</p>
<p><b>Application Cycle:</b> Varies</p>	<p><b>Primary Use:</b> Acquisition, Rehabilitation, Demolition, Reconstruction, Gap financing</p>

NSP has five eligible uses of funds:

- A) Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties.
- B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop these properties.
- C) Establish and operate land banks for homes and residential properties that have been foreclosed upon.
- D) Demolish blighted structures.
- E) Redevelop demolished or vacant properties as housing.\*

Except as provided in the statutes that created the NSP funding rounds, the program is generally governed by Community Development Block Grant (CDBG) regulations. One key difference is that all NSP funds were required to benefit low-, moderate- and middle-income families (up to 50%, between 50% and 80%, and between 80% and 120% of AMI, respectively).\*\* Moreover, grantees were required to use at least 25% of their NSP funds to provide housing for families at or below 50% of AMI.

NSP1 allocated \$3.92 billion to HUD to distribute to state governments and local CDBG entitlement communities (see p. 18), using a formula that accounted for the prevalence of foreclosures and subprime loans. NSP2 provided \$1.93 billion on a competitive basis to entitlement communities, nonprofits, and consortia of nonprofits. For NSP3, HUD awarded \$970 million on a formula basis to state and local governments. The formula was somewhat different from that of NSP1, and some non-entitlement communities received direct allocations from HUD.

Depending on the NSP funding round, grantee type, and other factors, some program income must be spent on NSP-eligible activities. Some communities also have land banks, and properties may be used by public and private agencies to develop housing, public facilities, businesses, and other uses that benefit low-, moderate-, and middle-income people and neighborhoods. (In most cases, disposition of land bank properties for uses other than housing is an eligible end use, but must be paid for by funds other than NSP.) Land bank properties may also be available to low-, moderate, and middle-income homeowners as side lots. Contact NSP grantees in your area to determine whether they have program income and/or land bank properties available.

**Eligible Applicants for NSP program income funds:** Varies by NSP grantee, but may include nonprofit and for-profit housing developers, homebuyer counseling agencies, and individual homebuyers.

**Program Contact:**

**Local Government, Nonprofit, and Consortium Grantees** – Search for NSP grantees on the HUD website:

<https://hudnsphelp.info/index.cfm?do=granteeSearch&prmsearchinfo=1&granteetype=&keyword=&stateID=FL%5EFlorida&granteetypeall=&granteename=&x=31&y=12>

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\*NSP1 allows vacant and demolished properties to be redeveloped for public facilities and economic development, as well as for housing.

\*\*NSP uses the same definitions of low- and moderate-income as CDBG (see p. 18). One way that NSP eligible activities differ from the CDBG national objective of benefitting people with low and moderate incomes is that, in NSP, middle-income households (between 80% and 120% of AMI) are eligible.



# Public Funding Sources Suitable for Larger Scale Developments

The funding sources in this section are commonly used for multifamily developments of 20 or more units. Projects of this size are generally undertaken by large, experienced nonprofit or for-profit developers. This is due in part to the inherent complexity of financing, developing, and operating large projects, and in part to the complex application procedures for these funding sources. A small/and or inexperienced nonprofit developer interested in using one of these sources for a project should form a “joint venture” with a more experienced developer.

As a smaller-scale nonprofit developer gains capacity and experience through joint ventures with more seasoned developers, it may be able to strike out on its own with the funding sources listed in this section. However, some of these sources are rarely used by nonprofit developers operating alone. For example, only a small handful of nonprofit affordable housing providers in Florida have enough capacity and experience to successfully apply for Low Income Housing Tax Credits (LIHTC) as sole developers.

## LOW INCOME HOUSING TAX CREDITS (LIHTC)

Low Income Housing Tax Credits are provided by the federal government to rental housing developers in exchange for a commitment to provide affordable rents, and are usually sold to investors to raise project equity.

<b>Applicants:</b> Nonprofit, For-profit	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Varies; Credits are awarded in one or more RFAs	<b>Primary Uses:</b> New construction, Rehabilitation

The Low Income Housing Tax Credit (LIHTC) program is governed by the U.S. Department of the Treasury, and Florida's allocation is administered by the Florida Housing Finance Corporation. Under the LIHTC Program, successful applicants are provided with a dollar-for-dollar reduction in federal tax liability in exchange for the development or rehabilitation of units to be occupied by very low- and low-income households. In practice, developers usually sell credits to investors in exchange for equity to the development, with syndicators as intermediaries.

Two types of housing credits are available:

- 1) "9% credits" for new construction and substantial rehabilitation projects without other direct federal subsidies. For investors, these credits are worth up to 9% of eligible development costs annually for the first ten years of the project's life\*. A state's annual allocation of 9% credits is based on population and awarded competitively.
- 2) "4% credits" for projects that entail moderate rehabilitation, are financed by tax-exempt bonds, and/or receive certain other federal subsidies. The credits are worth up to 4% of eligible development costs annually for a decade. There is no statewide limit on the number of 4% credits that can be awarded, and projects receiving tax-exempt bond financing are automatically eligible for these credits. Because 4% credits provide less equity than 9% credits, projects with 4% credits tend to need much more gap financing.

**Eligible Activities/Beneficiaries:** LIHTC-funded developments must set aside at least 20% of units for households earning up to 50% of AMI, or at least 40% of units for households with incomes at or below 60% of AMI. Rent, including utilities, for all tax credit-assisted units may not exceed 30 percent of the applicable income limitation.

Developers can sell tax credits only for income-restricted units, and in practice they usually designate most or all units in a project as income-restricted.

**Eligible Applicants/Application Process:** The Florida Housing Finance Corporation awards the state's annual 9% credit allocation in one or more RFAs over the course of a year. Each RFA may be targeted to a specific development type and/or beneficiary group. Florida

Housing also issues RFAs for projects to be financed with 4% credits, tax-exempt bond financing, and other funding sources (i.e. HOME and SAIL).

Applications reviewed, scored and ranked according to such items as funding, ability to proceed, leveraging and experience of development team.

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\*The actual value of 4% and 9% credits to investors is less than 4% or 9%, respectively, since it is indexed to 10-year U.S. Treasury bond yields. The value of “9% credits” ranges from about 7.5% to 9%, and the value of “4% credits” ranges from about 3% to 4%.

## STATE APARTMENT INCENTIVE LOAN (SAIL) PROGRAM

SAIL is administered by the Florida Housing Finance Corporation, and provides low-interest loans on a competitive basis to affordable housing developers each year. This money often serves to bridge the gap between the development's primary financing and the total cost of the development. SAIL dollars are available for developers proposing to construct or substantially rehabilitate affordable multifamily rental housing.

<b>Applicants:</b> For-profit and nonprofit housing developers, Public agencies	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Annual funding is made available in one or more RFAs	<b>Primary Uses:</b> Gap financing, Construction, Rehabilitation, Acquisition

Created in 1992 as part of the William E. Sadowski Affordable Housing Act, SAIL provides first, second, or other mortgage loans or loan guarantees to developers of multifamily rental units that are affordable to very low-income households (up to 50% of AMI). At a minimum, developments financed by SAIL must set aside 20% of units for households at or below 50% of AMI or, if the development also receives Housing Credits, 40% of units for households up to 60% of AMI. In general, SAIL loans cover 25 to 35 percent of development costs. Individual Requests for Applications (RFAs) for SAIL funds often require applicants to apply for tax-exempt bond financing (see p. 32) and non-competitive Housing Credits (see p. 29).

For the first six months after the first RFA for SAIL is published, Florida Housing is required to reserve a portion of its annual SAIL funds for five categories of tenants: 1) Commercial farmworkers and fishing workers, 2) Families, 3) People experiencing homelessness, 4) Persons with special needs, including domestic violence survivors, the homeless, people with disabilities, and youth aging out of foster care, and 5) Elderly persons. Additionally, individual SAIL RFAs may require set-asides for specific demographic groups and/or Extremely Low-Income (ELI) households.

**Eligible Applicants:** For-profit, nonprofit, and public entities are eligible for SAIL funds, although Florida Housing may specify additional eligibility criteria in individual RFAs.

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## MULTIFAMILY MORTGAGE REVENUE BOND PROGRAM

The Multifamily Mortgage Revenue Bond (MMRB) Program utilizes funds generated from the sale of both taxable and tax-exempt bonds to make low-interest loans to non-profit and for-profit developers of rental housing so lower rents can be charged.

<b>Applicants:</b> For-Profit and nonprofit developers	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Consult Florida Housing Finance Corporation for current application procedures	<b>Primary Uses:</b> Gap financing, Acquisition, Rehabilitation, New construction

The Multifamily Mortgage Revenue Bond program (MMRB) uses both taxable and tax-exempt bonds to provide low-interest loans to non-profit and for-profit developers who set aside a certain percentage of their units for low income families. These bonds are sold through either a competitive or negotiated method of sale or private placement. The program requires that at least 20 percent of the units be set aside for households earning at or below 50 percent of AMI. The developer may also opt to set aside 40 percent of the units for households earning at or below 60 percent of AMI.

The total value of tax-exempt bonds that governmental entities in each state can issue is based on population and capped annually by Federal law, but there is no limit on the value of taxable bonds that state and local governments can issue. Developers may apply for tax-exempt bond financing separately at any time, but preference is given to developers who apply for bond financing in conjunction with an application for state HOME or SAIL funds and non-competitive Low Income Housing Tax Credits (see pp. 16, 29, 31). Applications are reviewed, scored and ranked according to such items as funding, ability to proceed, leveraging and experience of development team.

**Eligible Applicants:** For-profit and nonprofit organizations and public agencies may apply for MMRBs on a competitive basis.

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## HUD SECTION 202 – Housing for Elderly Persons

HUD Section 202 is a federal multifamily development subsidy with project-based rental assistance for supportive housing serving very low-income elderly households. HUD is also developing a demonstration program providing rental assistance contracts to developments whose construction or rehabilitation is financed by other sources.

<b>Who Can Apply?</b> Nonprofit housing developers	<b>Housing Type:</b> Rental
<b>Application Cycle:</b> Annual Notice of Funding Availability (NOFA) contingent on Congressional appropriation	<b>Primary Use:</b> Acquisition, Construction, Rehabilitation, Project-based rental assistance, Service coordination

The Section 202 program helps expand the supply of affordable housing with supportive services for the elderly. It provides very low-income elderly (62 or older) with options that allow them to live independently in an environment that provides support for daily living activities, such as cleaning, cooking, and transportation.

Section 202 provides capital advances to private nonprofit sponsors to finance the construction, rehabilitation or acquisition of supportive housing for very low-income elderly households, including the frail elderly. These funds do not have to be repaid as long as the project serves very low-income seniors for 40 years. Projects developed with Section 202 capital advances may also receive project-based rental assistance (PRA) funds to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. The cost of hiring a Service Coordinator to help residence access support services may be incorporated into the operating budget if funds are available.

The capital advance portion of the Section 202 program has not been funded since FY 2010. In 2014, Congress authorized a demonstration program that would provide contracts for ongoing rental assistance only to developments that are constructed, acquired, or rehabilitated with other funding sources.

Three other HUD programs are closely related to Section 202:

- **Service Coordinator Program:** Provides funding for the employment of Service Coordinators for housing developments, assisted by Section 202 and other HUD programs, that serve the elderly and persons with disabilities. This program is generally available for older Section 202 developments that do not have Service Coordinator costs incorporated into their operating budgets.
- **Assisted Living Conversion Program:** A grant program to help private, nonprofit owners of eligible developments to convert some or all of the dwelling units in the project into an Assisted Living Facility (ALF) or Service-Enriched Housing for elderly residents aging in place.

- Senior Preservation Rental Assistance Contracts (SPRAC): A program to prevent the displacement of income-eligible elderly residents residing in eligible Section 202 Direct Loan properties that may result from the owner’s refinancing or recapitalization of the property.

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## HUD SECTION 811 – Supportive Housing for Persons with Disabilities

HUD Section 811 is a federal program providing development subsidies and project-based rental assistance for supportive housing for very low income adults with disabilities.

<p><b>Who Can Apply?</b>          For Capital Advance- Nonprofit housing developers          For Project-Based Rental Assistance- State housing finance agencies</p>	<p><b>Housing Type:</b>          Rental</p>
<p><b>Application Cycle:</b>          Annual Notice of Funding Availability (NOFA) contingent on Congressional appropriation</p>	<p><b>Primary Use:</b>          Acquisition, Construction, Rehabilitation, Project-based rental assistance</p>

The Section 811 program allows persons with disabilities to live as independently as possible in the community by subsidizing rental housing linked to supportive services. The program provides assistance in two ways: 1) by providing capital advances and operating subsidies to nonprofit affordable housing developers, and 2) providing project-based rental assistance (PRA) to state Housing Finance Agencies (HFAs).

Capital advances are available to nonprofit sponsors to help finance the development of independent rental housing, condominium units and small group homes with the availability of supportive services. The capital advance can finance the acquisition, construction or rehabilitation of supportive housing, and does not have to be repaid as long as the housing remains available for very low income persons with disabilities for at least 40 years. Projects developed with capital advances are also eligible to receive project-based rental assistance, to cover the difference between approved operating costs and the rents that tenants can afford to pay.

The Frank Melville Supportive Housing Act of 2010 modernized the capital advance program, most notably by requiring that multifamily developments receiving these subsidies set aside no more than 25% of units for people with disabilities. Traditional capital advances are still available for group homes and independent living apartments that are intended exclusively for people with disabilities, but have not been funded since FY 2011.

The Melville Act also added a PRA-only component to Section 811, in which HUD provides PRA funds to state Housing Finance Agencies (HFAs). A state HFA may award PRA funds to new or existing affordable housing developments funded by Low Income Housing Tax Credits, HOME or other sources of funds. However, the Florida Housing Finance Agency has not applied for Section 811 PRA funds to date.

Each project must have a Supportive Services Plan reviewed and approved by an appropriate state or local agency. Services may vary depending on the target population and may include case management, training in independent living skills and assistance in obtaining



employment. Residents can elect to participate in any of the offered services, but they are not a condition of residency.

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