

Preparing for your SHIP Monitoring Visit

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Corporation's Catalyst Program

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Catalyst Training Schedule



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Request a Site Visit to prepare for SHIP Monitors



- Call (800) 677-4548
- Up to 6 hours of training in your office
- Review of Files, Staffing, Procedures
- Discuss new and existing strategies

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Overview of the Monitoring Process



- File documentation
- Eligibility documentation



- Administrative procedures
- Annual Report responsibility



- Monitoring rental housing
- Monitoring sub recipients and sponsors

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Change in Monitoring Staff in 2015

- **Former Monitors: First Housing, Seltzer, Florida Planning Group**
- **Current Monitors: Florida Housing staff**
 - **Two Review Teams, each with 4 or 5 members**
 - **Three staff members conduct most on-site visits**
 - **15-20 reviews annually**

FHFC Monitoring Staff

- **Robin Fowler**
- **Glenda Lang**
- **Russ Polzer**
- **Debbie Wedoe**

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Monitoring Requirements

Monitoring in SHIP Rule: Section 67-37.019 (1)-(6)

- Maintain a financial tracking system
- Annual Gross Income... verified and certified
- Income calculated by annualizing verified sources... income limits cannot be exceeded
- Entity... assisting rental developments shall monitor annually, determine tenant eligibility... at least for 15 years

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MORE SHIP Rule: 67-37.019 (1) - (6)

Incentive Strategies:

Evidence that permits for affordable housing are expedited.

Also confirm an ongoing process for review of local policies, etc.

MORE SHIP Rule: 67-37.019 (1)

- (6) continued

Florida Housing will inspect:

- **LHAP**
- **Applications**
- **Construction cost (receipts reviews & contracts)**
- **Advertisements**
- **Financial records**
- **Sponsor/Subrecipient**
- **Recipient verification**
- **SHIP recipient lists**

Steps of the Review

- **Examination of Records**
 - Desk audit of recipient case files
- **Complete file review onsite**
- **Review of Administrative Procedures**
- **Physical inspections: None**
- **Meet with staff to report observations**



Documents Requested

- Sampling of Recipient Files
- Advertising
- Local Housing Assistance Plan
- Median Area Purchase price
- List of pre-qualified contractors
- Annual Reports
- Tracking System
- Finance Dept. general ledger info
- Rental monitoring reports
- Other items may be requested, as needed depending upon the circumstances



Analysis of a Monitoring Report

- **Purpose of Review**
 - **Compliance with F.S., F.A.C. and LHAP**
 - **2015 SHIP Program Overview and Procedures Manual and 2018 Guidebook for SHIP Administrators include “best practices” not addressed within F.S., F.A.C., or the LHAP**
- **Background: 65% Homeownership set-aside, some common strategies, \$350,000 minimum allocation per county, 10% for admin**

Observations on a Monitoring Report

- **Observations (not Findings) will continue for these “reviews”, which are not “audits”**
- **Reports are provided to program staff and senior management, who most often make decisions regarding repercussions.**

Current Monitoring Observations

1. Differences between LHAP, written agreements, and note & mortgage
2. LHAP amendments not submitted to FHFC for review
3. Not monitoring rental projects
4. Not advertising, Not properly advertising funding
5. Insufficient documentation that recipient is first time buyer

Current Monitoring Observations (continued)

- 6. Income certification form errors**
- 7. Insufficient sub recipient documentation in LHAP, Annual Reports and Contracts**
- 8. Discrepancies between annual report, general ledger, tracking sheets, and applicant's file**
- 9. Rehab projects: failure to comply with purchase price limits**
- 10. AHAC public hearing not properly advertised**

Monitoring Report Local Government Response

SHIP Rule: 67-37.019 (7)

- **Submit a written response to any observations or deficiencies**
- **Response submitted within 30 days**
- **Include an explanation and/or remedy**
- **A plan for correcting issues with timeline**
- **Plan for repayment of ineligible expenses**

Implications of Non-Compliance, SHIP Rule 67-37.019 (8)

Pattern of Violation

- (8) If ... an eligible jurisdiction has established a pattern of violation ... the Corporation shall report such pattern of violation to the Executive Office of the Governor ... **distribution of program funds... will be suspended.**

If Funds are Suspended: Corrective Action Plan

- The eligible jurisdiction shall develop a corrective action plan (CAP) within 60 days
- Propose corrective action for each violation
- Implement within 3 months of the CAP's approval by Florida Housing
- **Upon approval of the CAP, program funds will be distributed.**

File Guidance

- File Checklist
- Date stamp all verifications
- All documents: signed, dated
- Security Agreement: signed, recorded

Recommendation

Review old files to prepare for Monitoring

- Missing info: do additional research
- Notes on top of file



Problems with Files

- **Incomplete application or other forms**
- **Missing required documents**
- **Discrepancy between LHAP and Lien**
- **Missing proof of green initiatives**
- **A Local Policy: missing proof no mobile homes have been assisted**



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SHIP File Retention Policy

Cases Assisted: wait five years after loan has been released/satisfied, provided audits have been released, whichever is later.

Cases Not Assisted: retain for four years after Closeout Annual Report for that SHIP Distribution has been submitted.

Applies to files held by Subrecipients

File Documentation For All SHIP Files

- **Application for Program Assistance**
- **Identification: copy of Driver's License**
- **Authorization for the Release of Information Form**
- **Income and asset Verification Forms**
- **Divorce Decree (for child support income, if applicable)**
- **Signed statement RE: social security numbers**

More File Documentation

- Checklist
- Income Certification Form
- Detailed income calculations
- Award Letter
 - Include conditions of the award
- Recorded Lien Document with Default Provisions
- Client Notes/File Log

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Rehabilitation File Documentation

- Proof of Property Ownership
- Initial Property Inspection
- Work Write-up & Cost Estimate
- Contractor(s) Bid or Proposals
- Contractor Licensure and Certification of Non-Debarment
- Contractor/Home Owner Contract
- Change Orders (if applicable)
- Construction Payment Requests
- Work Inspection Report(s)
- Interim and Final Payment Release
- Certificate of Completion
- LHAP specific requirements (ex. Insurance)

Purchase Assistance Documentation

- Contract for purchase and addendums
- Loan Disclosure Forms (formerly HUD 1 Settlement and Truth in Lending)
- Copy of First Mortgage Document
- Co-signer documentation of different residence
- Title Policy for Title Insurance
- Proof of repairs and Release of Liens (12 month rule)
- Final Inspection report/pictures
- Certificate of Occupancy
- LHAP specific requirements (ex. Counseling certificate)

Right of Rescission

Give applicant 3 days to change their minds and cancel the loan

OR

Have City/County attorney review the TILA regulations and issue a statement that its not needed. Place this written determination in your file

Authority for Obtaining Social Security Cards

- Not required in SHIP File
- Use another identifier for household members
- Consider using Waiver:

Your Social Security Number is being collected for the purposes of income certification.... In addition, this information may be collected to verify unemployment benefits, social security/disability benefits, and other related information...

Your Social Security Number will NOT be used for any other intended purpose...



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SHIP Rules on Green



- Identify green building techniques and show how these techniques are to be integrated into your housing strategies.
- Include storm resistant construction and ways to reduce maintenance, utilities and insurance cost.
- Be consistent with your LHAP

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Mobile Homes

- If LHAP states that “mobile homes are not eligible” you must document that property is not a mobile home
- Must be affixed to the lot in accordance with installation standards. Document the sticker attached to the unit with installation date, along with the installer’s name and state license number
- Provide proof in file of type of structure
 - Tax roll
 - picture

SHIP Loan Modification

- Your final loan documents, Annual Report, tracking spreadsheet and General ledger \$\$ must match

SHIP Loan modification

- Record a loan modification document to ensure that the final amount of assistance provided is consistent

Income Verification

- Signed release of information forms
- Avoid Inconsistent verification: VOE and paystubs tell different stories
- Note attempts to obtain 3rd party verifications
 1. Copy of date-stamped original request sent
 2. Written notes of follow-up efforts
 3. Indicate how long the request has been outstanding without response

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Compliance with the 120-Day Clock

- Verifications shall be dated no more than **120 days** from each other.
- Re-verify those out of compliance

“Stop The Clock”

- Issue Award Letter
- Contract for Lease, Purchase or New Construction
- OR Fully provide assistance



Income Certification Form

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227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329; (850) 488-4197; Fax (850) 488-9809

RESIDENT INCOME CERTIFICATION - HOME OWNER State Housing Initiatives Partnership (SHIP) Program

Effective Date: Allocation Year:

A. Recipient Information (select one)

- a. Current homeowner
- b. Home buyer Existing Dwelling Newly Constructed Dwelling

B. Subsidy Use (check all that apply)

- Down Payment Assistance Principal Buy Down
- Closing Costs Rehabilitation

- Signed by all adult household members (same with Application)

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Income Eligibility Determination Webinar

Recording from May 2017:
<https://vimeo.com/216693980>

Administrative Procedures

Notice of Funding Availability

- If funding is unavailable due to a waiting list, no NOFA required
- Advertise in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods
- At least 30 days before beginning application period
- Follow SHIP rule requirements on all advertising

Waiting List/Priorities

Waiting List

- Provide list to the monitors
- LHAP: Explain in clear detailed language how the waiting list is kept
- Should be a list that cannot be compromised
- Track case status on waiting list

LHAP Related Observations

- Amendments and Technical Revisions must be submitted for review to Florida Housing
- Document compliance with Maximum Price or Value (**both Purchase AND Rehab**)
- Consistent default provisions between LHAP and recorded loan docs.
- Use correct LHAP for funds being spent

Sub Recipient & Sponsor Monitoring

- **File documentation/reporting**
- **Income Eligibility Compliance**
- **Strategy Compliance**
- **Physical Inspection of Work**
- **Organization wellness review**
 - **Staff Capacity/Organizational structure**
 - **Financial Capacity/Fiscal soundness**

Local Government Responsibilities



- Provide training opportunities
- Keep organization updated on LHAP changes, income, value limits and any rule changes that impact the organization
- Require reports as outlined in the agreement
- Communicate on a regular basis

RFP and Contract

- Follow specific LHAP requirements on Sponsor Selection and/or RFP process
- Outline Scope of work/budget
 - i.e. units, income, households, timing, process
- Single Audit requirements
- Deadlines
- Default
- Reporting requirements for Annual Report

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Tracking and Reporting

12/13



July 1, 2013

June 30, 2016

13/14



14/15



15/16



16/17



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SHIP Annual Reports Must Reconcile With the General Ledger

Sum of Unencumbered plus Unspent Encumbered money on Tracking Spreadsheet

COMPARED WITH

Balance of SHIP Local Housing Trust Fund

- Finance Dept and SHIP administrator must periodically reconcile their SHIP tracking
- Ask Finance Dept to place applicant's name or client number on expense record

Track Program Income

- Bank Interest
- Sale of Property
- Repayment of Loans
- Refinance
- Foreclosure
- Separate: also track Recaptured Funds



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Program Income

- Reported in the year it is received regardless of when assistance is provided
- Rules of that LHAP apply
- Admin 5% unless you receive \$350,000 or less, then 10%
- Tracked in finance and tracking reports
- Track different types of program income for reporting purposes

Meet Your Set-Asides

Homeownership Set-aside

- **65% of Distribution + Recaptured Funds**
- Housing Counseling expenditures do not count towards the Homeownership Set-Aside

Construction/Rehab Set-aside

- **75% of Distribution + Recaptured Funds**

Meet Your Set-Asides (continued)

The Income Set-Aside

- **At least 30% of all Revenue for Very Low**
- **At least 60% for VLI and Low combined**

Special Needs Set-Aside

- **20% of Allocation for household meeting**
- **Statutory definition of Special Needs**

Monitoring Rental Housing for SHIP compliance

- **Rental Development work, NOT Rental Assistance to a household**
- **A project receiving more than \$10,000 must be monitored every year, minimum 15 year affordability period.**
 - “shall annually monitor and determine tenant eligibility or, to the extent another governmental entity or corporation program provides periodic monitoring..., a municipality, county,... may rely on such monitoring and determination of tenant eligibility.”

Get Answers from the Agreement with Developer

- Amount of the award
- Number of SHIP assisted units
- Required SHIP set aside
 - ELI, VLI, LI, MI
 - Special Needs



Components of a Good Rental Monitoring Plan (Handout)

Who?

- 3rd party or internal staff

When?

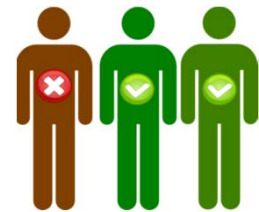
- Annually unless FHFC monitors (Review a copy of their report)

What?

- Income Eligibility
- Rent Affordability
- Property condition
- Property performance



Tenant Income Eligibility



While occupying the unit, household income may increase to **140%** of the median area income category as designated during initial certification without changing unit income status

- Section 20.9071(19)(20)(28), Florida Statutes

Monitoring Physical Condition

- **BEST PRACTICE!**
- **What is the condition of the property?**
 - **Include standards in your agreement**
- **Visit site as well as interior of sample units**
- **Address health, safety, code issues**
 - **Include appropriate follow up dates**



Common Observations

- Rental units not being monitored annually
- Noncompliant with initial rent limits
- Noncompliance with income limits
- Noncompliance with income set aside
- LHAP, Agreement, LURA & Mortgage conflict

Income certification completed incorrectly

QUESTIONS and Evaluation

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