



## Frequently Asked SHIP & Hurricane Housing Recovery Questions

**Q:** *The City is planning to provide SHIP funds to partially finance the construction of a shelter for children in the foster care system. Since these children are “wards of the state,” are there shortcuts available for documenting that they are SHIP income eligible, or do we have to go through the entire regular income qualification procedures?*

**A:** This question has been considered in other SHIP jurisdictions, where SHIP funds have partially financed the construction of shelters similar to the one you are considering. In Lee County, for example, SHIP funds have helped build a run-away youth shelter and an addiction services shelter. The SHIP administrator developed a “streamlined intake system” for the youth shelter, which notes that all the children staying there are automatically eligible for SHIP assistance. They are run-away children who are homeless. The HUD definition of homeless individuals recognizes that they are automatically considered low income since they cannot obtain housing due to a lack of financial resources. The same intake system could be used for the foster children your question addresses. They also are essentially homeless without the resources to independently obtain their own housing. They automatically qualify for your SHIP assistance.

There are two main points to remember: First, the Florida Housing Finance Corporation must review and officially accept the alternative income qualification process that you propose before you start using that process. Second, although the children receiving assistance are automatically income eligible, you must require the shelter managers to provide you periodic reports with demo-

graphic information about those children who are assisted at the shelter. You will need this information for your annual report. This report does not have to include the children’s names—shelter managers may want this information to remain confidential. Instead the managers may assign a code for each child’s name.

**Q:** *After the last hurricane, we made use of the State’s SHIP disaster strategy to provide recovery assistance. Should we prepare now for the possibility of a future disaster by advertising that SHIP funds may be used for disaster response if such a disaster occurs?*

**A:** Since your jurisdiction is not currently experiencing a disaster, you have not currently budgeted any funds for disaster recovery. Yet it may be a good practice to advertise now, as you suggest, for the possibility that SHIP funds may be spent for disaster recovery if such a disaster occurs in the next year. After all, the SHIP Statute requires you to advertise the specific ways you will use your SHIP funds at least 30 days before accepting applications for a specific type of assistance.

In the past, you made use of the State’s general SHIP disaster strategy, which was created in response to the hurricane disasters of 2004. For the period when an executive order or emergency rule is active, any jurisdiction may provide all the types of disaster assistance that are outlined in the State’s disaster strategy—even if the same type of assistance does not exist in the jurisdiction’s current local housing assistance plan.

Remember, however, that Florida Housing now requires each SHIP jurisdiction to

include a disaster strategy within its local housing assistance plan. This requirement was recently added to section 67-37.005(7) of the SHIP Rule. You could consider adopting Florida Housing’s standard strategy language. It is available under “disaster documents” in the SHIP section of Florida Housing’s website, [www.floridahousing.org](http://www.floridahousing.org). If you do this, make sure to omit any emergency rule language about assistance that is not normally allowed under the regular SHIP Rule or Statute. For example, one former emergency SHIP rule provided authorization for “homeownership and rental activities, including activities related to manufactured housing”—yet the regular SHIP Rule does not allow us to offer any assistance on manufactured housing (mobile homes).

In May, several housing administrators gathered to discuss this subject at the Housing Coalition’s workshop on Disaster Preparedness. A handful of themes emerged from the presentations and participant discussions. The three stages of disaster recovery are Emergency Response (providing emergency shelter), Relief (short-term housing) and Recovery (rebuilding). The design and requirements of most housing funds used by the workshop participants do not allow them to be first responders. While SHIP funds may be used to purchase blue plastic tarps, for example, the purchase of generators and gasoline is outside the boundary of eligible expenditures. Instead, affordable housing program resources are most valuable during the Recovery phase of emergency response.

Many housing strategies that have become common across Florida are focused on long-term housing recovery, including

*Have you got a question about the SHIP program? Free telephone technical assistance is available to help you successfully implement your SHIP funded work. Call the Florida Housing Coalition's SHIP telephone line at (800) 677-4548.*



*Michael Chaney*

rehabilitation, housing replacement, and the new construction of multi- and single family housing.

Disaster preparedness involves adopting a disaster strategy that offers a variety of aid, from temporary repair and payment of insurance deductibles, to rental deposit assistance. Advertise its availability now. In addition, prepare a Request for Quote (RFQ) to identify contractors, document their rates, and prepare to quickly mobilize them to help clean up after a disaster. It becomes more difficult to locate competent contractors once disaster strikes. Several workshop participants have witnessed this first hand. They have observed the recent decline in contractor interest for participating in their emergency repair and rehabilitation programs. Some, including the housing staff in Highlands County, have successfully attracted contractor attention by “bundling” together several repair jobs. Highlands County bid out 20 single-family units for rehabilitation, and received competitive responses from six contractors. Effective disaster response begins with planning. Contact the Coalition at (800) 677-4548 for further assistance with considering how to prepare your community.

**Q:** *Housing sales prices are on the rise, and our jurisdiction needs to increase its maximum purchase price. When will Florida Housing Finance Corporation release another bond study with average sales prices for my area that I can use to justify an increase to our maximum purchase price?*

**A:** Florida Housing does not have plans in the near future to issue another sales price study for use by SHIP administrators. Fortunately,

such a study is not absolutely required to assist you with your question. In the past few years, the U.S. Department of Treasury has regularly issued updated versions of its “safe harbor limits”. These are the figures referenced in section 67-37.007 (4)(d) 6 of the SHIP Rule, which states “the maximum area purchase price used must be that established by the United States Department of Treasury.” Although there were many years in the 1990s when these Treasury figures were not updated, they were updated twice in 2005. The timing is perfect, since many SHIP jurisdictions have been re-examining their purchase price limits recently as housing prices increase.

The SHIP Statute requires jurisdictions to set an upper limit on the value of a home that will be considered “eligible housing” for purposes of SHIP assistance. This requirement is outlined in section 420.9075 (4)(c) of the SHIP Statute: “The sales price or value of new or existing eligible housing may not exceed 90 percent of the average area purchase price in the statistical area in which the eligible housing is located.... The average area purchase price may be that calculated for any 12-month period beginning not earlier than the fourth calendar year prior to the year in which the award occurs”. A SHIP jurisdiction, therefore, has the flexibility to justify its maximum purchase price or value based on one of three sources: a local study of sales price levels in the past 12 months, Florida Housing’s bond study—which reports recent price levels for Florida’s metropolitan statistical areas, or the U.S. Department of Treasury’s safe harbor limits.

If a county or city opts to pay for a local average home price study, Florida

Housing must approve the methodology for this study. A SHIP jurisdiction wanting a copy of the most recent safe harbor limits can call the Coalition at 1 (800) 677-4548.

Make sure to set your community’s maximum sales price or value at a realistic level that represents the sales price at which there are an adequate number of homes to buy. If this sales price is set too low, a SHIP homebuyer may be unable to locate a home in the local housing market. As housing prices rise, communities must increase their maximum sales prices to keep pace. Caution your commission, staff and applicants against the belief that your maximum sales price or value represents the local price tag for an “affordable house.” On the contrary, this price level is unaffordable—the price simply indicates the current value of modest homes in the local market. Most housing markets in Florida are not producing houses at a price that SHIP eligible buyers can afford—this is why they need SHIP subsidy. It is the combination of a buyer’s first mortgage money and this subsidy that makes the equation of home purchase truly affordable.

**HB 1363 (the Omnibus Housing Bill which goes into effect on July 1, 2006) calls for SHIP Housing Assistance Plans to provide a definition for "essential service personnel" and encourages each SHIP jurisdiction to develop a strategy for the recruitment and retention of essential service personnel, as well as a strategy for providing assistance to people displaced from affordable housing due to mobile home park closures and condo conversions. The Florida Housing Coalition will be pleased to assist you with developing definitions and strategies.**