

### STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM



by Michael Chaney

**Q:** What do I need to know as I prepare to expend the new SHIP funding?

**A:** The Florida Legislature appropriated \$40 Million for the Fiscal Year 13/14 SHIP allocation. This funding comes from the National Mortgage Settlement rather than the Local Housing Trust Fund. Senate Bill 1852 directs local governments to use this funding according to the SHIP statute and rule, in addition to requirements specified in the bill. The following are the provisions from the bill for this particular appropriation.

New construction is not a permitted use. The bill lists five eligible strategies for which funds may be used:

- (a) Rehabilitating or modifying owner-occupied houses, including blighted homes or neighborhoods.
- (b) Assisting with purchases of existing housing, with or without rehabilitation.
- (c) Providing housing counseling services.
- (d) Providing lease-purchase assistance.
- (e) Implementing strategies approved by FHFC which are related to assisting households and communities impacted by foreclosures, using existing housing stock.”

Keep in mind that the no new

construction policy does not prevent you from providing a room addition as part of a rehabilitation project. Nor does it prohibit home replacement—rather than repair—if warranted.

**Q:** What options do I have for complying with the Special Needs requirement?

**A:** Each local government must use at least 20 percent of its allocation to serve persons with special needs. The first priority must be to assist persons with developmental disabilities with an emphasis on home modifications, including technological enhancements and devices.

There are several definitions related to this 20 percent requirement. “Developmental disabilities” (DD) and “persons with special needs” are defined in the Legislative Wrap-Up article on page 4. One type of person with special needs is “an adult person with a *disabling condition* [italics added] requiring independent living services to maintain housing.” “Disabling condition” is further defined in section 420.0004(7) of the Florida Statutes.

Your jurisdiction does not necessarily have to create a separate strategy in order to comply with the special needs assistance requirement. Instead, you may prioritize assistance to applicants with special needs in your existing eligible strategies. After eligibility determination, such an applicant would be the next household assisted. Alternatively, a jurisdiction may choose to provide

SHIP assistance to a development specifically serving persons with developmental disabilities if it has the opportunity to work with a strong community partner with a track record of providing housing for this population.

SB 1852 notes that the priority is to focus on applicants with DD and emphasizes helping homeowners with DD to remain independent in their own homes and maintain their homeownership. Although there is a priority for DD, the fundamental requirement is to ensure that 20 percent of your full allocation is spent assisting persons with special needs.

When ranking which SHIP applicants will receive assistance first, homeowners with DD receive top priority. This will be followed by priority for other applicants with special needs, including households where a child has DD, applicants who are elderly and live independently with a disabling condition, and other applicants who match the person with special needs criteria. Document your early, upfront efforts to specifically outreach and provide assistance to homeowners with DD. Also market broadly to generate interest from the spectrum of persons with special needs in your community.

**Q:** What should I consider when choosing the types of assistance on which to spend the FY 13/14 funds?

**A:** **REHABILITATION:** Practically every SHIP jurisdiction in the state has an owner-occupied rehabilitation strategy. Providing rehabilitation assistance is a straight forward way

to avoid work on new construction while complying with the homeownership and construction/rehabilitation set-asides. Moreover, it is often possible to qualify very low-income homeowners for assistance, which is important for income set-aside compliance.

**PURCHASE ASSISTANCE:** You may provide SHIP funds to help an eligible buyer with the purchase of an existing home.

**COMMUNITIES IMPACTED BY FORECLOSURE:** The SHIP appropriations bill indicates that funds can be used for assistance to households and communities impacted by foreclosures, using existing housing stock. The acquisition, rehabilitation and resale of foreclosed properties is a relevant type of assistance, along with SHIP first mortgage financing for eligible buyers of these rehabbed homes. Both of these strategies would work best in communities that have been implementing similar programs, such as those funded by NSP. Consider if your community could benefit from a Rent Deposit and Utility Deposit strategy. Historically, this type of assistance has been mostly implemented by third party agencies that have regular contact with households transitioning into rental housing and can identify eligible households in need.

Finally, SB 1852 specifically references lease-purchase assistance. This strategy can be complicated and labor intensive, so best left to jurisdictions that have previous experience and an established infrastructure.

Plan to use reliable, tried-and-true

strategies. SB 1852 requires that jurisdictions expend funds within 27 months instead of the 36 months of the traditional expenditure deadline, so expedite your work using strategies with which you are familiar.

This is not the time for experimentation, especially considering your limited administration budget. You must still comply with the fundamental rules and requirements of the SHIP program like the eligibility determination process and the reporting requirements. Also stay on schedule with the three-year updates required for your local housing assistance plan and your Affordable Housing Advisory Committee report

**Q:** How can I best use the funds available for program administration?

**A:** Administrative costs are limited to three percent instead of the 10 percent that many jurisdictions have used in the past. But keep in mind that this severe restriction on administrative costs is only applicable for this one year allocation from the Bank Settlement funds. This may be an opportunity to review maximum per unit assistance amounts to determine if they should be raised. This may especially be true for emergency repair strategies with low per unit maximums.

If your office receives HOME, CDBG or other housing assistance funds, you may combine these with SHIP. Administration costs for a combined funds project are charged to each funding source proportionately. Combining funds is an approach that allows you

to assist the same number of households while reducing your administrative costs.

Evaluate your SHIP program to make sure you are charging reasonable program costs to program funds and administration costs to the administration budget. Some tasks performed by SHIP staff are program costs, which can be attributed to a specific unit or development. These program costs do not count toward the administrative cap. Tasks like appraisals, rehabilitation work specifications, counseling and construction inspections, are program delivery costs. If these costs are accurately tracked with timesheets, they may be paid with SHIP program dollars. By contrast, costs like office space, advertising funding availability, eligibility determination and creating annual reports, must be paid by administration funds.

SHIP jurisdictions that contract for implementation of a SHIP strategy to a third party may pay a reasonable service delivery fee with SHIP program funds. The jurisdiction and contractor negotiate the amount of this service delivery fee, which pays for the contractor's work with each recipient of SHIP assistance.

In June, the Florida Housing Coalition offered a webinar that outlined many more details about the FY 13/14 SHIP funds. To request materials, the training recording, or the written questions and answers generated during the webinar contact Michael Chaney at [chaney@flhousing.org](mailto:chaney@flhousing.org). HNN