

STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM



by Michael Chaney

Q: I am fairly new to SHIP and am eager to learn how to properly implement my county's program.

Could you provide a checklist of program administration-related topics that I should keep on my radar screen?

A: As a SHIP administrator, much of your day-to-day work involves taking applications and making arrangements to provide eligible households with assistance. You must also keep track of some program responsibilities that come once a year, or every few years. Several of these are briefly listed below. Please consult the SHIP frequently asked questions at www.shipfaq.blogspot.com which elaborates on each topic in this checklist.

Properly Track Program Income Revenue

Because most SHIP monies are used for loans, rather than grants, nearly all SHIP offices have program income in addition to the SHIP distribution from the state. This is particularly important now that the legislature has failed to fund SHIP for four consecutive years. The most common forms of program income are bank interest and loan repayments.

All program income should be deposited in the SHIP local housing trust fund, rather than retained in a separate account. Bank interest is easy to monitor, although you must remember that program income is tracked by the state fiscal year (July 1 – June 30), which differs from the local government fiscal year. Funds received today are logged in with the current

state fiscal year's funds. Therefore, if you receive a SHIP loan repayment in December 2011, you record this SHIP program income revenue on the 11/12 tracking spreadsheet. The expenditure deadline for this revenue is the same as for the SHIP allocation with which it is associated.

Work with your Finance Department to track other program income. Identifying the proceeds from the sale of a home is generally easy, because SHIP and all lien holders are contacted during this transaction. The same process occurs for tracking the repayment of SHIP funds during mortgage refinancing or a foreclosure.

Meet Expenditure Deadlines

From the time your city or county receives a SHIP distribution, you have three years to fully expend the money and meet your expenditure deadline. For most jurisdictions, it is not difficult to spend funds in this three year timeframe. In recent years, the reduced level of funding for most jurisdictions has made it that much more likely funds are quickly used. At this time, it is most important to confirm that all 09/10 funds are expended or will be expended on projects completed by June 30, 2012. The only exception to this requirement is for jurisdictions that receive an expenditure deadline extension for one or more months after the June deadline.

Also pay attention to the looming encumbrance deadline, which pertains to any SHIP revenue received in 2010/2011. Although your jurisdiction did not receive a 2010/2011 distribution, you should separately track and create an annual report for revenue from SHIP repayments, bank interest or other sources of program income and recaptured funds. All

revenue received during the 2010/2011 state fiscal year must be encumbered by June 30, 2012.

Speaking of deadlines, your annual reports are due on September 15th each year. If you are using the SHIP tracking software as you administer your program, this report should not take long to complete. Nonetheless, it is important to start working on your reports at the end of July or beginning of August as these must be approved by your city or county commission and your chief elected official must sign a set of certification forms for the reports before sending to the FHFC.

The SHIP frequently asked questions website contains detailed information about many annual report topics, including the subject of set-aside compliance. Note that your 2010/2011 annual report must show compliance with the Income set-aside. If you only have a small amount of 2010/2011 revenue, this will likely mean that you must show that it assisted one or more very low income households. It is likely that your 2010/2011 revenue is comprised of program income, and if so you do not need to comply with the homeownership set-aside and the construction/rehabilitation set-aside. Those two set-asides only pertain to distribution funds and recaptured funds. Some SHIP offices may have so little 2010/2011 revenue that it is insufficient to assist even one applicant. These funds should be carried forward to be combined with 2011/2012 funds.

Update LHAP Every Three Years

Your city or county's Local Housing Assistance Plan (LHAP) is the written document authorized by your commission to implement the local SHIP program. Florida Housing Finance Corporation (FHFC) requires

that you review and update the LHAP at least every three years.

To identify when your next update is due, look at your current LHAP, which applies to three years of SHIP distributions. Submit a new LHAP on May 2nd of the year you receive the SHIP distribution that is not covered by your current LHAP. Read through the plan and make updates to best reflect the current needs of your community. Consider if your city or county's maximum purchase price or value is up to date and accurate. Examine the maximum amounts of assistance for each strategy and consider if these are still appropriate or should be changed. Evaluate the applicant selection process for each strategy and determine if it should be changed. Fill in the details of a housing delivery goals chart for each distribution to be covered by the new LHAP. Consult the chart from the last distribution to project goals under the new LHAP.

Reassess Housing Strategies

Although you turn in a new LHAP every three years, the process of examining what type of housing assistance you offer should be ongoing. Read through your current strategies and consider improvements in light of the current foreclosure crisis. For example, SHIP funds may do the most good to help families move into rehabilitated abandoned homes, emergency repairs for elderly homeowners, and homelessness prevention strategies. Involve local affordable housing advocates, lenders, contractors and other professionals you regularly work with, along with the members of your affordable housing advisory committee. With less funding comes a smaller administrative budget. You have to

do more with less, and it often costs less to implement a smaller number of assistance strategies. Consider if any strategies should be deleted so that funds are prioritized to address realistic goals.

Prepare for Monitoring Visit

FHFC arranges for each local SHIP office to receive a visit from the SHIP monitor every two or three years. If you were not working in the SHIP office during the last monitoring visit, you may be able to glean some helpful background information by reviewing the report from this visit. Contact FHFC for a copy of this report, if you cannot locate a copy in your records.

The staffs for some of the cities and counties that receive SHIP funds work with sub-recipient groups to implement some portion of their SHIP assistance. Monitor the work of your sub-recipient groups if you have any. Confirm they are complying with the terms of the written agreement and LHAP requirements and are properly maintaining files, which may be reviewed during the next monitoring visit.

Incentive Strategies and the Affordable Housing Advisory Committee

In addition to the assistance strategies you offer like purchase assistance and rehabilitation, your LHAP also includes 'incentive strategies' which are designed to reduce regulatory barriers to developing affordable housing in the community. Every SHIP office has two incentive strategies it must implement on a continuous basis, and you must confirm that your office is doing this. First, confirm that every aspect of your city or county permitting process offers 'expedited

permitting' for affordable housing. Second, confirm that your city or county is properly implementing the 'ongoing review' strategy. Section 67-37.019 (5) of the SHIP Rule requires that local government staff or an entity with administrative authority has "an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption." This is an important responsibility and your chief elected official signs a certification form (submitted with the annual reports) indicating that your city or county is properly in compliance.

You must also involve your Affordable Housing Advisory Committee (AHAC) in creating a report every three years to analyze your city or county's incentive strategies. The AHAC's purpose is to provide your city or county commission with recommendations for incentive strategies to reduce regulatory barriers to developing affordable housing in the community. Several examples of possible strategies are outlined in section 420.9076 of the SHIP statute.

Make sure your AHAC stays on track with its tri-annual report, which must be completed by the December before you turn in your city or county's updated LHAP. There is one exception: Local governments that receive the minimum allocation under the SHIP program shall perform an initial review and report in 2008, but may elect to not perform the triennial review thereafter. If your jurisdiction must submit additional reports, however, you should assemble a full slate of AHAC members to meet several months in advance of your report deadline, in compliance with the AHAC requirements listed in the SHIP statute. [HNN](#)