



Updating Your Community's LHAP Part 2

Sponsored by the
Florida Housing Finance Corporation's
Affordable Housing *Catalyst Program*

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Our Thanks to the Florida Housing Catalyst Program



AFFORDABLE HOUSING CATALYST PROGRAM

**Sponsored by the Florida Housing
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we make housing affordable™

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Catalyst Training Schedule

A banner for SHIP Catalyst Training. The background shows a group of people in a classroom setting. On the left is the SHIP logo with the tagline 'housing a stronger Florida'. On the right, the text reads 'Fine Tune Your SHIP Program', 'REGISTER NOW FOR', and 'CATALYST TRAINING' in large, bold letters. At the bottom left of the banner, it says 'Register Now for SHIP Catalyst Training!'. Below the banner are four small circular icons.

SHIP
housing a stronger Florida

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

Register Now for SHIP Catalyst Training!

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

Hotline: 1-800-677-4548

www.flhousing.org

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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 chaney@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!

Overview

- Review of LHAP Template: Section II Housing Strategies
- Designing Housing Strategies that Work

Section II. Housing Strategies

Confirm Strategy Title Corresponds with Code

Homeownership

Code	Strategy Name	Instruction
1	Purchase Assistance with Rehab	Use only when SHIP funds are being used for DPA and rehab.
2	Purchase Assistance without Rehab	Use for new or existing homes, but no rehab paid with SHIP.
3	Owner Occupied Rehabilitation	Use for general rehab of owner-occupied homes.
4	Demolition/Reconstruction	Use for homes that are beyond reasonable repair.
5	Disaster Assistance	Use for immediate activities during/after a disaster or emergency. Can be combined with code 16 if rent assistance is being provided.
6	Emergency Repair	Use for a very specific list of items such as windows, roofing, etc. that cannot wait for more major rehab.
7	Foreclosure Prevention	Use for 3-6 months mortgage assistance.
8	Impact Fees	Use only to pay fees that are required to be paid prior to purchase.
9	Acquisition/Rehabilitation	Use if the LG is purchasing homes for rehab and sale within the expenditure period.
10	New Construction	Use this strategy only if you are awarding funds to a sponsor/developer who will build homes for resale to eligible buyers using some of the funds for DPA.
11	Special Needs	Use this code if you have a strategy for Special Needs that includes activities that are not eligible under any other strategy. For example, you can use code 11 if you have a barrier removal activity that only Special Needs are eligible for. Otherwise, that could be done under Code 3 or 6.

Rental

Code	Strategy Name	Instruction
12	Special Needs	Use this if you are awarding funds to a developer specifically for units for Special Needs.
13	Rental Assistance (Tenant)	Use this for eviction prevention payments up to 6 months for households that qualify under 420.9072 (7) (b).
14	Rehabilitation	Use if you are awarding funds to a developer/landlord to repair rental units for rent to eligible households. Can be combined with code 21.
15	Demolition/Reconstruction	Use only if you are awarding funds to a developer/sponsor to demolish and build new rental units for eligible households.
16	Disaster Assistance	Use for direct rental assistance to renters or to landlords/developers to repair rental units of eligible households.
17	Emergency Repair	Use for a very specific list of items such as windows, roofing, etc. that cannot wait for more major rehab.
18	Foreclosure Prevention	Use this only for assisting sponsors/landlords of units for eligible households.
19	Impact Fees	Use only to pay fees that benefit eligible units.
20	Land Acquisition	Use this only if funds are going to purchase land for units to be developed for eligible households. Keep in mind that this is very difficult to do within the expenditure deadline due to the timeline to develop large rental developments.
21	New Construction	Use if you are awarding funds to a developer/landlord to build rental units for rent to eligible households. Can be combined with code 14.
23	Security and/or Utility Deposits	Use in conjunction with codes 13 and 26.
26	Rapid Re-Housing	Use for rental subsidy up to 12 months for households that qualify under 420.9072 (7) (b).

How Many Strategies?

Consider Funding

Staffing

Capacity

Resources Available

It's Better to Have 1 or 2
Good Strategies

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Section II. Housing Strategies

a. Summary of Strategy

- Concise and clear description – A few sentences
- Describe type of activity – *Normally one activity*
- Do not include loan terms, selection, income categories, etc. required in other sections

Do Not Combine Several Strategies
Example: Owner Occupied Rehab and Rental Rehab

Strategy Tips

- Strategies should be self contained
 - Do not reference other strategies
 - One strategy should not be completely dependent on another
- Avoid obscure language and terms
 - Example: acronyms
- Use consistent language between strategies
 - Example: Default Provisions, Sponsor Selection Criteria

Housing Strategies:

b. Fiscal Years Covered

List all years covered. Do not use “all years”

All plans should cover:
2022-2023, 2023-2024, 2024-2025

Housing Strategies:

c. Income Categories to be Served

- List one or all the defined income categories “very low, low and moderate”
- Do not use “all income groups”
- If not funding a specific group leave it off
- Be consistent with Housing Delivery Goals Chart
- Do not include ELI, it is not a defined income category
- Be specific about serving **121-140% AMI**

Correct This Income Categories Text

BEFORE

Income Categories to be served:

- Very-Low Income
- Low Income \$100.00 contribution required
- Moderate Income \$250.00 contribution required



AFTER

Income Categories to be served:

Very-Low, Low, Moderate

Housing Strategies:

d. Maximum Award

- List by income category, consistent with HDGC
- Maximum award includes all hard, soft and **delivery cost**
- Grants: usually \$15K or less and limited to disaster, rent subsidies, emergency repair, or foreclosure prevention
- Rental Development: include 'maximum per rental unit' as well as 'maximum for entire development'

Maximum Award Considerations

- Rehabilitation: Typical repairs and average costs
- Rental Assistance: What is typical rent and availability?
- Purchase Assistance: Award driven by housing cost and what target market can afford

BE REALISTIC

e. Terms of the Award

Must be in Your Lien Documents

1. Repayment loan/deferred loan/grant
2. Interest Rate
3. Years
4. Forgiveness
5. Repayment
6. Default

Terms 1. Loan or Grant

Loan, deferred loan or grant

- Loans: “secured by a recorded mortgage and note”
- State ‘subordinate mortgage’, not 2nd mortgage

Variations Available

- Deferred Payment Loans of Various Terms
- Direct Payment Loans at Various Terms
- Direct/Deferred Payment Loans at Various Terms
- Grants

Grants must be approved by FHFC

- Usually limited to disaster/emergency repair, rental assistance, foreclosure prevention, barrier removal

Terms 2. Interest Rate

- Include interest rate for SHIP assistance if any
 - Avoid a range of rates (0% - 5%)
 - Be specific about why different recipients are charged different rates
- If none state 0%. For grants, state N/A
- Recorded document must be consistent with LHAP

Terms 3. Years in Loan Term

- State number of years loan is secured
- For grants, state N/A
- Put maturity date on the RECORDED LOAN.
- Consistency with prior years helps when moving files in the annual report
- What is default # of years of vague mortgage, according to Statute 95.281 (1) (b)?

Text Needs Improvement

BEFORE

Term: 10 years. The SHIP mortgage and loan agreement is forgiven after ten (10) years IF the owner maintains the home:

- a. As principal residence
- b. Property taxes paid in full every year
- c. Insurance kept on the unit paid and up to date during the life of the loan.



AFTER: Term: 10 years

Terms 4. Forgiveness

State if any portion of the loan will be forgiven

- Some never forgive - repaid at end of term
- Some forgive at end of term
- Some prorate forgiveness annually over the term

Do not refer to default situations in this section

- This section describes what happens when everything goes according to plan

Terms 5. Repayment

- State if payments are required during the term
- Another option: balloon payment at the end of the term
- Some forgive assistance, so no SHIP repayment is ever required.

Example: No repayment required as long as the loan is in good standing

Terms 6. Default

List situations where the loan does not remain in good standing through the term:

- Sale, transfer, loss of homestead
- Conversion to rental,
- Death of homeowner(s).

Use “outstanding balance” rather than “full loan amount” when addressing repayments.

What happens when SHIP recipient dies?

Repayment or eligible heirs?

Sample Terms for Purchase Assistance

1. **Loan/grant:** Funds will be awarded as a deferred subordinate loan secured by a recorded mortgage and note.
2. **Interest Rate:** 0%
3. **Term:** 10 years (very-low and low), 30 years (moderate)
4. **Forgiveness:** For very-low and low income, funds will be forgiven on a prorated basis so that 10% of the principal is forgiven annually. For moderate, the loan will be due and payable at the end of the term.

Sample Purchase Assistance Terms

5. Repayment: For very low and low income, no repayment of the assistance is required as long as the loan is in good standing. For moderate income repayment is due at the end of the loan term.

6. Default: The loan will be determined to be in default if any of the following occurs: sale, transfer, or conveyance of property; conversion to a rental property; loss of homestead exemption status; or failure to occupy the home as primary residence. If any of these occur, the outstanding balance will be due and payable.

More Review of Template and Exhibits

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Housing Strategies:

f. Recipient Selection Criteria

- Only for applicants, not developers
- At a minimum state “first-qualified, first-served”.
- Do not include priorities already stated in Section I, waiting list/priority section. Reference to this section.
- Add any special conditions, priorities for selection specific to the strategy.



Housing Strategies:

g. Sponsor/Developer Selection

- A sponsor is an entity to which an award of funds has been made.
- If this is done by an RFA process, please provide a general overview of that process and give a summarized list of requirements



Sponsor Selection Criteria

- Experience
- Financial capacity
- Leveraged funds for project
- Availability of land
- Consider additional criteria

Review of Handout: Outside Entities

- **Sponsor:** applies for an award from the local government.

Common Example- a sponsor is awarded SHIP funds to construct affordable housing units.

- **Sub-Recipient:** contracted by the local government to administer a portion of SHIP.

Common Example- a nonprofit sub-recipient fully administers the SHIP Rehab strategy

RESOURCE: “Working with Nonprofits, Sponsors and Sub-recipients” Webinar recording: <https://vimeo.com/355183467>

MORE Types of Outside Entities

- **Contractor:** an individual or company licensed by the state to perform construction activities.
Common Example- a contractor bids on owner-occupied rehabilitation work.
- **Project Deliverables Provider:** provides one or more functions and is compensated as a Project Delivery Cost
Common Example- Provides construction write ups, inspections or surveys
- **Consultant:** hired to administer the program in its entirety.
Examples- Suwannee County, Holmes County, Jackson County

Housing Strategies:

h. Additional information

- Use this section to detail anything that is not covered in a section above.
- Examples: restrictions against assisting mobile homes or households receiving SHIP funds more than one time
- Referencing a separate policy: either summarize the policy in the affected strategies or attach the document as an exhibit

Types of SHIP Awards

Review of Handout “LHAP Strategies Worksheet”

Primary methods for expending SHIP funds:

- Directly to homeowners/homebuyers
- Homeownership awards to sponsors with a pass through to a homeowner/buyer
- Rental assistance awarded to/on behalf of tenants
- Awards to Developers of Rental Units

Awards Directly to Homeowners/Homebuyers

- Funds paid to mortgage holder for mortgage arrearages
- Funds paid to insurance company for deductible
- Funds paid to contractors
- Funds paid to government entity on behalf of homeowner/buyer
- Direct to homeowner/buyer

Homeownership Awards to Sponsors, Homeowner/Buyer Pass Through

- Detail the Developer's loan terms separately from terms for household receiving assistance

Rental Assistance Awarded to/on Behalf of Tenants

- Paid to landlord/management company/
service provider
- Paid to government entity
- Award Direct to tenant
- Provided as a Grant or Forgivable Loan

Awards to Developers of Rental Units

- Maximum Award per Unit and also per Property
- Monitoring Entity: Local Government, Landlord/Management Company, or Other



Awards to Developers

- For new home construction, how does the benefit flow from the sponsor to the end user?
- Be clear if properties will be acquired or they are owned by the developer



Suggested Text for SHIP Agreements with Developers of Tax Credit Properties



The developer agrees that, in consideration of the SHIP funds provided for this development, it will engage the compliance monitoring firm assigned to this project by FHFC to also monitor for compliance with the set-aside requirements for the SHIP funded units. The term for compliance monitoring will be concurrent with the term required under the extended use agreement that is recorded in the public records.

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STERLING COUNTY

Highlights from the Sample LHAP



When You're Lost, You're Here...Sterling!

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Designing Housing Strategies that Work

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Considerations



- Housing Stock
- Housing Needs
- Housing Cost
- Funding Sources
- Staffing
- Program policies and procedures

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What Resources?

Review Housing Stock/ Housing Needs Data

- <http://shimberg.ufl.edu>
- <http://flhousingdata.shimberg.ufl.edu>
- <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>
- <https://www.huduser.gov/portal/datasets/cp.html>
- <https://www.hudexchange.info/consolidated-plan/con-plans-aaps-capers/>
- **Local Comprehensive Plan**

Leverage your Resources

- Building partnerships
- The ability to use other resources to support affordable housing programs
- Combining several funding sources to support the same activity
- Getting others to invest in your activities or projects



Leveraging Different Funding Sources

Different funding sources have different:

Loan positions

Payment requirements

Firm commitments

Different long-term
affordability requirements

Different compliance
monitoring requirements

- Use of funds
- Timing

Different reporting
requirements

Definitions

Regulatory requirements

Rules related to beneficiaries

Requirements related to
default

Program income

Best Practices

- Use Separate Agreements for each funding source
- Keep separate files
- Reference in your agreements that when more than one funding source is used the strictest rule will apply
- Create policies & procedures that apply to any of your funding sources to reduce compliance issues
- Allow for expenditures to be transferred across different funding sources



Please complete the evaluation!



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