



Frequently Asked SHIP & Hurricane Housing Recovery Questions

TRACKING AND ANNUAL REPORTING

Q: *Last September, I had my first experience creating the SHIP annual reports for our county. It took a lot longer than I thought it would to compile the data. What can I do now to prepare for the next reports due in the fall?*

A: The key to creating timely and accurate annual reports is maintaining an accurate SHIP tracking system. The creation of an annual report actually begins 15 months before you have to turn it in. When you first receive a new SHIP allocation on July 1st, create a system to track how this money will be encumbered and then expended. The SHIP administrator in each jurisdiction is required by Florida Housing's Compliance Rule to maintain a SHIP tracking system (Rule 67-53.005, FAC). You cannot simply rely on data provided by your finance department. Although they maintain detailed records of SHIP expenditures, finance department staff may not track SHIP encumbrances—and they almost certainly do not track compliance with SHIP set-asides. It is essential for you to track this information, and to do so on a very regular basis. You will need to update your tracking system more often than once a month. Florida Housing's SHIP staff has indicated that your tracking system should be updated often enough that they can call you on any given day if they need to know how much of your jurisdiction's SHIP funding is currently expended, encumbered and unencumbered.

Entering updated data into the tracking system is at least a two-step process. After determining an applicant's eligibility, you provide an award letter

that commits SHIP funds specifically to this applicant. This is when you should first enter information about the applicant into your tracking system, along with the amount of the SHIP commitment. It is only later, however, that you start expending these SHIP funds—for example, it is several weeks or over a month later when a home buyer applicant receives SHIP payment assistance at the time of closing. At this time, you should update your tracking system; the funds that had been committed for the applicant are now officially expended.

Each SHIP jurisdiction should document that the annual report it generates reconciles with the general ledger maintained by the jurisdiction's finance department. This helps document compliance with the Florida Single Audit Act (FSAA), which directs auditors to "determine whether required reports include all activity in the reporting period". The State Projects Compliance Supplement outlines several suggested audit procedures that an auditor can use to determine whether or not the SHIP reports contain all required activity (and reconcile to the general ledger), including the following: "Select a sample of reports and test specified line items for accuracy and completeness." (from State Projects Compliance Supplement Part 3, Section H. "Reporting"). Work with your finance department to ensure your compliance with the FSAA. Set up a way to periodically meet with finance staff to reconcile the general ledger with your SHIP tracking system. Consider suggesting a system to communicate to the finance department whether an expense should be charged to the 04/05 SHIP distribution, for example, or to the 05/06 distribution.

There are many ways that the Coalition can help you reach the goal of creating

complete and accurate SHIP annual reports. First, the Coalition has designed an Excel-based SHIP tracking system. It has been used by many SHIP jurisdictions for years, and is available to you at no charge. Similarly, the Coalition has recently created another tracking system to assist those Florida communities expending Hurricane Housing Recovery Program funds. You may also want to call the Coalition's technical assistance telephone line, 1(800) 677-4548, to receive guidance on properly setting up a tracking system, accurately updating information, or using the tracking system to create the annual reports that you will submit to Florida Housing. Some questions require more assistance than others; the Coalition may need to visit you in your community to assist you with your tracking and reporting questions. After all, some SHIP administrators have inherited a faulty, unorganized or inaccurate SHIP tracking system from their predecessor on the job. The Coalition can assist you with getting your tracking system back on track, working with your finance department to reconcile your system with the general ledger.

DETERMINING THE CASH VALUE OF AN ASSET

Q: *Please help me calculate the annual income from a SHIP applicant who has a 401K retirement account. The applicant is retired and she withdraws \$1500 monthly from the retirement account. The current account balance for the 401K is \$30,000. Is this the figure I should use for the cash value of the 401K asset? Or should the cash value be less, to take into account that \$18,000 will be paid to the applicant over the course of a year?*

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: The cash value of this 401K asset is the anticipated balance of the account at the end of the year, including interest earned. The answer to this question comes directly from Chapter 5 of HUD Handbook 4350.3, which outlines the income qualification process for the SHIP program. The Coalition can provide you with a free electronic copy of the HUD Handbook, if you would like to request this lengthy document. Section 1, Part 5-7 of the Handbook addresses the calculation of income from assets. In this section, item G. “Calculating Income from Specific Assets” provides the answer to your first question about the cash value as part of the following example: “Stephen King is retired. Each month he withdraws \$1,000 from his IRA account. The balance in his IRA account is \$200,000. The balance in his IRA at the end of the year, including interest earned, will be \$194,000. That is the amount that should be counted as an asset” (HUD Handbook, Section 1, Part 5-7, G. 2. b. (2)). Remember to also subtract any early withdrawal penalty fee from the asset’s cash value.

DISPOSITION OF LAND

Q: *I know that the Florida Statutes include rules on how a city or county sells land that it owns. Does this prevent my city from donating land for the development of affordable housing?*

A: Your city is most definitely not prohibited from donating land. Section 125.35 of the Florida Statutes outlines the way city or county-owned land is to be sold: “No sale of any real property shall be made unless notice thereof is published once a week for at least 2 weeks in some newspaper of general circulation published in the

county, calling for bids for the purchase of the real estate so advertised to be sold.” However, Section 125.35 (3) addresses the issue of providing land in any manner **other than selling it for the highest price:** “the board of county commissioners may by ordinance prescribe disposition standards and procedures to be used by the county in selling and conveying any real or personal property”. With adoption of an ordinance as indicated in this Statute, a local government may outline a procedure for providing land at no-cost or low-cost for the development of affordable housing.

Additional justification for this activity is provided in Section 125.38 of the Florida Statutes. It notes that a local government, “if satisfied that such property is required for (the purposes of promoting community interest and welfare) and is not needed for county purposes, may thereupon convey or lease the same at private sale to the applicant for such price, whether nominal or otherwise, as such board may fix, regardless of the actual value of the property”.

Each city or county may create its own procedure for providing land for affordable housing. This procedure must be clarified and enacted in an ordinance. Manatee County, for example, references the Florida Statutes in a key section of its ordinance:

“WHEREAS, from time to time, pursuant to § 125.38, Florida Statutes, the Board of County Commissioners of Manatee County may determine that property owned by the County is not needed for County purposes and could best be used for multi- or single-family housing, and is authorized to convey such property to a not-for-profit organization organized for the purpose of promoting community interest and welfare, and is authorized to convey or lease the

same at private sale to an applicant for such property at a price, whether nominal or otherwise, as such Board may fix regardless of the actual value of such property to be put to use to serve the community interest and welfare.”

Manatee County’s ordinance continues on to explain that nonprofit organizations must complete an application to be considered for donated land, and land may only be used to develop affordable rental housing. Similarly, the ordinance adopted in Hillsborough County indicates that any group receiving donated land must use it “exclusively for charitable, educational, religious, scientific, character building or patriotic uses and purposes that are also without profit, including the erection thereon of buildings and other improvements necessary to carry out the nonprofit purposes and objects of such organizations”.

Q: Watching the recent Winter Olympics has made me wonder—which one of Florida’s housing administrators has most recently participated in an Olympic sport?

A: That distinction goes to Carl Freeman, the Redevelopment Manager at the City of Sunrise. Although Florida’s climate makes it impossible for any of our housing professionals to enjoy the rush of bobsledding or the thrill of a ski jump, Carl has recently competed in the (Summer) Olympic sport of the Marathon. Carl ran in the recent Miami Marathon, which is 26.2 miles long. He is pleased with his total time of 6 hours and 8 minutes. 