



## Frequently asked SHIP questions

### DISASTER RELIEF EFFORTS USING SHIP MONEY

*Excerpts from FHFC's Web site.*

**Question:** *Is there a cap on how much SHIP money can be used toward disaster relief, and do we have to advertise?*

**Answer:** No cap. No advertisement required. See 67ER04-22 NOFA

**Question:** *Can we use unencumbered funds from open fiscal years?*

**Answer:** Yes. See 67ER04-19

**Question:** *Can insurance deductibles be paid using disaster funds?*

**Answer:** Yes. See 67ER04-21

**Question:** *Can disaster funds be used to pay for hotel rooms?*

**Answer:** No

**Question:** *Can pay stubs and bank account information be used for income qualification purposes rather than third party verification?*

**Answer:** Yes, 67ER04-20 Income Verification

(1) Recipients of SHIP funds under a local government's disaster strategy shall be required to verify income by executing a Disaster Self Certification of Income Form (08/04), hereby adopted and incorporated by reference or a local government's form that requires the same information. A copy is available on

the corporation's web site at [www.floridahousing.org](http://www.floridahousing.org) or by contacting the Florida Housing SHIP Staff at (850) 488-4197.

(2) Pay check stubs and other forms of proof are required, if available. Other documentation required for SHIP income qualification may be waived if unavailable. The county or eligible municipality shall make every effort reasonable to insure that the recipients of SHIP funds are income qualified.

**Question:** *Can disaster funds be used to pay rent?*

**Answer:** Yes, rent may be paid for the term of the executive order. The latest executive order (Hurricane Jeanne) will expire on Nov. 24, 2004.

For further information, visit the Florida Housing Finance Corporation's Web site at [www.floridahousing.org](http://www.floridahousing.org), follow the links to the SHIP program and click on "Disaster Documents." You can also contact the Florida Housing Coalition at (800) 677-4548.

### INCOME FROM AN IRA

**Q:** *A SHIP client has an IRA rollover account which provides her with \$300 on income each month. I am accustomed to recording IRAs as assets, but is this case different? Should I record this \$300 of monthly income among other sources of straight income, like social security payments or employment income? Or should I count the IRA as both an asset and a straight income source?*

**A:** At first glance, this scenario might seem to be a case where you have to record the IRA as both an asset and as a source of a steady stream of income. Yet you should only record the IRA as an asset. On the first page of the income certification form, list the cash value of the IRA. You must also record the actual income from the asset—in this case, the actual income is the \$300 monthly payment that the applicant receives from the IRA.

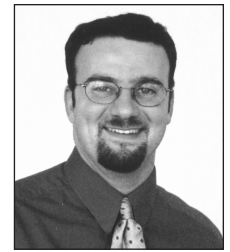
If the total value of this and the applicant's other assets is over \$5000, you will also need to calculate the imputed income from this asset. In the end, you will record either the actual income or the imputed income (whichever is greater) as one of the household's sources of income on the second page of the income certification form. In most cases, like the one you discuss, the amount of actual income paid by the IRA will be a larger sum of money than the imputed income from the asset, so the actual income will be reported on the second page of the income certification form as the income from this asset.

### WASHERS AND DRYERS

**Q:** *A rehabilitation applicant has asked if the SHIP program can purchase a washer and dryer for her home. Is this an eligible expense, and have other SHIP jurisdictions used their funds in this manner?*



*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

**A:** Ultimately, SHIP funds must be used to provide eligible housing for eligible persons. Section 67-37.002(12) of the SHIP Rule states that “rehabilitation means repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space. Local plans may more specifically define local rehabilitation standards.”

This definition justifies the purchase of refrigerators and stoves, which are often considered necessary for safe and sanitary habitation. Washers and dryers, however, do not pass this same standard of justification. The Coalition is not aware of any SHIP jurisdiction that purchases washers and dryers with SHIP funds as part of its rehabilitation strategy, although some use their funds to purchase refrigerators and stoves.

## LEARNING MORE ABOUT THE “120 DAY CLOCK”

**Q:** *Please help me clarify my understanding of the “120 day clock” used during the SHIP income qualification process. My co-worker believes that an award letter stops the 120 day clock, but that the income qualification work she has completed for a household only remains updated and accurate for the next 12 months. Is this true?*

**A:** Your co-worker’s approach is considered a “best business practice.” To understand why, it is important to first review the role of the “120 day clock.” The “120 day clock” refers to the period of time during

which third party income and asset verification forms are considered to be up-to-date and valid. If more than 120 days passes from the time that you have received a verification form, you must get a new, updated verification form. For a more detailed explanation of the 120 day clock, read the SHIP FAQ on the Coalition’s Web site: [www.flhousing.org](http://www.flhousing.org).

Often, a SHIP administrator will issue the eligible applicant an award letter to “stop the clock” and allow the administrator to proceed with the other activities involved in helping the applicant. Remember, however, that you must re-calculate income eligibility if you learn about a change in household income before the applicant has been assisted with SHIP funds—even if you have already issued an award letter.

Now consider your question: What if an applicant has still not received SHIP assistance a year after receiving an award letter? It is a “best practice” for SHIP staff to re-verify that a household is income eligible for SHIP assistance if more than 12 months have elapsed since the city presented the household with an award letter. This makes sense: ultimately, you can only provide assistance to income eligible households. Income can change in a year—you would be wise to re-verify that an applicant is still eligible if he or she has been waiting for such a long period of time.

## FOLLOW-UP QUESTION:

**Q:** *I understand the best practice that you describe. However, adopting this practice would greatly affect the way we implement our*

*local SHIP program. When we receive a new SHIP allocation each summer, we accept a larger number (over 50) of new applications for assistance. We determine each applicant’s income eligibility on the front end and issue award letters. With so many households requesting assistance, however, some people with award letters will not receive assistance for well over a year. How can we avoid the extra and required work that you describe for re-calculating a household’s eligibility?*

**A:** In the future, you could implement an alternative practice: Place people on a waiting list, but do not complete the formal income verification and certification process on all these applicants at one time. Instead, perform the income qualification process on the first five or 10 people on this list, and provide them assistance in a timely manner. When you are almost finished assisting them, perform the income qualification process on the next handful of applicants on the list... and so on. In this manner, you will issue award letters only to the applicants who will receive assistance within the next month or two.

With less time transpiring between the determination of income eligibility and the provision of SHIP assistance, it will be less likely that the applicant’s income has changed. This should reduce the time you devote to updating and re-calculating an applicant’s income eligibility.

**Caveat:** Explain to those put on the waiting list that they have not been approved for SHIP funding until the formal income qualification process is complete.

