

Preparing for the SHIP Monitor: Part 3

Sponsored by the Florida Housing Finance Corporation's Catalyst Program

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This 3-part Webinar Series replaces the “Preparing for the SHIP Monitor” Workshop scheduled for May 21, 2020 in Tampa which was cancelled.

Preparing for the SHIP Monitor: PART 1 - May 21

This is the first of three webinars provided as replacement for the cancelled “Preparing for the SHIP Monitor” workshop that was to be held on May 21, 2020, in Tampa. Have you received notice that a Florida Housing Finance Corporation Monitor will soon conduct a compliance review of your SHIP program? Don’t get nervous—get prepared. This first webinar will provide the results from an analysis of recent monitoring reports to help you prepare for your monitoring visit and will offer an overview of the monitoring process. Learn about the program details that SHIP monitors focus their attention on during their review of the SHIP jurisdictions program.

Preparing for the SHIP Monitor: PART 2- May 26

Don’t be nervous—get prepared for the monitor. In this second webinar you will learn about the items that monitors look for related to file documentation, eligibility determination, and administrative procedures. This may help you achieve the best outcome during your next monitoring visit. The training will outline SHIP rule compliance, as well as options offered by Florida Housing Finance Corporation for addressing non-compliance issues.

Today’s webinar Preparing for the SHIP Monitor: PART 3

In this third and final webinar you will learn about budget reconciliation, annual reporting, and SHIP tracking documents that monitors will review. In addition, presenters will discuss the local government monitoring responsibilities when working with Nonprofit Sub Recipients & Sponsors. You will also hear best practices for monitoring rental housing for SHIP compliance



Catalyst Training Schedule

A banner for SHIP Catalyst Training. On the left, a group of diverse people are smiling and looking at a laptop. On the right, a teal background contains the text "Fine Tune Your SHIP Program" and "REGISTER NOW FOR CATALYST TRAINING". The SHIP logo is on the left side of the banner.

Fine Tune Your SHIP Program
REGISTER NOW FOR
**CATALYST
TRAINING**

SHIP
housing a stronger Florida

Register Now for SHIP Catalyst Training!

THE COALITION IS FLORIDA'S AFFORDABLE HOUSING TRAINING AND TECHNICAL ASSISTANCE PROVIDER

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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 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!



COVID-19 UPDATES

- Every Thursday from 1:30 pm to 2:30 pm.
- Go to this link to register:
<https://www.flhousing.org/covid-19-housing-related-resources/>



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COVID-19: HOUSING-RELATED RESOURCES

Get the information you need to respond to COVID-19. We have started weekly webinars and put together a list of resources to help. Let us know if you find resources that should be added or if you have questions that we can help answer.



Overview

- Overview of the Monitoring Process
- Elements of Compliance: File Documentation
- Eligibility Determination
- Administrative Procedures, including LHAP
- Annual Report Responsibilities
- Monitoring Sub Recipients and Sponsors
- Monitoring Rental Housing



FHFC Monitoring Staff

Robin Fowler

Glenda Lang

Russ Polzer

Debbie Wedoe



FHFC Monitors

- Updates
- Tips
- Best Practices



Tracking and Reporting

16/17 | _____ | _____ | _____ |
July 1, 2017 June 30, 2020

17/18 | _____ | _____ | _____ |

18/19 | _____ | _____ | _____ |

19/20 | _____ | _____ | _____ |

20/21 | _____ | _____ | _____ |



Key Reporting Principles

- 3 years to spend SHIP, so you often have money from multiple FY allocations.
- Each year, submit 3 annual reports for 3 distributions
- Generally, "First received, First expended"
- Strive to pay recipient's total assistance from only one SHIP allocation



New SHIPDATA spreadsheet

	A	B	C	D	E	F	G	H
1								
2	Local Government:					Closeout Year:		
3								
4	Applicant Information							
5	First Name	Last Name	Street Address	City	Zip	City/Unincorporated	Structure Type	Income Category
6								
7								

- Add activity through June 30, 2020 for Close Out allocation (17/18), as well as interim year 1 and 2 (18/19 and 19/20)
- Does not show set aside unless uploaded to annual report

Data to Track

- Revenue: Distribution, Program income
- Encumbrances
- Expenditures, including administrative expenses
- Compliance with set asides
- Special needs
- Demographics
- Dates (for tracking Deadlines)
- Leveraged funds
- Grants vs. Loans

Items in Red may be tracked with TRAKSHIP, which is a handout



Good Relationship with Finance

- City and County are responsible for compliance not just the Housing Department
- It's the City and County that receives the revenue
- Chief elected official signs the certification on behalf of the local government
- Tracking and reconciliation are required by rule and statute
- Running a good program is everyone's responsibility

Next SHIP Fiscal Year: Webinar for Finance Department staff



SHIP Annual Reports must reconcile with the General Ledger

Sum of Unencumbered plus
Unspent Encumbered money on
Tracking Spreadsheet

Compared With

Current balance of the SHIP
Local Housing Trust Fund



Establish a Procedure to Reconcile

- Reconcile daily, weekly, or monthly but not annually
- Establish a process for the Finance Department and the SHIP administrator to periodically reconcile their independent tracking of SHIP expenditures
- Request that the Finance Department place the applicant's name or client number on each expense record
- Related Common Problem: Discrepancies between file docs and tracking spreadsheet



Navigating through Two Different Fiscal Years

- Local fiscal year: October—September.
- State fiscal year: July—June
- Be specific about dates when communicating with finance.
 - Example “What was the interest on the local housing trust fund from July 1, 2017, to June 30, 2018?”



The Difference Between Encumbered and Expended

“Encumbered”: Deposits made to the local housing trust fund have been committed by contract, purchase order, or letter of commitment.

“Expended” or ***“Spent”***:

1. Activities are complete. Certificate of Occupancy or Completion
2. The unit is occupied by an eligible household
3. SHIP funds have paid for the cost of the activity



Manufactured Housing Tracking

If you assist manufactured housing, track to ensure that 20% is not exceeded.

Compliance With Minimum Statutory Set-asides

	Target	%	Actual	%
65% Home Ownership requirement:	\$0.00	65%	\$0.00	#DIV/0!
75% Construction requirement:	\$0.00	75%	\$0.00	#DIV/0!
At least 30% Very Low Income:	\$0.00	30%	\$0.00	#DIV/0!
At least 30% Low Income:	\$0.00	30%	\$0.00	#DIV/0!
Up to 40% Moderate Income:	\$0.00	40%	\$0.00	#DIV/0!
At least 20% Special Needs:	\$0.00	20%	\$0.00	#DIV/0!

Up to 20% for Manufactured Housing:

\$0.00

#DIV/0!



Monitoring Mobile Homes

Monitors look for

- Proof of construction after 1994
- Proof that it was installed by a licensed installer
- Check public records and add to file documentation



Form 5: Special Needs Compliance

Report: 2013-2014 Interim-2 ▼ *(Unsubmitted)*

Form 1

Form 2

Form 3

Form 4

Form 5

- For all report starting with 13/14
- Report funds Expended and Encumbered by Special Needs Category



Track Program Income

- Bank Interest
- Sale of Property
- Repayment of Loans
- Refinance
- Foreclosure



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
- Recaptured Funds are not program income



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



The Income Set-Aside

1. At least 30% of all Revenue for Very Low
2. At least 60% for VLI and Low combined

Special Needs Set-Aside

20% of Allocation for household meeting statutory definition of Special Needs



Types of Special Needs defined in S.420.0004

- Developmental Disabilities (DD)
- Receives SSD/SSI or other Disability Benefits
- Youth Aging Out of Foster Care
- Survivor of Domestic Violence
- Person with Disabling Condition requiring
- Independent Living Services



Developmental Disabilities defined in s.393.063, Florida Statutes



A disorder or syndrome that is attributable to **retardation, cerebral palsy, autism, spina bifida, or Prader-Willi syndrome;** that manifests before the age of 18; and that constitutes a substantial handicap that can reasonably be expected to continue indefinitely.

Disabling Condition = Many Types of Applicants



- Chronic physical illness or disability
- Developmental Disability
- Serious mental illness
- Diagnosable substance abuse disorder

Monitoring Nonprofit Sub Recipients & Sponsors



Types of Sub Recipient and 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



Sponsor

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.--



Sub Recipient

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.



Sub Recipient

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.**



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



Monitoring Compliance Reviews

Regular monitoring and sampling

- Check the income computation is correct
- Check that the work is completed and satisfactory
- Compliance with statute and rule
- Compliance with written agreement
- Evidence of proof of compliance (example: Insurance required)

Use checklist or notes in the file to document reviews



Monitoring Elements

- Administrative/fiscal review
- Programmatic review
- Contractual requirements
- Site verification

Document files that Reviews have taken place



Administrative/Fiscal Review

- Invoices
- Licenses and permits
- Insurance binders
- Financial statements
- Procurement practices

Document file review and compliance



Programmatic Review

- Are the services described in the contract being delivered?
- How well are they being done?
- Are the projects goals and objectives being met?
- Are the Community's needs being met?

Document file review and compliance



Contractual Requirements

- Monthly reports are submitted in a timely and consistent fashion
- Activities, client eligibility, reimbursement requests, etc., Are adequately documented
- Records and files are complete and adequately maintained
- All contract requirements are met in full

Document file review and compliance





Problem Resolution and Corrective Action

- Clearly communicated and agreed upon
- Follow-up as necessary

Monitoring Rental Housing for SHIP Compliance



SHIP Requires Rental Monitoring

Rental units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund must be monitored at least **annually for 15 years** or the term of assistance, whichever is longer, for compliance with tenant income and affordability requirements ---SHIP Rule: 67-37.007(11), F.A.C.

Monitor for Rental Development, *NOT* Rental Assistance



SHIP Monitoring Rules

- Tenant income of projects that receive more than \$10,000 total investment must be monitored annually (not per unit, per project)
- May rely on monitoring report of another entity even if periodic

"...to the extent another governmental entity or corporation program provides periodic monitoring and determination, a municipality, county, or local housing financing authority may rely on such monitoring and determination of tenant eligibility."

- Does not require utility allowances



Rental Monitoring Plan, Continued



How many units are SHIP assisted units?

How many units are dedicated EL, VL, L, M?

- Refer to SHIP Rental Agreement

Project Forms

Process

- Notification
- Confirmation
- On site vs Desk Review
- Exit conference
- Monitoring report
- Client response
- Corrective Action /follow up plan

HANDOUT:
Rental
Monitoring
Checklist



Components of a Good Rental Monitoring Plan

Who?

- 3rd party or internal staff

When?

- Annually unless FHFC monitors
(Get a copy of their report and review it!)

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!
- 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
 - Include appropriate follow updates



Tracking system for Rental Properties

How many rental properties has the local government assisted in the past that require monitoring?

How many rental properties have SHIP funds invested?

- Look at old annual reports to identify properties
- Need a system to track properties
- Share information with several staff members
- Include list in policies and procedures and monitoring manual



Rental First Right of Refusal

SHIP RULE: (g) 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.



Income Compliance on Small Rental Properties and Group Homes

Technical Bulletin Handout

Highlights:

- Must be monitored for at least 15 years, if \$10,000 or more is invested, unless monitoring is required by other funding sources
- Required even if property is owned by a sponsor or sub-recipient (non-profit partner)
- In this case, a contract must be executed
- Do not delegate the responsibility of performing inspections to the sponsor/sub-recipient

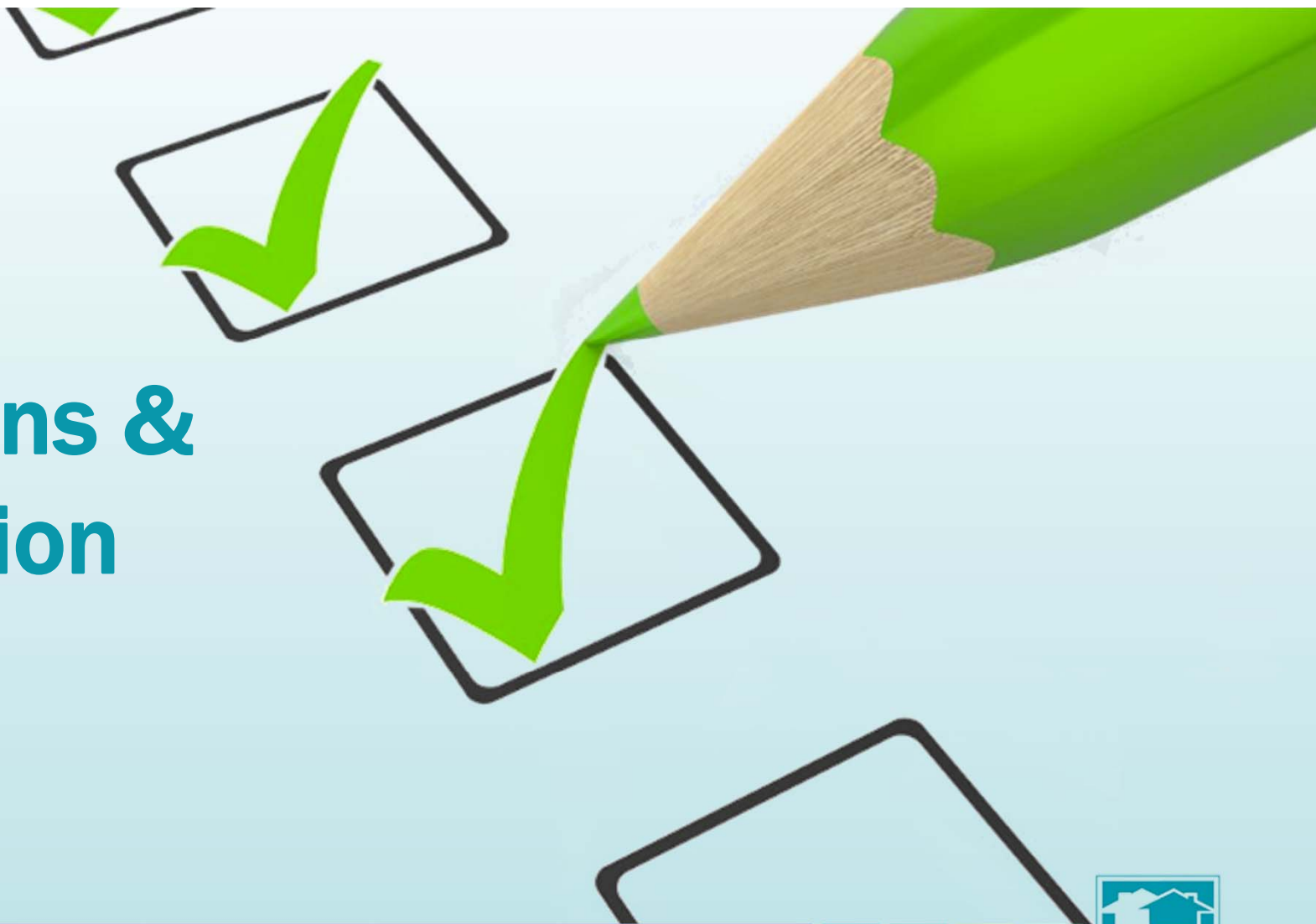


Common Observations



- **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 & Evaluation



Please complete the evaluation!



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