

Working with Nonprofits, Sponsors and Subrecipients



SHIP
housing a stronger Florida

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**Florida Housing Finance
Corporation's Catalyst Program**

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REGISTER NOW FOR
**CATALYST
TRAINING**

Register Now for SHIP Catalyst Training!

The Coalition is Florida's affordable housing training and technical assistance provider.

The Florida Housing Coalition is commonly acknowledged as the foremost authority in Florida on affordable housing, community development and related issues, as a clearinghouse for information, a provider of training and technical assistance, and an advocate at the state and national levels for people in need of affordable housing.

Hotline: 1-800-677-4548

www.flhousing.org

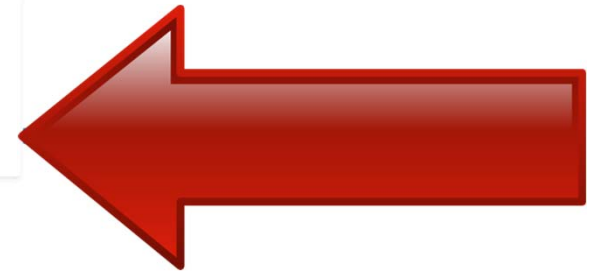
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Catalyst Trainings

TRAINING CALENDAR

- Calendar
- Conference
- E-Learn
- Past Trainings



If you would like to search by Workshops or Webinars, please use the search tool below. Click to view categories. **For questions, please contact the Florida Housing Coalition at 850-878-4219 or [info](#)**

Upcoming Events

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August 2019

‘Past Catalyst Trainings’

Webinar Logistics

- Participants are muted
- Enter your questions in the box in your webinar panel
- Forgot to ask a question or want to ask privately?

Email me at andujar@flhousing.org

- This webinar is being recorded and will be available at www.flhousing.org
- A survey will immediately follow the webinar; **please complete it! Thanks!**

SHIP Guidebook



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Introduction to Presenters



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Questions for Panelists

1. Tell us about your organization, staffing, programs you work with (SHIP, HOME, CDBG) and services you provide.
2. Do you only work in a specific area of Florida or are you available to work in other areas?
3. Which communities do you currently have a contract with? Are you a sponsor or subrecipient? What type of services (purchase assistance, rehabilitation, homeless) do you provide for each of the local governments you work with?

SHIP Statute 420.9072 1(a)

The Legislature further intends that local governments achieve this combination of resources by encouraging active partnerships between government, lenders, builders and developers, real estate professionals, advocates for low-income persons, and community groups to produce affordable housing and provide related services.

Goal: Create Local Partnerships

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Read Technical Bulletin

SHIP Technical Bulletin 2016-01

Sub-Recipients Administering SHIP

Any local government participating in SHIP that uses a Sub-Recipient to administer all or part of the SHIP program should be aware of the following facts:

- 1. The SHIP rule defines a Sub-Recipient (see below) broadly as any person or non-state entity. This would include any non-profit, consultant or other entity actively performing any administrative function of the program including application intake, income verification, contract oversight, counseling, etc. The term Sub-Recipient should not be confused with the statutorily defined Eligible sponsor (see below) which refers to an entity that receives a funding award. There may be situations where it is difficult to determine when an entity is “awarded” funds, but in practice carry out the administration function for those funds. In these cases, the entity should be considered as a Sub-Recipient.**
- 2. Regardless of the use of Sub-Recipients, the local government is responsible (67-37.019 (10)) for monitoring the SHIP funds being expended through the Sub-Recipient. The responsibility for compliance with the requirements cannot be**

Sub Recipient Example

- A SHIP jurisdiction enters into a contract/agreement with a Sub recipient to implement the SHIP Purchase Assistance Program.
- The responsibilities include advertising, keeping a waiting list, processing applications, tracking, and annual reports.
- The sub recipient will perform applicant intake, counseling, income qualification, issuing award letters, underwriting, agreements and coordinating closing with the first mortgage lender.

Sponsor

Means a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons to partially assist in the *acquisition, construction, rehabilitation, or financing of eligible housing* or to provide *the cost of tenant or ownership qualifications.*

420.9075 Local housing assistance plans; partnerships.–

Sponsor

As a condition of receipt of an award, the eligible sponsor or eligible person must contractually commit to comply with the affordable housing criteria provided under ss. 420.907-420.9079 applicable to the affordable housing objective of the award. The plan criteria adopted by the county or eligible municipality must prescribe the contractual obligations required to ensure compliance with award conditions.

420.9075 Local housing assistance plans; partnerships.

Developer/Sponsor example

- A SHIP community issues an RFA for a developer to construct 10 rental units for low income tenants. The RFA requires the developer has site control and the project is “shovel ready”.
- A nonprofit sponsor responds to an RFP to use SHIP funding to buy 5 single family homes, rehab them and sell the homes to SHIP eligible buyers. The nonprofit and SHIP office executes an agreement stating the work that is entailed and the responsibility of the Nonprofit Sponsor.

Poll #1:

Does your organization currently work with sponsors, subrecipients, or both?

- Sponsor
- Subrecipient
- Both sponsor and subrecipient
- Neither



Resale Provisions

Eligible sponsors that offer rental housing for sale before 15 years or that have remaining mortgages funded under this program must give a first right of refusal to eligible nonprofit organizations for purchase at the current market value for continued occupancy by eligible persons.

- **Section 420.9075(4)**

Welfare Transition Program

A description of the qualification system and selection criteria for applications for awards to eligible sponsors, which includes a description that demonstrates how eligible sponsors that employed personnel from the Welfare Transition Program will be given preference in the selection process

Contractors are not Sponsors

- **Persons /firms entering into a written agreement/contract to perform a specific task.**

- Appraisal firm
- Lead based paint testing firm
- Title insurance company
- Construction work

They generally have no ownership or other ongoing interest in the project/job once their task is completed.

Sub Recipient

means a person or non-state organization **contracted by a SHIP eligible local government and compensated with SHIP funds to provide **administration** of any portion of the SHIP program.**

67-37.002 Definitions.

Annual Report

SHIP LG User |



Account Maintenance

LG Selection

Annual Reporting

SHIP Contact Info

User Administration



SHIP Annual Report Pompano Beach

[Click Here for Support Contact Information](#)

Report: 2016-2017 (Unsubmitted)

Save Changes

Data Input

Form 1

Form 2

Form 3

Form 4

Form 5

Interim Year Data

Review

References

- Additional Use of Funds
- Average Area Purchase Price
- Recap of Funding Sources for Units Produced (Leveraging)
- Life-to-Date Homeownership Foreclosure and Default
- Incentive Strategies
- Administration by Entity

Name	Business Type	Strategy Covered	Responsibility	Amount



- Program Income
- Explanation of Recaptured Funds
- Description of Support Services:
- Other Accomplishments
- Availability for Public Inspection and Comments

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Poll #2:

How long have you been using a sponsor or subrecipient?

- 1 - 3 years
- 4 - 6 years
- 7 - 10 years
- Over 10 years
- We are not using sponsors or subrecipients



Selection



Advertising for Sponsors

- Request for Applications
- Usually separate from ad for program participants for housing services
- Include selection criteria and scoring used to evaluate proposals
- Include funds available for activities that require a sponsor
- Use a fair and equitable selection process

Sponsor Selection

- Selection process is outlined in the LHAP
- They apply for an award through an application process
- Agreement should include a scope of work
- Agreement should have an award amount
- Local governments must include in LHAP the terms to the developer as well as the terms to the beneficiary which are two distinct and separate items
- Explain how benefits flow from sponsor to buyer

Request for Proposal

- Specific in nature
- Measurable
- Evolves into the Scope of Services (as proposed by the respondent)
- Follows LHAP criteria

Scope of Services

- Conforms to specific criteria detailed in RFP
- Includes what will be delivered, when, how, and by whom

Sample Sponsor Selection Criteria

- **Developer Capacity**
 - **Experience**
 - Funding source
 - Similar project
 - Financial review
 - Reputation
 - Current Pipeline
 - Bonding ability
- **Commitment/award of other funding sources**
- **Property management experience**

More Criteria

- **Budget**
 - **Construction / Predevelopment**
 - **Cost reasonableness**
- **Realistic timeline- ability to proceed**
 - **SHIP expenditure deadline- 24 months from close of State Fiscal year**
 - **CO**
 - **At least 1 unit occupied**
- **Subsidy Layering review**
- **Proforma (1.1- 1.5 Debt Service Coverage)**
- **Market study**

Advertising for Subrecipients

- **Best Practice - A selection process not required but highly recommended**
- **Request for Qualifications**
- **Detail minimum requirements for selection and other required qualifications**
- **Include specific requirements based on local preferences**
- **Negotiate the terms of the award**

Criteria for Program Sponsor /Subrecipient

- Financially sound
- Experience
- Funding source
- Program
- Staff/Board capacity
- Reputation
- Project team
- Program budget
- Program description
- Outcomes
- Timeline
- Other funding sources

Questions for Panelists

1. Do you have to respond to an annual RFP/RFA? Is it very competitive? What helped you get the contract?
2. How did you hear about the opportunity for this work or other opportunities? Where did you register to receive notifications?

Written Agreements

Sponsor Agreements

- **As a condition of receipt of an award, the eligible sponsor must contractually commit to comply with the affordable housing criteria provided under ss. 420.907-420.9079 applicable to the affordable housing objective of the award.**
- **The plan criteria adopted must prescribe the contractual obligations required to ensure compliance with award conditions.**

Sub Recipient Agreement

Any local government receiving SHIP funds which **administers** any portion of the SHIP program through a Sub Recipient shall bear **responsibility** for actions of the sub recipient and shall monitor all sub recipients to insure compliance is maintained on all SHIP funded activities. Any **contract or agreement** between the local government and sub recipient **shall detail the policies and procedures that shall be adhered to in the management of the SHIP activities.**

67-37.019 Compliance Monitoring for Housing Developed With SHIP Local Housing Distribution Funds.

Sub Recipient

Any **contract** or document establishing the relationship between a SHIP eligible local government and a non-state organization which is a Sub Recipient receiving SHIP funds shall contain the standard audit language on Form DFS-A2-CL (Effective 7/05) of the **Florida Single Audit Act** in the document.

<https://apps.fldfs.com/fsaa/statutes.aspx>

67-37.019 Compliance Monitoring for Housing Developed With SHIP Local Housing Distribution Funds.

The Importance of Written Agreements

- A written agreement serves as a legally binding contract between the local government and any other party
- Serves as a management, accountability and enforcement tool for the local government
- Should be executed whenever funds or services are exchanged

Effective Written Agreements

- Provide a budget
- Use of funds
- Activity and tasks to be performed
- Payment procedures and schedule
- Terms of enforcement
- Compliance, reporting and monitoring requirements
- Specify the activity to be carried out (who, what, where, when)
- What the funding source is
- How they are carried out
- Roles, responsibilities and options of all parties involved
- What changes are allowed and process to incorporate those changes

SHIP Agreement with Developer

- Amount of the award
- Timeframe for expenditure/project completion
- **# of SHIP assisted units**
- Fixed or floating units?
- Required SHIP set aside
 - (ELI, VLI, LI, MI)
 - special needs
- Affordability period – 15 years or longer- 50 years is **BEST PRACTICE**
- Security documents- LURA- Land Use Restriction Agreement + Mortgage/Note if loan

SHIP agreement continued

- Rent limits
- Initial Income verification
- Annual recertification
- Lease provisions
 - Florida Residential Landlord and Tenant Act (Chapter 83, Part II of the Florida Statutes)
- Maximum (per project and per unit)
- Marketing and advertising (fair housing)
- Property standards
- Energy /Green requirements
- Other construction requirements
- SHIP sign

Based on LHAP

Local government provides

- Rent limits
- Income guidelines
- Maximum value limits
- Maximum subsidy limits
- Tenant/homebuyer selection
- Marketing requirements

Can be exhibits to the agreement and updates if applicable, are provided regularly.

Management Tool

- **Written agreements are a management and enforcement tool**
- **It is legally binding**
- **It minimizes the risk of the local government**
- **Allows for corrective action**
- **Identifies specific requirements**
- **Allows for monitoring and compliance**

Poll #3: What strategies do you use sponsors or subrecipients to implement?

- Rental Development
- Owner Occupied Rehabilitation
- Purchase Assistance
- Rental Subsidies
- Other



Monitoring



Subrecipient must be Monitored

- The local government is responsible for the actions of the subrecipient
- Subrecipients should be monitored on a regular basis
- Ensure that subrecipients are complying with the program requirements and policies and procedures
- Agreements should state monitoring policies and procedures

Monitoring Items to review for Purchase Assistance

Advertising

Waiting list

Application

Income

verification

120-day clock

Income

Certification

Agreements

Award letter

SHIP Mortgage and
note

Property value

Property Inspection

First mortgage
documents

Monitoring Rental Projects

- Per rule annual monitoring of rental properties to verify tenant incomes throughout affordability period is required
- For SHIP funding of more than \$10,000 per project (minimum 15 years)
 - Unless monitored by another gov't entity (per statute)
 - Must ensure that monitoring agency is reviewing the required regulatory items and any additional requirements in the written agreement

Annual Monitoring of Tenants

- **Annual Recertification**
 - Monitor for unit affordability
 - Monitor for tenant eligibility (income)
 - 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 420.9071(19)(20)(28), Florida Statutes
- **Maximum rents and adjusted household incomes published annually by FHFC**

Components of a Good Rental Monitoring Plan

- Who?
- 3rd party or internal staff
- First Housing , Amerinational, Seltzer
- When?
- Annually unless FHFC monitors (Get a copy of their report and review it!)
- What?
- Income
- Rents
- Property condition
- Property performance
- How many?
- Refer to agreement
- Tracking Forms
- Project Files
- Process
- Notification
- Confirmation
- On site vs desk
- Exit conference
- Monitoring report
- Client response
- Corrective Action /follow up plan

Monitoring Items to Review for Rental

- Agreements
- Current rent limits
- Funding sources in project
- Advertising
- Marketing/ lease up plan
- Application
- Lease provisions
- Rules and regulations
- Conflict of interest policy
- Tenant selection policy
- Tenant dispute policy
- Income Verifications
- recertification
- Tracking systems
- Rent Roll
- Financial condition
- Property condition (site, common areas, unit sample)

Monitoring Physical Condition

- **BEST PRACTICE !**
- **How is the condition of the property monitored?**
 - **Include standards in your agreement**
- **Visit site as well as interior of sample units**
- **Address health, safety, code issues as priorities with appropriate follow updates**

Monitors Must:

- **Understand set asides, income limits & funding rules**
 - **Review Agreement, Mortgage, Note, LURA/Deed Restriction**
- **Keep Sponsors (developers) updated on new income limits, rents, etc. that affect compliance**
- **Accurately and fully communicate what you have found**
- **Offer recommendations for corrective actions, solutions, improvements or technical assistance**

Reporting Requirements

420.9075 Local housing assistance plans; partnerships.

- The number of households served by income category, age, family size, and race, and data regarding any special needs populations such as farmworkers, homeless persons, persons with disabilities, and the elderly.
- Counties shall report this information separately for households served in the unincorporated area and each municipality within the county.
- The number of units and the average cost of producing units under each local housing assistance strategy.
- The average area purchase price of single-family units and the amount of rent charged for a rental unit based on unit size.
- By income category, the number of mortgages made, the average mortgage amount, and the rate of default.

Common Findings

- **Rental units not being monitored annually**
- **Noncompliant with initial rent limits**
- **Noncompliance with income limits**
- **Noncompliance with set asides**
- **LHAP, Agreement, LURA, mortgage terms conflict**
- **Income certification completed incorrectly**
 - **Asset calculation, income calculation & documentation**
 - **Not signed, white out, no date stamp/inconsistent dates**

Questions for Panelists

1. What advice do you have for non-profits that want to work with other SHIP jurisdictions?
2. What problems or challenges have you had to overcome when working with local governments?
3. Is there anything else you would like to share with the listeners?

Best Practices

- If your SHIP agreements do not specify how many units in a project are SHIP assisted, all units must be monitored
- If SHIP award is \$10,000 or less- you don't have to monitor
- HCV/Section 8- Use Housing Authority rent
- Utility allowance does not apply for SHIP
- Terms of the most restrictive funding source applies
- Units vacant over 31 days- Management should have a plan for occupancy