FLORIDA HOUSING COALITION'S 2009 STATEWIDE AFFORDABLE HOUSING CONFERENCE: THE ROUTE TO RECOVERY

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The ... oalition, Inc.

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The Florida Housing Coalition is a nonprofit, statewide membership organization whose mission is to act as a catalyst to bring together housing advocates and resources so that Floridians have a quality affordable home and suitable living environment. *The Housing News Network* is published by the Florida Housing Coalition as a service to its members, housing professionals and others interested in affordable housing issues. **Jaimie Ross**, *Editor*, with assistance from Johnitta Richards, Florida Housing Coalition Communications Manager • Email: *info@flhousing.org,* Web site: ***www.flhousing.org*** •

Legislative Wrap –Up 2009


Jaimie Ross

The omnibus housing bill for 2009 (HB 161 and SB 1042) was amended onto growth management legislation (SB 360). An article about the growth management portion of SB 360 authored by Charles Pattison, executive director of 1000 Friends of Florida, is on page 12.

The most substantive housing portions of that bill, such as the sensible property tax treatment for Community Land Trusts; the exemption from property taxes for nonprofits in the process of developing land for affordable housing; and the changes to the SHIP program, because of their importance to our membership, are treated separately within the Legislative Wrap-Up article, beginning on page 4.

TROUBLE FOR NON PROFITS

While these are certainly positive aspects to the affordable housing portion of SB 360, there is a particularly pernicious provision in the Act that has the potential to undermine the ability of nonprofits to develop affordable housing in Florida. Tucked into the Florida Statute 420.507, Powers of the Florida Housing Finance Corporation, is a new statutory requirement (420.507 (47)) that provides a preference for developers and general contractors domiciled in Florida who have substantial experience in developing or building affordable housing through FHFC's programs. This new statute provides that in evaluating whether a developer or general contractor has substantial experience, FHFC shall consider whether the developer or general contractor has completed at least five developments using funds either provided by or administered by FHFC.

Developing nonprofit capacity in Florida is a priority for the Florida Housing Coalition. Moreover, we are presently partnering with the Shimberg Center and the FHFC under a Windows of Opportunity Grant from the MacArthur Foundation to increase the capacity of nonprofits in Florida to preserve existing affordable housing (see article on page 17.)

The FHFC is required by this new section (47) of 420.507 to address this preference for Florida developers and contractors with substantial experience by rule. It is possible that rulemaking will soften the blow and it is also possible that a legal challenge will be brought in regard to the constitutionality of this statute. But if rulemaking or a constitutional challenge do not remedy this situation, most nonprofits will have to partner with for profits to develop affordable housing in Florida unless and until this statutory provision is repealed.

SADOWSKI FUNDING

The top two priorities for the Florida Housing Coalition, the Sadowski Workforce Housing Coalition, and other affordable housing advocates throughout the state was repeal of the cap on the state and local housing trust funds and appropriation of housing monies for housing. We were not successful on either front, but great gratitude is owed to all of our members for valiant efforts. So many of you sent emails, made phone calls, and came to Tallahassee for the Housing Day Rally on April 15th. And many others helped by the work you do every day to provide quality rental housing, to help first time homebuyers, to repair the homes of the elderly, and to save people from homelessness.

Florida has the best state housing programs in the nation, funded by a dedicated revenue source. We ran into a major roadblock with the Legislature in 2009. It may have been the recession; it may have been philosophical opposition to trust funds; it may have been a need for education, or a combination of all three. The reality is this: for the first time since the Sadowski trust fund programs were created in 1992, our tried and true SHIP, SAIL, and Catalyst Programs are not funded. The negative impact on Florida's economy will be lessened by the substantial affordable housing investment being made by the federal government. But the federal infusion is temporary. It is our job to ensure that Florida reinvests in affordable housing starting in 2010. HNN

***JAIMIE ROSS** is the President of the Florida Housing Coalition and the Affordable Housing Director at 1000 Friends of Florida.*

LEGISLATIVE WRAP-UP 2009

By Mark Hendrickson and Jaimie Ross

The last edition of the Housing News Journal focused on the essential role that affordable housing plays in Florida's economic recovery. Our two priority issues for the 2009 legislative session were repeal of the cap on the trust funds and appropriation of the housing trust fund monies for housing. The Florida Housing Coalition, the Sadowski Workforce Housing Coalition, and housing advocates around the state made the case that to accelerate economic recovery and avert the imminent increase in homelessness caused by the recession, we needed to restore the state and local housing trust funds.

We came very close to reaching our legislative priority to repeal the cap on the state and local housing trust funds. With the leadership of Representative Gary Aubuchon, the House voted to repeal the cap, but it failed in the Senate at the very end of the session.

Funding for affordable housing, on the other hand, never looked promising at all this session. The total revenue projected to be distributed to the state and local housing trust funds for fiscal year 2009-10 was $123.01 million. Of those projected monies, the Florida Legislature took $91.9 million out of the trust funds to use for other purposes, leaving only $31.11 million for housing. This means that there was no appropriation for successful existing programs such as SAIL, PLP, or the Catalyst program, that provides free training and technical assistance to nonprofits and local governments.

Representative Ron Saunders filed HB 25 to repeal the cap on the state and local housing trust funds and has been a steadfast champion for affordable housing throughout his tenure in the Legislature.

Representative Gary Aubuchon, sponsored the omnibus housing bill (HB 161) and the amendment to repeal the cap on the trust funds. He won unanimous approval to repeal the cap in the House of Representatives, an historic event.

Program	FY07-08 Funding Level—Actual	FY08-09 Funding Level—Actual before 1-09 Raid	FY08-09 Funding Level—Actual after 1-09 Raid	Governor's FY09-10 Proposed Funding Level	Final Appropriation Level FY09-10
Total Available for Appropriation	$709,000,000	$576,200,000	$529,972,000	$175,400,000	$121,010,000
Florida Housing Basic Programs (SAIL, HAP, PLP, Catalyst Training & Technical Assistance, & Guaranty Fund)	$ 70,500,000	$ 70,500,000		$45,520,000	$0
SHIP	$166,200,000	$166,183,500		$115,761,150	$0
SHIP Monitoring	$ 400,000	$ 416,500		$ 374,850	$0
Homeless	$ 5,900,000	$ 5,900,000		$ 5,900,000	$ 5,000,000 (GR)
Florida Housing Additional SAIL	$ 60,000,000	$ 22,500,000			
Florida Housing Additional Down Payment (HAP)	$ 10,000,000	$ 20,000,000			
CWHIP	$ 62,400,000				
Extremely Low Income (ELI)	$ 15,000,000	$ 5,000,000			
Preservation Rehab Pilot	-0-	$ 10,000,000			
DCA Planning	$ 400,000				
DCA Building Code Compliance				$ 2,000,000	
Downpayment Assistance related to $8,000 Federal Tax Credit					$ 30,110,000
Public Housing				$ 5,000,000	$ 1,000,000
Community Contribution Tax Credit		$ 2,500,000			
TOTAL APPROPRIATED FOR HOUSING	**$390,800,000**	**$303,000,000 -$87,800,000 Or -22.5%**	**$189,972,000 -$200,828,000 OR -51.4%**	**$174,556,000**	**$ 36,110,000 -$153,862,000 OR -81.0%**
Swept to General Revenue by Appropriation	-0-	$250,000,000	$340,000,000	$0	$ 91,900,000
Swept to General Revenue by Cap	$ 96,000,000	$ 87,600,000	$0	$0	$0
TOTAL SWEEP TO GR	**$ 96,000,000**	**$337,800,000**	**$340,000,000**	**$0**	**$ 91,900,000**
Trust Fund Monies Not Appropriated for Housing or Swept to GR	$318,200,000	$ 23,200,000	$0	$ 444,000	$0

Note: Total sweep to GR over three year period is the sum of FY07-08 ($96 million) plus FY08-09 ($340 million) plus FY09-10 ($91.9 million) = $527.9 million

$30.11 million was appropriated to a program which will provide down payment assistance loans to first time homebuyers who are eligible to receive the tax credit of up to $8,000 provided in the federal economic stimulus bill (see page 9), and $1 million is appropriated for public housing repairs.

The $91.9 million diversion of housing trust fund monies to general revenue is in addition to the $250 million that was diverted to general revenue in 2008 and another $190 million in January, 2009-making $531.9 million the one year total of housing monies diverted from housing. $531.9 million of state funding for housing would have produced:

- $2.257 billion of housing
- $4.074 billion of total economic activity, of which $1.585 billion is earnings/income
- 40,956 jobs

Affordable housing is a key driver in Florida's economic recovery, but that message did not prevail in the 2009 legislative session.

Legislative Wrap-Up 2009: Community Land Trusts

We did it! It's taken several years, but we finally have statutory direction for property appraisers to assess community land trust properties in a sensible way—in accordance with the resale restricted value, not the price the property could fetch were it not a community land trust property. This statute simply codifies what the county property appraiser is already doing in many communities, but some property appraisers took the position they could not take the resale restriction into consideration without this statutory change. So here it is:

193.018
Land owned by a community land trust used to provide affordable housing; assessment; structural improvements, condominium parcels, and cooperative parcels.—

(1) As used in this section, the term "community land trust" means a nonprofit entity that is qualified as charitable under s. 501(c)(3) of the Internal Revenue Code and has as one of its purposes the acquisition of land to be held in perpetuity for the primary purpose of providing affordable homeownership.

(2) A community land trust may convey structural improvements, condominium parcels, or cooperative parcels, that are located on specific parcels of land that are identified by a legal description contained in and subject to a ground lease having a term of at least 99 years, for the purpose of providing affordable housing to natural persons or families who meet the extremely-low-income, very-low-income, low-income, or moderate income limits specified in s. 420.0004, or the income limits for workforce housing, as defined in s. 420.5095(3). A community land trust shall retain a preemptive option to purchase any structural improvements, condominium parcels, or cooperative parcels on the land at a price determined by a formula specified in the ground lease which is designed to ensure that the structural improvements, condominium parcels, or cooperative parcels remain affordable.

(3) In arriving at just valuation under s. 193.011, a structural improvement, condominium parcel, or cooperative parcel providing affordable housing on land owned by a community land trust, and the land owned by a community land trust that is subject to a 99-year or longer ground lease, shall be assessed using the following criteria:

(a) The amount a willing purchaser would pay a willing seller for the land is limited to an amount commensurate with the terms of the ground lease that restricts the use of the land to the provision of affordable housing in perpetuity.

(b) The amount a willing purchaser would pay a willing seller for resale- restricted improvements, condominium parcels, or cooperative parcels is limited to the amount determined by the formula in the ground lease.

(c) If the ground lease and all amendments and supplements thereto, or a memorandum documenting how such lease and amendments or supplements restrict the price at which the improvements, condominium parcels, or cooperative parcels may be sold, is recorded in the official public records of the county in which the leased land is located, the recorded lease and any amendments and supplements, or the recorded memorandum, shall be deemed a land use regulation during the term of the lease as amended or supplemented.


Rep. Fitzgerald

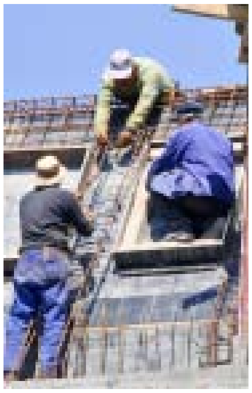
First and foremost, we have Representative Keith Fitzgerald to thank for this new statute. He has championed this effort for the past three years and successfully carried the CLT bill (HB 267) through every committee in the House. Ultimately, the bill was amended to Representative Aubuchon's omnibus housing bill (HB 161) and passed in the Senate as part of Senator Bennett's amendment to SB 360.

CLTs- remember to record your 99 year CLT ground lease or memorandum of the ground lease in the public records!

Legislative Wrap-Up 2009:

Property Tax Relief for Nonprofits

When nonprofit corporations own land that is in use for affordable housing they are entitled to property tax exemption in Florida. But "in use" means that the property is actually occupied by income eligible persons, such as when a nonprofit owns housing that is rented to income eligible people.



The problem that "in use" poses for nonprofits in the business of providing home ownership opportunities is that from the time the nonprofit takes title to land until it sells that property to the income eligible homebuyer, it is saddled with a property tax bill.

The 2009 Legislature addressed this issue with this statutory change contained in SB 360: Section 196.196

> Property owned by an exempt organization qualified as charitable under s. 501(c)(3) of the Internal Revenue Code is used for a charitable purpose if the organization has taken affirmative steps to prepare the property to provide affordable housing to persons or families that meet the extremely-low income, very-low-income, low-income, or moderate-income limits, as specified in s. 420.0004. The term "affirmative steps" means environmental or land use permitting activities, creation of architectural plans or schematic drawings, land clearing or site preparation, construction or renovation activities, or other similar activities that demonstrate a commitment of the property to providing affordable housing.
>
> If property owned by an organization granted an exemption under this subsection is transferred for a purpose other than directly providing affordable homeownership or rental housing to persons or families who meet the extremely-low income, very-low-income, low-income, or moderate-income limits, as specified in s. 420.0004, or is not in actual use to provide such affordable housing within 5 years after the date the organization is granted the exemption, the property appraiser making such determination shall serve upon the organization that illegally or improperly received the exemption a notice of intent to record in the public records of the county a notice of tax lien against any property owned by that organization in the county, and such property shall be identified in the notice of tax lien. The organization owning such property is subject to the taxes otherwise due and owing as a result of the failure to use the property to provide affordable housing plus 15 percent interest per annum and a penalty of 50 percent of the taxes owed.
>
> Such lien, when filed, attaches to any property identified in the notice of tax lien owned by the organization that illegally or improperly received the exemption. If such organization no longer owns property in the county but owns property in any other county in the state, the property appraiser shall record in each such other county a notice of tax lien identifying the property owned by such organization in such county which shall become a lien against the identified property. Before any such lien may be filed, the organization so notified must be given 30 days to pay the taxes, penalties, and interest.
>
> If an exemption is improperly granted as a result of a clerical mistake or an omission by the property appraiser, the organization improperly receiving the exemption shall not be assessed a penalty or interest.
>
> The 5-year limitation specified in this subsection may be extended if the holder of the exemption continues to take affirmative steps to develop the property for the purposes specified in this subsection.

Additional Property Tax Relief

Section 196.1978 has provided a real property tax exemption for nonprofits owning property that is used for affordable housing (extremely low to moderate income). The 2009 Legislature expanded the exemption to apply to Florida-based limited partnerships, the sole general partner of which is a nonprofit 501 (c) (3)corporation. This means that a tax credit development with a nonprofit general partner can claim tax exemption even though the limited partnership that owns the property is a for-profit entity. While benefiting truly non-profit developments, a caveat is that this provision can be abused if a for-profit developer uses a compliant nonprofit (who plays no meaningful role in the development's construction or long-term operations) to gain tax exemption for what is truly a for-profit operation.

Legislative Wrap-Up 2009: Changes to SHIP

While the Legislature failed to fund SHIP, it did go forward with a number of changes; the more significant provisions are summarized below:

Manufactured Housing

Manufactured housing is now eligible for SHIP funds – provided it is constructed after June 1994 and installed in accordance with the installation standards for mobile or manufactured homes contained in ruled of the Department of Highway Safety and Motor Vehicles. A maximum of 20% of SHIP funds may be used for manufactured housing.

Foreclosure

SHIP statute is revised to create a permissible use for SHIP funds that may not be in the local HAP- specifically, it may provide a one-time relocation grant to SHIP income eligible tenants who are being evicted due to the foreclosure of the rental property they are living in. The tenant's rent payments must be current and the grant is limited to $5,000. But this new eligible use of SHIP funds is only good through July, 1, 2010.

Green Provisions

The local HAP shall describe initiatives to encourage or require innovative design, green building principles, storm- resistant construction, or other elements that reduce long-term cost relating to maintenance, utilities, or insurance.

Preservation

Each county and each eligible municipality is encouraged to develop a strategy within its local HAP which provides program funds for the preservation of assisted housing. (Definitions are added for "assisted housing" and "preservation"). If and when preconstruction /due- diligence activities for preservation show that preservation of the units is not feasible, the SHIP funds (not to exceed 3% of the annual local housing distribution) are deemed a program expense rather than an administrative expense of the SHIP program.

Prohibition of Use of SHIP funds as a Grant

A new section is created that provides the SHIP jurisdiction may award funds as a grant for construction, rehabilitation, or repairs as part of disaster recovery or emergency repairs or to remedy accessibility or heath and safety deficiencies. Any other grants must be approved as part of the local housing assistance plan.

Miscellaneous

- The FHFC is authorized to withhold up to $5 million for disasters, and another $5 million to purchase properties subject to SHIP liens that are in foreclosure.

Of course, these provisions are of no consequence this year, as the Legislature chose not to fund SHIP, except for the $30 million appropriation for down payment assistance for the federal tax credit Homebuyer program (see article on next page).

- 420.9071- amends the definition of "annual gross income" to permit the definition by standard practices used in the lending industry as detailed in the local housing assistance plan and approved by the corporation"

- Local housing assistance plans are now required to specifically address persons with disabilities and include information on the number of persons served with disabilities in the annual report.

- The upper limit of income eligibility is raised to 140% of area median income. There is, of course, no requirement to assist persons or households with such high incomes, but it is now permissible, regardless of whether it is a high cost area.

- The AHAC requirement to have one member from local planning agency is changed to provide that if the local planning agency is comprised of the governing board of the county or municipality, it may appoint a designee who is knowledgeable in the local planning process. (This avoids having an elected official from having to serve on the AHAC). HNN

Legislative Wrap-Up 2009:

Florida Homebuyer Opportunity Program
Federal Tax Credit for Homebuyers

The federal stimulus legislation (ARRA) created a tax credit for persons who purchase a home before December 1, 2009. The value of the credit is the lesser of $8,000 or 10% of the purchase price of the home. The credit can be claimed on either 2008 or 2009 taxes (amended return for 2008).

Unlike many tax credits, the value is the full $8,000. If the credit takes the homebuyers tax liability below $0, they receive a refund. Because many first-time homebuyers have withholding taxes that equal or exceed their actual tax liability, they are likely to receive a refund check in the $6,000 to $8,000 range.

The problem is that getting a tax credit at some later point in time does not help the homebuyer purchase the home. They need assistance with downpayment and/or closing costs—particularly first-time buyers. The value of the tax credit is maximized when it is capitalized as downpayment assistance.

Several states and local jurisdictions are working to capitalize the tax credit—including the State of Florida. If one looks at this from a risk perspective, the prospects of repayment in a timely manner are much higher than a typical HFA DPA loan (which is usually due when the property is sold or refinanced). For most recipients of the tax credit, repayment is possible within one year. The tax credit DPA would be secured by the same level of mortgage/note that secure other HFA DPA loans. Most SHIP DPA loans are secured by notes and mortgages, and have a 0% interest rate, due on sale or refinancing.

Florida Homebuyer Opportunity Program

The Florida legislature appropriated $30,110,000 to capitalize the tax credit. The funds will be distributed to SHIP jurisdictions for use according to a local strategy to be adopted by each local government (meaning the exact structure will not be the same in every city or county). The state is requiring each locality to adopt a SHIP strategy to implement the program.

The following exceptions to SHIP guidelines apply:

(a) The maximum income limit shall be an adjusted gross income of $75,000 for single taxpayer households or $150,000 for joint-filing taxpayer households, which is equal to that permitted by the American Recovery and Reinvestment Act of 2009;

(b) There is no requirement to reserve 30 percent of the funds for awards to very-low-income persons or 30 percent of the funds for awards to low-income persons;

(c) There is no requirement to expend 75 percent of funds for construction, rehabilitation, or emergency repair; and

(d) The principal balance of the loans provided may not exceed 10 percent of the purchase price or $8,000, whichever is less.

The Florida legislation states that the homebuyer is expected to use their federal income tax refund to fully repay the loan. If the county or city receives repayment from the homebuyer within 18 months after the closing date of the loan, the county or eligible municipality is required to waive all interest charges. A homebuyer who fails to fully repay the loan within the earlier of 18 months or 10 days after the receipt of their federal income tax refund, shall be subject to repayment terms provided in the local housing assistance plan, including penalties for not using his or her refund for repayment. Penalties may not exceed 10 percent of the loan amount and shall be included in the loan agreement with the homebuyer.

In order to maximize the effect of the funding, the counties and cities are encouraged by the legislation "to work with private lenders to provide additional funds to support the Initiative". However, in all instances, the counties and eligible municipalities shall make and hold the subordinate loan. **HNN**

Note: As this issue was going to press HUD released an updated Mortgagee Letter on using the first time buyer tax credit. For more information go to the Coalition's SHIP Blog at http://flhousing.blogspot.com/.

Legislative Wrap-Up 2009:
The Federal Government Steps Up

The American Recovery and Reinvestment Act (ARRA), also known as the Economic Stimulus Bill, was signed into law on Feb. 17, 2009, by President Obama to boost the nation's employment and the economy. With housing remaining a top issue in the nation's overall economic recovery process, the ARRA provides several substantial affordable housing provisions. From the state and local government perspective, the two most significant programs are the Neighborhood Stabilization Program (NSP), which is funded from the Housing and Economic Recovery Act (HERA), and the Weatherization Assistance Program funded by the ARRA.

Neighborhood Stabilization Program

Created by HERA in 2008, the Neighborhood Stabilization Program's (NSP) goal is to provide targeted emergency assistance to state and local governments to acquire and redevelop foreclosed and abandoned properties within their communities. To the greatest extent feasible, this redevelopment should provide green and long term affordable housing. Using community land trusts to purchase and steward these properties is a natural fit with the NSP program.

The Florida Housing Coalition conducts workshops and site visits with local government staff and their private sector for profit and nonprofit partners

Florida is receiving $541 million in NSP funds through direct allocation to 48 communities hardest hit by foreclosures and through an allocation of $91 to 25 other communities administered through the Florida Department of Community Affairs. The Florida Housing Coalition is providing free technical assistance to all of the communities receiving NSP monies through the DCA.

In 2009, ARRA provides $2 billion in additional funding nationwide for the NSP (known as NSP 2), which will include money for technical assistance and program implementation. The FHFC and the Florida DCA are applying as a Consortium to have the Florida Housing Coalition provide technical assistance throughout the entire state. The technical assistance and the implementation funds from NSP 2 will be distributed on a competitive basis. Applications for NSP 2 implementation monies are due to HUD on July 17, 2009.

Weatherization Assistance Program

ARRA will also provide additional funding for direct spending on green initiatives and green tax incentives. At the top of ARRA's green building provisions is $5 billion in funding for the Weatherization Assistance

Program (WAP). Florida is marked to receive more than $175 million in weatherization funding, which will help reduce energy costs for Florida's low-income families by increasing the energy efficiency of their homes.

ARRA changes to the existing WAP include an increase in the maximum amount to be spent per dwelling unit to $6,500 (up from $2,500 in current program) and flexibility to serve up to 200 percent of the federal poverty guidelines (up from 150 percent in the current program). The WAP application sent from the DCA to the Department of Energy on May 12, 2009 includes a strategy to use Weatherization funds to preserve multifamily affordable housing in addition to single family homes. For further information regarding the NSP program or the WAP program contact the Florida Department of Community Affairs at ***www.dca.state.fl.us/***

Conclusion

While the federal stimulus monies for Florida are substantial, the programs funded by the federal government do not serve the same purposes or take the place of our excellent local and state housing trust fund programs, like SHIP and SAIL. Housing advocates will continue to pursue funding for those programs, while we work diligently to use these significant federal housing economic stimulus dollars in an expedient and effective manner to create green construction jobs, prevent homelessness, and improve housing for low income and extremely low income Floridians. **HNN**

ADDITIONAL ARRA HOUSING MONIES ARE:

Community Development Block Grant (CDBG)
$64.5 billion to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income.
www.hud.gov/recovery/cdblock.cfm

Homelessness Prevention and Rapid Recovery Housing Program (HPRP)
$1.5 billion to prevent individuals and families from becoming homeless and help those who are experiencing homelessness to be quickly re-housed and stabilized
www.hud.gov/recovery/homeless-prevention.cfm

Elderly, Disabled and Section 8 Assisted Housing Energy Retrofit
$89.9 million to return the program to full funding for the existing contracts.
www.hud.gov/recovery/pbrassistance.cfm

Public Housing Capital Funds
Competitive - ***www.hud.gov/recovery/phcapfundh.cfm***
Formula - ***www.hud.gov/recovery/phc-fund.cfm***
Formula FAQ - ***www.hud.gov/offices/pih/programs/ph/capfund/ocir/rcryact-faq.pdf***

Low Income Housing Tax Credit
Grant money for "gap" called TCAP from HOME program. Exchange program called TCEP- both administered in Florida by the Florida Housing Finance Corporation. ***www.floridahousing.org***

Energy Efficiency and Conservation Block Grant and /State Energy Program
Both administered out of Governor's Energy Office
www.eecbg.energy.gov/grantalloc.html

Resources and Information
HUD ***www.hud.gov/recovery/***
DOE ***www.energy.gov/recovery/index.htm***

Legislative Wrap-Up 2009 Co-Authors

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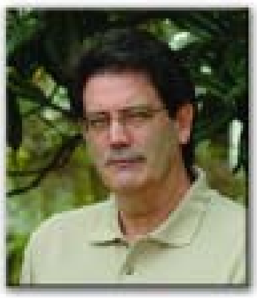
***JAIMIE ROSS**, is the Affordable Housing Director at 1000 Friends of Florida and the president of the Florida Housing Coalition. She initiated the Sadowski Coalition in 1991 and continues to facilitate the Sadowski Workforce Housing Coalition. today.*

The 2009 Growth Management Bill: SB 360



By Charles Pattison

This year's growth management bill, SB 360, was ultimately opposed by most of the leading conservation, planning and advocacy organizations including 1000 Friends of Florida as well as editorials from most of the state's leading papers. That big group also includes the Florida Chapter of the American Planning Association, the organization representing all planners. Why the concern over a bill that many of the same groups initially supported?

The very good stated intent of this bill was to promote as a jobs and economic recovery strategy incentives for new growth and development to locate into "dense urban land areas." This would not only locate development where it was wanted, but it would prevent sprawl into rural and undeveloped agricultural and natural areas. Who could argue with that?

That would be anyone who understood that the "1000 people/square mile," the qualifying standard, misses the mark by a factor of 10. Calling something with a density of one dwelling unit/acre or less is hardly urban, and it certainly is not dense. Although changes were made to tighten this definition, it was not enough as evidenced by the 245 cities and 8 counties that automatically "qualify" as dense urban land areas. And on top of that is a generous allowance for non-qualifying cities and counties to designate certain areas for the same incentives.

Those incentives include waivers for transportation concurrency and the elimination of the Development of Regional Impact (DRI) program within the qualifying or designated areas. But here's what happens when these incentives are scattered across too broad an area when the qualifying definition picks up areas that are not really urban or developed.

Miami-Dade, Broward, Palm Beach, Pinellas, Hillsborough, Orange, Seminole and Jacksonville-Duval qualify in their entirety as dense urban areas, except for those portions outside of already designated urban service areas.

In waving transportation concurrency, the local government financial underpinning for dealing with transportation options is undercut in the very areas experiencing the worst traffic congestion. Tie this to the usually substantial transportation impacts caused by DRIs, and the elimination of the flawed but important proportionate share cost requirements, and the alarm expressed by local governments and the public begins to make more sense. Add to this the elimination of a coordinated local government process for addressing what are real extra-jurisdictional development impacts, and you have the makings for the end of effective and coordinated growth management.

Positive aspects of the growth management portion of the bill certainly exist, including the development of a mobility fee to replace the balkanized transportation concurrency process. But SB360 shows what happens when a well intentioned bill moves quickly through the legislative process without adequate time to debate and consider the consequences from the many valid stakeholder perspectives.

1000 Friends will be working with local governments to assist them in responding to the impacts from SB 360, including the need to adopt local ordinances to deal with the affordable housing impacts from large scale developments. The DRI law has an "Adequate Housing Rule", which is part inclusionary housing and part linkage fee provision. The jurisdictions that will no longer be subject to the DRI law due to SB 360, would be wise to adopt local ordinances to address the need for affordable housing in large scale developments in their communities. 1000 Friends of Florida can provide local governments with model ordinances for that purpose. HNN

__CHARLES PATTISON__, FAICP, is President of 1000 Friends of Florida. This statewide non-profit organization was created in 1986 to serve as watchdog over growth management in Florida. He has more than 30 years of experience in comprehensive planning in Florida with local, state and regional government.

Access Smart Growth for Florida's Future on our website at ***www.1000friendsofflorida.org/PUBS/Smartgrowthforfloridasfuture.pdf***

The Advent of Form-Based Codes: A Critical Time to Ensure Mixed Income Communities

By Jaimie Ross

An entrance road leading to large single family lots of equal size on roads with cul-de-sacs in a subdivision with one way in and one way out. That's a pretty typical suburban development in Florida, and there are certainly families who enjoy that lifestyle. But a growing number of Floridians do not. They are looking for a more urban environment in which large privately owned green space gives way to public parks, and compact residential development is in walking distance to shops and community activities. This is the move from sprawl to smart growth. It is the move from Euclidian zoning to form based zoning.

Celebration is a trendy new urbanism community in the heart of the Disney World employment center, but has little or no housing within the price range of service workers in the tourism industry.

Euclidian Zoning

The most common form of zoning found in Florida, as well as the rest of the country, is Euclidian zoning. This type of zoning delineates land uses for specific geographic areas, separating residential, commercial, and industrial from each other. These three categories are further split into even more specific zones such as: single family residential; multi family residential; rural residential; general agricultural; light industrial; heavy industrial; commercial office; conservation and recreation. Those specific zones are further defined by maximum densities. A consequence of Euclidian zoning is economically segregated communities where residents have to drive to shops and community services.

New Urbanism

New urbanism or traditional neighborhood design (TND) is a land use model that breaks from the Euclidian zoning model. New urbanism embraces the development of mixed use and mixed income communities, where residential and commercial uses co-exist, and housing options are expanded to include attached housing, live-work housing, and rental options, in addition to home-ownership.

Although new urbanism does not fit into the Euclidian zoning model, Florida has some 60 new urbanism communities. The new urbanism developments have arisen from the development of greenfields (undeveloped land) or the redevelopment of land that has been master planned through the large scale PUD (planned unit development) or DRI (development of regional impact) process. The PUD and DRI process involve a negotiation of land uses during the master plan process.

With the exception of HOPE VI redevelopments, almost none of the new urbanism communities in Florida include affordable housing. The price points that start off in the affordable range for the town homes in the new urbanism community quickly rise

The HOPE VI program required new urbanism design for the redevelopment of public housing authority property. With virtually no exception, these HOPE VI developments are the only new urbanism developments in Florida that have affordable housing.

due to the desirability of the new urbanism community and the pent up market demand for living in a mixed use community. The irony is that affordable housing is a principle of new urbanism (see ***www.cnu.org***). But without a government requirement to ensure that a certain percentage of the housing remains in the affordable housing stock, the affordable homeownership housing built today becomes unaffordable upon resale, and unless the rental stock is built with housing finance subsidies, such as tax credits, the apartments will fetch market rates.

Form-Based Zoning

Form-based zoning is a new and growing trend that codifies the new urbanism or TND form. In form-based zoning, rather than focus on the use of the land, focus is placed on how the land use is designed. This emphasis on the physical layout, or form, means that commercial and residential areas can be mixed, as long as they conform to the same physical restrictions. As in Euclidian zoning, the form-based method comes with visual aids so that it can be properly implemented. However, since form-based zoning is more complex, it does not simply use zoning map, it is also common to use architectural images that illustrate the forms for different land uses.

The form-based model was developed to counter the urban sprawl that was the consequence of the Euclidian model. Specifying items such as sidewalk width, window size, building density, and architectural items allows a community to create an environment where the town model that they envision is more likely to succeed. For example, a city that wants to foster downtown development is more likely to have a vibrant downtown if they have proper sidewalks, adequate parking, buildings that front along the sidewalks, proper signs, and other specifics that Euclidian zoning does not deal with. Ultimately, form-based zoning embraces the new urbanism model. And typically, the form-based model is not used jurisdiction wide, although Miami is on the precipice of adopting a jurisdiction-wide form-based code, known as "Miami 21." The Miami 21 Zoning Code is a form-based code guided by tenets of new urbanism and smart growth principles (see ***www.miami21.org***).

CityPlace in West Palm Beach was the redevelopment of a distressed area that housed the extremely low income in substandard conditions. This new urbanism community is now home to high priced residences in a mixed use vibrant downtown hotspot.

How Does Affordable Housing Fit Within the Form-Based Code?

Form-based zoning creates opportunities for affordable housing through its focus on design/form rather than use. It encourages a mix of uses and does not deny development based on more intensity or density in the way Euclidian zoning does. It creates a regulatory environment that is more conducive to producing affordable housing by

Baldwin Park

Baldwin Park is the new urbanism redevelopment of the former Navy Base in Orlando, publicly owned land that was redeveloped without providing for affordable housing.

providing developer benefits such as development by right and expedited permitting.

When local government adopts a form-based zoning code for a portion or all of the land within its jurisdiction it is increasing the development value of privately owned land. The right to develop in the new urbanism model is bestowing development benefits and incentives that should be coupled with a requirement that a certain percentage of the housing developed be affordable. Without an inclusionary housing requirement, the government has used its land use authority to increase private property values without securing the public benefit of affordable housing.

Best practices for ensuring an adequate supply of affordable homes in each new urbanism community include:

- A determination of the percentage of housing that should be affordable. This number may range from 10- 25 percent, and is typically derived from housing needs data and an accommodation for what is economically feasible.

- The percentage of affordable housing should be further defined by target incomes. The definition should be segmented to provide a percentage of homes within reach of extremely low, very low, low, and moderate incomes. Different products will be used to meet the differing target income groups. For example, accessory dwelling units (a commonly permitted housing type in new urbanism developments) provide rental housing opportunities for extremely low income people. Modest single family homes or town homes may be appropriate for low or moderate income people.

- A mechanism must be in place for ensuring affordability long term or in perpetuity. Deed restrictions can be used for long term affordability and community land trusts are an excellent mechanism for permanent affordability. The need for ensuring long term or perpetual affordability is particularly acute in new urbanism communities, as the desirability of the community will drive the price or rent up just as soon as the restriction is removed.

In Florida, the need to include an inclusionary housing requirement in all form based codes is fundamental; it is a planning and legal obligation of the Florida Growth Management Act. Section 163.3177 of the Florida Growth Management Act requires every local government to provide for housing its entire current and anticipated populations, including those at all income levels.

Florida is the poster child for lost affordable housing opportunities in the context of new urbanism. It is time to turn that around and ensure that an appropriate amount of housing within each area developed pursuant to a form-based code or pursuant to a master plan for new urbanism is affordable for the long term. **HNN**

Enterprise Partners produced a symposium with a panel of three national experts on inclusionary housing to address the City of Denver's form based zoning efforts, (left to right) Jaimie Ross, 1000 Friends of Florida; Kalima Rose, PolicyLink, California; Rick Garcia, Councilman and President Pro-tem, City and County of Denver; and John McIlwain, Urban Land Institute, D.C. The forum was held in Denver in May 2009.

Five main features in a form-based code:

1. **Regulating Plan:** The regulating plan denotes what land is covered under the different form-based regulations, similar to what the zoning map does under Euclidian zoning.

2. **Public Space Standards:** This portion of form-based zoning pertains to the parts of the plan that are for public use, such as the sidewalks and streets. For example, including pedestrian amenities such as benches, wide sidewalks, trees, and multiple trashcans encourage foot traffic.

3. **Building Form Standards:** These standards make the design of the buildings conform to its use and the use of the public space around it. This can include requirements such as maximum or minimum building height, minimum window coverage, minimum or maximum distance to sidewalks and any other physical characteristic that would affect how the building can better relate to the space around it.

4. **Administration:** A clearly defined application and project review process.

5. **Definitions:** A glossary to ensure the precise use of technical terms.

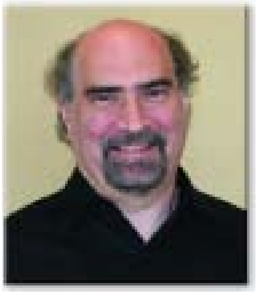
Additional provisions include architectural materials, landscape design, acceptable signage, and environmental guidelines.

For more information contact the Form-Based Codes Institute ***www.formbasedcodes.org***

The MacArthur Foundation Supports Florida's Preservation Efforts

MacArthur Foundation President Jonathan Fanton (left) and Congressman Barney Frank, chairman of Financial Services Committee (right) congratulate Florida grantees Nancy Muller of the FHFC, Stan Fitterman and Jaimie Ross of the FHC, and Anne Ray of the Shimberg Center.

Photo by Dave Scavone



By Stan Fitterman

The John D and Catherine T. MacArthur Foundation has awarded the Florida Housing Coalition $475,000 under the Foundation's Window of Opportunity Initiative on Rental Housing Preservation. Under this three-year program, the Coalition will work to create more mission-driven organizations with the experience and capacity needed to preserve existing rental properties that provide housing for extremely low-income households and people with special needs. The Coalition will accomplish this through trainings in workshop settings as well as by providing a small number of nonprofit developers with substantial technical support on specific transactions through the pre-development, acquisition, and long-term financing phases of projects.

The focus of this effort will be on preserving the affordability of units that have project-based rental assistance. According to the Shimberg Center for Housing Studies, there are more than 58,000 such units in Florida. The Shimberg Center estimates that extremely low-income families, those earning less than 30 percent of median, live in over 76 percent of the HUD-funded project-based rental assistance units. Another 20 percent of these HUD units serve families earning between 30-50 percent of median. The Shimberg Center estimates also show that very low-income families, those earning

The Shimberg Center estimates show that families earning less than 50 percent of median occupy 89 percent of the units.

less than 50 percent of median, occupy 89 percent of the units that have Rural Development funded project-based rental assistance.

The Need for Preservation

Assisted rental housing is built with public subsidy and comes with restrictions on the rents that can be charged and households that can be served. Eventually, however, these restrictions expire. According to the Shimberg Center's Assisted Housing Inventory, Florida has 272,025 units of privately owned rental housing with federal, state or local subsidies. By 2015, the subsidy will expire on 43,830 of these units. Of those that will expire by 2015, over 70 percent are units with HUD-funded project-based rental assistance. Therefore, the units serving the lowest income families are at the greatest risk of being lost the soonest.

How Did We Get Here

The origin of today's housing preservation problem dates back to programs created in the Kennedy and Johnson eras. These programs, Section 221(d)(3) and Section 236 of the National Housing Act represented the federal government's first attempt to stimulate private sector involvement in the production of low- and moderate-income housing. Under the Section 221(d)(3) program, the federal government offered below-market interest rate direct loans to developers at a rate of three percent. Developers of projects under the Section 236 program received a monthly interest reduction payment that reduced the interest rate to one percent. Tenant rent for Section 236 deals was set at an amount required to cover operating expenses plus the debt service at the one percent rate. The difference between the actual debt service, at 8 percent for instance, and the tenant's one percent payment was paid directly to the lender. This approach enabled both private owners and private lenders to directly participate in public sector housing programs.

As owners around the country began to prepay their mortgages and convert their units to market rate, a debate erupted over the future of privately owned, publicly subsidized housing with expiring use restrictions.

In addition to the mortgage subsidies, the federal government also insured the loans through the Federal Housing Administration (FHA), guaranteeing to lenders that the federal government would pay the outstanding loan in the event of default. Owners also received additional subsidies through substantial tax incentives including accelerated depreciation and mortgage interest deductions that were used to offset income tax liabilities. In effect owner and lender risk in most of these developments was virtually nonexistent. To sweeten the deal even further, while the subsidized mortgages were typically written for a 40-year term, in most cases owners were permitted to prepay the note, terminate the low- and moderate-income use restrictions, and convert the property to its highest and best use after just 20 years.

Fast forward 25 years. Housing markets heat up and owners begin to realize that, by invoking their right to prepay and convert their properties to market-rate housing, they could achieve substantial profits. For example, if a typical project cost $25,000 per unit to build, 20 years later it might have an outstanding mortgage debt of $20,000 and a market value of $45,000, leaving the owner with a residual equity value of $25,000. At the same time, due to the accelerated depreciation and other factors, the typical prepayment eligible project had become a tax liability for its owner: many owners found themselves paying taxes in excess of actual cash received from the allowable limited dividend. This so-called "phantom income" problem created an additional incentive to prepay, refinance, and convert the properties to market-rate housing.

The Response to the Early Conversions

As owners around the country began to prepay their mortgages and convert their units to market rate, a debate erupted over the future of privately owned, publicly subsidized housing with expiring use restrictions. Owners opposed any restrictions on their contractual right to prepay their loans and opt out of the rent restrictions. Housing advocates argued that the program's goal of providing affordable rental housing should take priority over the owner's windfall profits. By the late 1980's two federal laws were passed that prohibited mortgage prepayments while giving owners incentives to keep the housing affordable for another 20 to 50 years. These incentives included additional FHA mortgage insurance and project-based rental assistance. Owners could either retain ownership or sell to priority purchasers (nonprofits, tenant organizations, state or local governments) that would agree to the same rent restrictions. In 1996, however, Congress restored owners' prepayment rights and terminated all federal preservation funding. The goal of federal policy shifted dramatically from preserving the housing to protecting existing residents from displacement. Enhanced Vouchers became the cornerstone of the new federal preservation policy. Enhanced Vouchers were provided to eligible low-income tenants—and in some cases to moderate-income tenants—at the point of prepayment. Unlike regular vouchers, which are limited by the public housing authority's payment standard, Enhanced Vouchers are provided at the comparable market rent (as determined by the public housing authority) if the tenant chooses to stay in the housing.

Pictured from left to right at the press conference announcing the $1 million dollar award from the MacArthur Foundation, are Anne Ray, Steve Auger, and Jaimie Ross, respectively representing the Shimberg Center, the FHFC, and the Florida Housing Coalition.

Section 8 Housing Stock

In 1974, the Section 8 program was created by the federal government to provide a new incentive for private developers. This program requires the tenant to pay a portion of their income for rent and utilities, generally around 30 percent, and the property owner is paid the difference between the tenant's share and the fair market rent for that unit. These Section 8 subsidy contracts were either project-based (tied to the unit) or tenant-based (mobile subsidies, now called vouchers), which moved with the individual tenant. Section 8 provided a much deeper subsidy to the tenants than the earlier mortgage subsidy programs, enabling families with much lower incomes to benefit. For owners and lenders, it virtually guaranteed the rent needed to cover debt service, operating expenses and profit. The project-based Section 8 inventory is divided into two stocks: older assisted and newer assisted housing. The older assisted Section 8 inventory consists primarily of projects financed under Section 221(d)(3) and Section 236, including properties with expiring use restrictions. Section 8 contracts were added on top of the existing mortgage subsidies to protect very low-income families who could not afford the budget-based rents and to rescue failing projects from foreclosure. Newer assisted projects were originally developed with Section 8 in the late 1970s and 1980s, under the Section 8 New Construction/Substantial Rehabilitation programs. As noted above, many of these contracts between the owners and the federal government are set to expire. In strong rental markets, these units can be converted to market rate housing. In weak rental markets with

Ridgewood preservation project.

high vacancies, owners may find it difficult to generate sufficient operating revenue to maintain the property and keep it from deteriorating beyond repair. These properties may similarly be lost to the affordable stock due to deterioration or abandonment. An additional factor may also be at work in owners' decisions to sell. As Emily Acthenberg so eloquently put it in the LISC publication Stemming the Tide, "after 20 or more years of operations in a highly regulated environment, the cumulative experience with HUD can be a significant factor affecting the owner's decision-making process."

Preservation Options

Traditionally states have targeted preservation deals with a portion of their nine percent housing credits and sometimes a portion of their bonds with four percent credits. This financing is used for both acquisition and rehab of the units being preserved. HUD will also allow what is known as "236 decoupling," which enables the new purchasers to keep the interest reduction payments after the purchase and refinance. This, combined with the project-based rental assistance, makes the deals economically viable. Acquisition and rehab is of course a different business line than new construction. Florida, with its traditional focus on the production of new units, has very limited capacity with preservation deals, but a growing need to protect the affordability of these units that serve our state's lowest income residents.

On May 8, 2009, as part of the MacArthur Foundation initiative, Florida Housing Finance Corporation issued a Request for Qualifications (RFQ) to solicit a small group of nonprofit development organizations that are interested in taking on preservation of rental housing as part of their mission and want to receive direct, intensive technical assistance for this purpose from the Florida Housing Coalition over a three-year period. The RFQ targets nonprofits that have experience in affordable housing development (either homeownership or rental), but may have limited or no rental housing units that they manage in a portfolio. The RFQ is due June 19th, and the awards are to be announced at FHFC's July board meeting. After the awards are official, the Florida Housing Coalition will begin working with the selected nonprofits toward developing an effective preservation business line. **HNN**

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The City of Hollywood Lease/Purchase Program

Editorial Note: Lease Purchase programs will be playing a major role in the Neighborhood Stabilization Program, as homes are rehabilitated for prospective purchasers who may not be credit ready to buy. The City of Hollywood's program was not created for NSP, but the same practices apply.

By Kristina M. Fausel

The City of Hollywood set its sites on a Lease/Purchase program in 2005. The hope was to create a program to promote home ownership, provide education, establish pride in struggling neighborhoods and stabilize home deterioration caused by absentee landlords failing to maintain their properties.

Lender Partnerships

The lending parameters of this program focused our efforts on a local portfolio of banks that would be able to hold the mortgage until the assumption took place. Partnerships created with your local lending institutions are a very important relationship to retain. Bank Atlantic has partnered with the City of Hollywood, as well as other municipalities, for many years and has taken risks on programs that have improved the community and educated homeowners. Today, Bank Atlantic continues to give back with staff time and support on new innovative partnering programs with non-profits and government offices. The City of Hollywood would not have been successful without the true partnering of this lending institution.

Kristina Fausel, with City of Hollywood, Laurel Coverly, Hollywood's first Lease/Purchase Client, and Tim Schwartz, with Hollywood Housing Authority

Legal Agreements

The Lease Purchase agreement, tailored from a program located in Illinois by a not-for-profit Housing Service Agency, led the way to working out the legal agreement between the seller and the buyer. This agreement sketched out the basics and the Department of Housing and Community Redevelopment added a few new twists to it. The Lease/Purchase agreement identified the income eligible borrower (Buyer/Lessee) and the Hollywood Housing Authority (Seller/Lessor). The Hollywood Housing Authority (HHA) played an important role during the development of the program. The HHA was tasked with maintaining the property, collecting rental funds and distributing them to the appropriate entities. The breakdown of the payment was as follows: the principal and interest went to the lender along with escrow for taxes and insurance, liability insurance was collected by the HHA and the City of Hollywood wanted to have at least one percent of the initial purchase price in savings by the time the mortgage was assumed. The eligible client would be qualified for a mortgage at the time of the agreement and the HHA would provide a loan through the local lender for the same amount. The difference would be subsidized by SHIP and HOME funding provided to the HHA by the City of Hollywood.

Housing Repair and Maintenance Responsibilities

Once the property has been obtained by the HHA, the City of Hollywood's Housing Rehabilitation program would repair any necessary items to provide safe and sanitary living conditions to the eligible client. The Lease/Purchase agreement between the client and the

A Lease/Purchase home.

HHA stated that although any alterations to the property would need to have the approval of HHA, the client would need to keep and maintain the property during the lease period as if Buyer/Lessee were the owner, including normal repairs to the plumbing, electrical, heat/air systems and maintenance of the lawn and landscaping. This allowed the Buyer/Lessee to experience the maintenance issues that come with home ownership prior to the assumption of the mortgage and created awareness about the importance of saving and maintaining good credit.

This program is dedicated for the eligible client who wanted to get into a home and then work on the credit and income issues with the advantage of the current mortgage rates and the comfort of knowing there was still a landlord attached to the property in case something happened.

Home Ownership Readiness Program

With the original concept of promoting home ownership, education and restoring neighborhood pride, there was an additional component added to the program. The program established a short-term and a long-term set of items the Buyer/Lessee would have to complete to be eligible to assume the mortgage within the term of the lease. The two eligible clients selected the long-term agreement due to credit issues that needed attention and the desire to allow enough time to resolve those issues.

The long-term workshop schedule included bi-monthly credit/budget counseling one-on-one with the housing counselor at the City of Hollywood, participation in the Housing Rehabilitation workshop (due to the home repairs provided), two property maintenance workshops and four monthly Civic Associations meetings during the first 12 months of the lease. The second 12 months included the continuation of credit/budget counseling, two property maintenance workshops and six monthly Civic Association meetings. The final 12 months included the completion of credit/budget counseling along with the credit standards to be worthy of a first time home buyer for the lender, two property maintenance workshops, property taxes/homestead, insurance, predatory lending, identity theft and foreclosure prevention workshops (provided by the City of Hollywood), post closing counseling and eight monthly Civic Association meetings. In addition, the 36-month schedule also included the completion of three of the following: CERT Training, CPR Training, Crime Watch, Code Academy, Mayor's Dollar Wise Campaign for Financial Literacy, Earned Income Tax Credit and National Crime Night activities in the area in which their property was located. As you can see, participants need to be the type of individuals who want to be educated homeowners and be involved in the community. The selection of these clients is very important to the success of this program.

Six months prior to the assumption, the City of Hollywood delivers a package to the lender and receives an approval for the assumption. When the final assumption takes place the Buyer/Lessee will then assume the first, second and the Housing Rehabilitation liens placed on the property. All the City liens are zero percent interest and due when they sell, rent or refinance the property.

Conclusion

This program is labor intensive for both the staff and the Buyer/Lessee, but the program is proving to provide exactly what it was intended to provide from the beginning. The City of Hollywood has two Lease/Purchase clients and is currently working with a third interested candidate. The first client has completed her first 12 months and is now working on the second 12 months. Both clients have become knowledgeable about the City's activities, involved in their community through their Civic Associations and have engaged with their neighbors to provide information about the various activities and programs the City of Hollywood provides. **HNN**

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Seizing Opportunities to Green Florida's Affordable Rental Housing

By Michael Bodaken

In 2006, the Florida Affordable Housing Study Commission urged the adoption of a comprehensive statewide affordable housing preservation strategy. Since then, Florida has made progress towards creating a policy environment that supports preserving and improving the state's affordable rental homes. Notably, this progress has included the creation of a preservation set aside in the state's Low Income Housing Tax Credit program administered by the Florida Housing Finance Corporation.

This progress should continue with the help of the MacArthur Foundation's $1 million award in support of Florida's preservation initiative. This award will help the Florida Housing Finance Corporation, as well as the Florida Housing Coalition and the Shimberg Center for Housing Studies, address some of the most significant challenges to preserving affordable rental housing. This includes developing the capacity of affordable housing providers to undertake complex preservation transactions and developing data systems to analyze affordable housing at risk from disrepair or impending subsidy expirations. Addressing both of these challenges is key to identifying and supporting preservation opportunities.

However, an equally important preservation challenge-and opportunity-has recently emerged. The adoption of the federal American Recovery and Reinvestment Act (ARRA) will provide tens of millions of housing and energy stimulus funds to Florida. If smartly invested, these funds will lead to the protection of existing housing resources, lower utility bills, and a dramatic reduction in greenhouse gases. Consider the following resources flowing to Florida from ARRA:

- $175 million to make energy efficiency improvements to affordable housing through the Weatherization Assistance Program;
- An additional $126 million in State Energy Program funding that has, among its uses, energy retrofits of residential housing;
- First time funding for the Energy Efficiency and Conservation Block Grant Program in the amount of $168 million.
- $250 million available nationwide to retrofit HUD assisted housing.

The Weatherization Assistance Program (WAP) alone provides a significant opportunity to improve and green Florida's existing affordable multifamily housing stock. As is the case throughout the country, much of Florida's older multifamily housing–home to many low and very low income families and seniors– is energy inefficient and at risk from disrepair. Although WAP has traditionally been used to make energy efficient improvements in single-family housing, multifamily housing is explicitly eligible under the program. Using these funds in multifamily housing would achieve several goals. Retrofitting multifamily housing is an effective

If smartly invested, these funds will lead to the protection of existing housing resources, lower utility bills, and a dramatic reduction in greenhouse gases.

way to quickly spend these new federal funds, enabling Florida to meet its required goals and deadlines and avert the potential loss of these funds. Where acquisition projects are stalled due to lack of resources, using WAP funds could help fill financing gaps and preserve much needed affordable rental housing.

The use of WAP funds in subsidized affordable multifamily housing recently received a major boost from an interagency agreement between HUD and the Department of Energy (DOE). DOE has concluded that existing income verification procedures for HUD assisted, public housing, and LIHTC properties are sufficient for determining eligibility for weatherization assistance. This agreement reduces a significant administrative obstacle to improving the energy efficiency and livability of these homes. In announcing the agreement, HUD Secretary Shaun Donovan remarked that "this partnership will ensure that HUD and DOE together can play a significant role in the Administration's goal to weatherize one million homes, while at the same time serving a population in need."

In implementing its weatherization program, Florida can look to a number of other states for model multifamily programs. Kansas has set aside 25% of its ARRA weatherization allocation for multifamily housing. These funds will primarily be used to benefit families and seniors living in Low Income Housing Tax Credit, Section 8 and Section 515 rural development properties.

Likewise, Ohio has developed a proactive multifamily weatherization program. Local weatherization providers are being encouraged by the state to pursue multifamily affordable rental projects. In order to facilitate weatherization activities for affordable rental housing units, the Ohio Department of Development (ODOD) is undertaking a variety of actions. A working group has been formed to strategize on technical and coordination issues as well as streamline the process for

The National Housing Trust recently re-opened R Street Apartments in Washington, D.C. The renovation included the installation of energy efficient, sustainable and healthy features. The long-term outcomes will be lower utilities, less maintenance on systems, lower operating costs, and a healthier environment for residents.

accessing weatherization dollars and conducting outreach to multifamily owners. The working group consists of representatives from an array of organizations including state and local housing agencies, affordable housing providers, local weatherization agencies, tenant advocates, HUD, and USDA's Rural Development.

In addition to WAP funds, other DOE funds made available through ARRA can be used to make energy efficiency improvements in multifamily housing. This includes the Energy Efficiency and Conservation Block Grant program which provides formula grants for projects that reduce total energy use and fossil fuel emissions, and improve energy efficiency. Nearly 80% of the state's $168 million allocation will be administered by local policymakers in Florida's largest cities and counties. Among other eligible activities, local policymakers have the discretion to spend these funds on energy efficiency residential retrofits.

Preserving Florida's affordable multifamily housing will make these homes more energy efficient, sustainable and healthy for low income families while allowing households to reduce energy expenses and carbon emissions. The National Housing Trust encourages Floridians to take advantage of this historic opportunity to help preserve and green Florida's affordable rental homes. HNN

***MICHAEL BODAKEN** is President of the National Housing Trust. The Trust is a leading national non-profit engaged in affordable housing preservation through public policy advocacy, real estate development and lending.*

Affordable Green Housing Momentum in Florida: Recap of Symposium

Kathy Cabanaugh Malone, FYN, Builder & Developer State Coordinator

By Lydia Beltrán

Florida Progress Energy sponsored an affordable green housing symposium facilitated by the Florida Housing Coalition on April 30, 2009 in Orlando. The emphasis of the symposium was to offer affordable green housing information and to provide a forum to discuss policy ideas and visions for Florida's future agenda. As evidenced by various presentations made throughout the symposium, Florida has been cultivating its affordable green housing landscape over the years, beginning with a major milestone – The Florida Green Building Coalition (FGBC). Established in 2000, FGBC has its own Home Designation Standard, which provides the only standards for Florida's unique environment and is recognized by state and local leaders, a Certification Program and network of trained certifying agents. FGBC's Home Standard categories include energy, water, lot choice, site, health, materials, disaster mitigation, and general.

Green Rebate Programs

Major utility companies join the list of notable contributors to Florida's affordable green housing momentum, Progress Energy Florida and Florida Power and Light to name a few. At the symposium, Bill Simpson, with Progress Energy Florida, and Dan Haywood, with Florida Power and Light, provided their perspectives regarding their entities' goals to motivate customers to implement measures using its rebates and to increase knowledge of savings potential. Both Simpson and Haywood reminded participants to take advantage of their services to conduct inspections for improvements in quality control. In combining these overall goals, Progress Energy Florida has worked in partnerships with various affordable housing based entities, including partnership with the City of St. Petersburg's Energy Conservation Program through its Housing and Community Development Department. The goal of the program is to: (1) reduce energy consumption and the carbon footprint of the City of St. Petersburg; (2) make home ownership sustainable by decreasing the operating cost of housing; (3) provide financial

Dan Haywood, Florida Power and Light, Program Manager

assistance to citizens of the City for home energy efficiency improvements; and (4) use Progress Energy rebates to provide cost-savings to homeowners. Progress Energy provides incentives for items, including duct test and repair, ceiling and wall insulation upgrades, heat pump replacement, reflective roof replacement windows/window film, water-saving fixtures (City of St. Pete/SWFWMD) with an overall approximate savings of $980 per household.

Additional programs such as the Florida Yards and Neighbors (FYN), which is coordinated through a statewide office and implemented through University of Florida's County Cooperative Extension Service and other local, regional, state, and federal agencies, assures that its goals are met through nine principles. Kathy Cavanaugh Malone, with the FYN, reported that the principles include: (1) manage yard pests, (2) reduce storm (3) water runoff, (4) provide for wildlife, (5) protect the waterfront, (6) right plant, right place, (7) water efficiently, (8) mulch, and (9) recycle and fertilize appropriately. These principles all contribute to FYN's goals to incorporate quality landscapes that conserve water; protect the environment, are drought tolerant and that are adaptable to local conditions.

Additional resources adding to the momentum include those provided through the U.S. Department of HUD's Neighborhood Stabilization Program and Green Retrofitting, along with other incentives such as the Energy Efficiency and Renewable Energy (EERE) funding from the Economic Stimulus Act, Federal tax credits for Energy Efficiency Tax (available at 30% of the cost, up to $1500 in 2009 and 2010 for existing homes only), and Natural Gas Energy Conservation rebates (replacing old appliances with new energy-efficient natural gas appliances).

State, Local, and Regional Approaches

Symposium presenter Mike Rogers, with Capital Green Building, told participants that the most progressive form of addressing sustainability is through leadership from both the public and the government. Rogers, who also serves as the chairperson of the FGBC Affordable Housing Committee, stressed that the Growth Management Act of Florida needs to be "rules driven," with a bureaucratic strategy and to include measures for local flexibility and creativity along with local and regional approaches.

"Florida is lacking in an urban policy framework," Rogers said. "And although Florida is geared to growing its population, it has to take care of the consequences of all the growth. Sustainability is about managing growth better than in the past and dealing with urban problems and managing and handling all the current growth including redevelopment."

He also explained that much of the existing federal money and funds under the new green funding will

Bill Lazar, Executive Director, St. Johns Housing Partnership

be concentrated in the Green Zones and increase opportunities in sustainable developments that will help communities.

Green Energy Policies

St. John's Housing Partnership's Executive Director Bill Lazar provided an insight into the world of the affordable green housing developer, by highlighting the nuts and bolts of obtaining various designation standards for its award winning Hancock Place project. He stressed the need to assemble a team with an appropriate experience level and knowledge in construction, energy conservation and ability to access green resources. Lazar explained the importance of taking advantage of training opportunities provided through Florida Solar Energy Center and the FGBC Certification Program.

Dr. Pierce Jones, with Program for Resource Efficient Communities, also provided insight as to energy costs, by comparing several projects. He mentioned certain energy practices, including utilities that have begun installing smart meters.

"You need more than just the meters to help customers save power," Dr. Jones said. "There needs to be some kind of informational device, like a Web site, that will tell customers how much power they're using." Dr. Jones stated that homeowner education can generate big returns and that "measured performance is the only thing that counts."

The symposium ended with discussion related to the need to incorporate green value into major aspects of housing such as the appraisal and mortgage industries, establish collaboratives including, for example, Association of Counties and League of Cities, streamlining green education and encourage State Licensing Board to include a number of hours for renewals and incorporate green building specialization as an incentive to become more specialized and/or incentivize the higher skill construction trades.

The Florida Housing Coalition is grateful for the involvement of Florida Progress Energy and our presenters for making this symposium possible. For additional information, contact the presenters directly:

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HNN

(Above) The project, located at 3001 San Diego Road, on Jacksonville's Southside, will be fast-tracked with plans for the housing units and programs to be available by December 2009.

Youth Aging Out of Foster Care: Successful Partnerships Create Housing and Program Opportunities

By Lydia Beltrán

The Florida Housing Coalition is pleased to announce the results of partnerships to serve foster youth in Florida. Children's Home Society of Florida, Buckner Division's group home held its groundbreaking on May 8, in Jacksonville. The CHSF Buckner Division project is being financed through the City of Jacksonville's SHIP program, the Florida Housing Finance Corporation (FHFC) Demonstration Loan Program, which received technical assistance from Florida Housing, the Children's Home Society of Florida Foundation, as well as private donors.

The 10 unit, $1.4 million project will provide four units for teen mothers and their babies in foster care, two units for expectant teen girls in foster care and the remaining four units for girls as they age out of foster care at 18. Each unit will feature a living room, bedroom, bathroom and kitchenette.

The program services will be funded through community based care services including Family Support Services of North Florida. Additionally, United Way of Northeast Florida will provide funds to help residents succeed through emphasizing independent living skills. Children's Home Society of Florida, Buckner Division will also provide services to ensure the residents are learning independent living skills, as well as continuing

They work to restore and strengthen families through various programs and services such as adoption, foster care and child abuse prevention programs.

Coverage at the groundbreaking ceremony

their education. Most of the residents will also have jobs, and Children's Home Society of Florida, Buckner Division staff will provide support to ensure residents' success.

Chartered in Jacksonville in 1902, Children's Home Society of Florida, Buckner Division is dedicated to embracing children and inspiring lives. They work to restore and strengthen families through various programs and services such as adoption, foster care and child abuse prevention programs.

For further project information, contact David Clark, director of Development at 904.493.7737 or ***David.Clark103@chsfl.org***. HNN

City Councilman Don Redman, Nancy Drecier (District Administrator Department of Children & Families), Andry Sweet (CHS Vice President of Operations), Kymberly Cook (Executive Director, CHS Buckner Division), Brian Hall (Family Support Services of North Florida) and Charlie Cromer (CHS Chairman of the Board, Buckner Division).

2009 Legislative Wrap-Up:

Section 420.628, Florida Statutes, is created to read: Affordable housing for children and young adults leaving foster care; legislative findings and intent.—

(1)(a) The Legislature finds that there are many young adults who, through no fault of their own, live in foster families, group homes, and institutions, and face numerous barriers to a successful transition to adulthood. Young adults who are leaving the child welfare system may enter adulthood lacking the knowledge, skills, attitudes, habits, and relationships that will enable them to become productive members of society.

(b) The Legislature further finds that the main barriers to safe and affordable housing for such young adults are cost, lack of availability, the unwillingness of landlords to rent to such youth due to perceived regulatory barriers, and a lack of knowledge about how to be a good tenant. These barriers cause young adults to be at risk of becoming homeless.

(c) The Legislature also finds that young adults who leave the child welfare system are disproportionately represented in the homeless population. Without the stability of safe and affordable housing, all other services, training, and opportunities provided to such young adults may not be effective. Making affordable housing available will decrease the chance of homelessness and may increase the ability of such young adults to live independently.

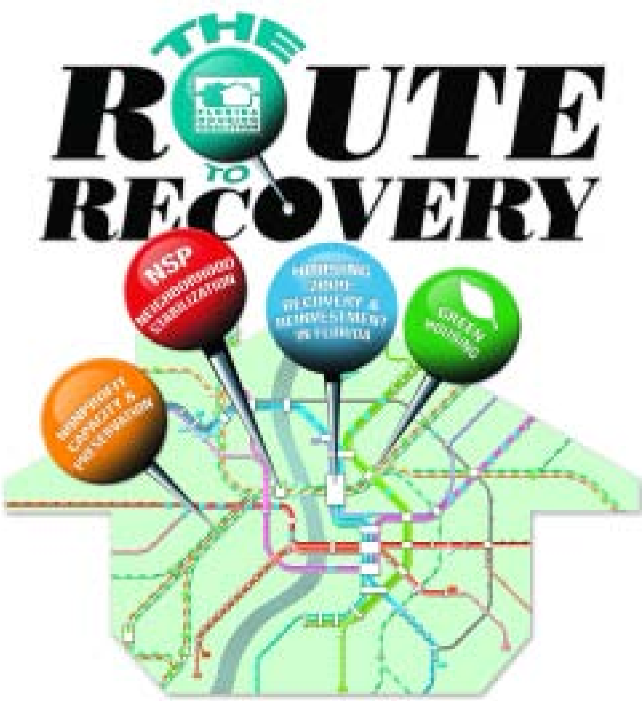
(d) The Legislature intends that the Florida Housing Finance Corporation, agencies within the State Housing Initiative Partnership Program, local housing finance agencies, public housing authorities, and their agents, and other providers of affordable housing coordinate with the Department of Children and Family Services, their agents, and community based care providers who provide services under s. 409.1671 to develop and implement strategies and procedures designed to make affordable housing available whenever and wherever possible to young adults who leave the child welfare system.

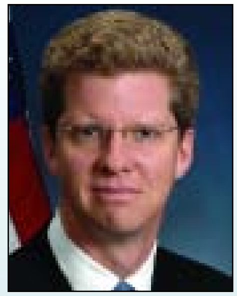
(2) Young adults who leave the child welfare system meet the definition of eligible persons under ss. 420.503(7) and 420.907(10) for affordable housing, and are encouraged to participate in federal, state, and local affordable housing programs. Students deemed to be eligible occupants under 26 U.S.C. 2(i)(3)(d) shall be considered eligible persons for purposes of all projects funded under this chapter.

SAVE THE DATE

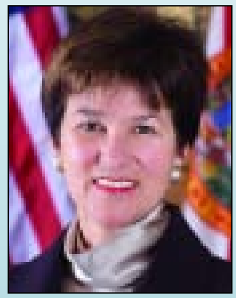
SEPTEMBER 21-23, 2009

THE FLORIDA HOUSING COALITION'S 22ND STATEWIDE ANNUAL CONFERENCE





U.S. HUD Secretary Shaun Donovan



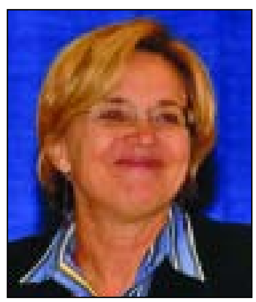
Florida Chief Financial Officer Alex Sink

Anticipated Keynote Addresses by : U.S. HUD Secretary Shaun Donovan and State of Florida Chief Financial Officer Alex Sink

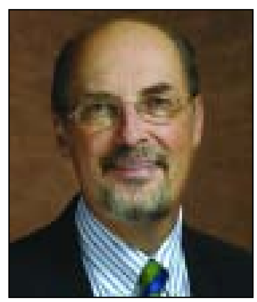
"We need to approach the old challenge of affordable housing with new energy, new ideas, and a new, efficient style of leadership," President Obama said upon naming Shaun Donovan, Secretary of HUD. Donovan was the head of New York's Housing Preservation and Development Department, is a former Clinton administration HUD official with a national reputation for curtailing low-income foreclosures, developing affordable housing and managing the nation's largest housing plan.

Florida Chief Financial Officer Alex Sink is a dynamic financial and civic leader whose professional experience and community service have molded her into a champion for fiscal responsibility and accountability. CFO Sink's accomplishments in the financial world have been complemented by her strong commitment to public service through civic and community leadership. CFO Sink understands the vital connection between affordable housing and the economy and is a leader in the effort to repeal the cap on the state and local housing trust funds.

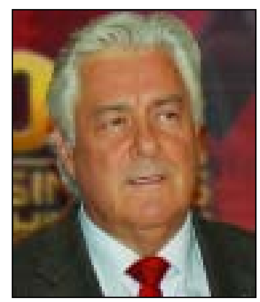
FEATURING: Implementing the Federal Stimulus Housing and Finance Initiatives: Public Policy Plenary with national and state experts, including Sheila Crowley, president of the National Low Income Housing Coalition; Michael Bodaken, president of the National Housing Trust; and John Taylor, president of the National Community Reinvestment Coalition.



Sheila Crowley
President, NLIHC



Michael Bodaken
President, NHT



John Taylor
President, NCRC

FOUR TRACKS ON THE ROUTE TO RECOVERY:

TRACK I: Neighborhood Stabilization - best practices for implementation of the Neighborhood Stabilization Program (NSP) from start to finish;

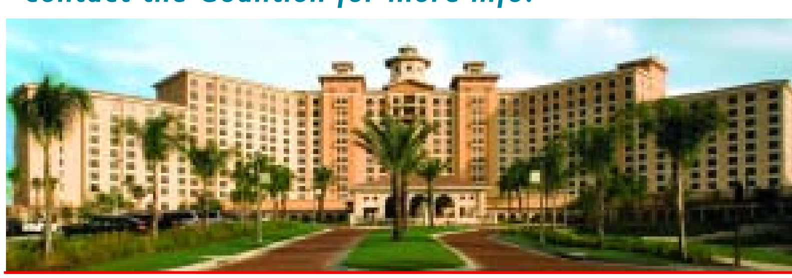
TRACK 2: Green Housing - the basics of green, construction and design, financing and an affordable green housing incentives/strategies roundtable;

TRACK 3: Nonprofit Capacity - how to survive and thrive in today's market, including donor and business development, housing preservation, and property management;

TRACK 4: Federal Stimulus - implementation of the American Recovery and Reinvestment Act (ARRA)

NEW SPECIAL FEATURE: CAUCUS/MEETING TIME FOR STATEWIDE OR REGIONAL PARTNERS

- contact the Coalition for more info.



Hotel Accommodations:
Rosen Shingle Creek Resort,
9939 Universal Blvd., Orlando FL 32819
The Coalition has secured a special rate of $140.00 per night for single/double occupancy for conference attendees. This rate does not include resort fee nor applicable taxes. Plan to attend and make your reservations now.
(866) 996-6338

For more information, e-mail Johnitta Richards at the Florida Housing Coalition at richards@flhousing.org.

2009 FLORIDA HOUSING COALITION

22nd Annual Affordable Housing Conference Registration Form

(a separate form is required for each registrant)

Print and Fax, or Register Online at www.flhousing.org

DAY 1 Monday, Sept. 21

7:30 a.m.
- Continental Breakfast

8:30 a.m.
- State of the State

9:45 a.m.
- Implementing the Federal Stimulus Housing and Finance Initiatives: Public Policy Plenary with National and State Experts

12:15 p.m.
- Lunch, Raffle, Keynote Address

2 p.m.
PARTNER MEETING/CAUCUS TIME
- Foreclosure Counselors
- FLS Statewide Affordable Housing Project
- Habitat for Humanity
- Florida Alliance of CDCs
- FRA and FARHO
- SHIP Regional Roundtables

6 p.m.
- Reception

Day 2 - Tuesday, Sept. 22

7:30 a.m.
- Continental Breakfast

9 a.m.-10:15 a.m.
- NSP: Nuts and Bolts for Florida Communities
- TCAP and TCEP
- Green Basics for Florida's Affordable Housing
- Community Organizing and Advocacy
- Housing Finance Part I
- Ensuring Affordable Housing in Community Redevelopment
- Foreclosure: Counseling, Loan Modification, and Mediation
- FHA, VA, and RD Homeownership Financing

10:45 a.m.-12 p.m.
- Creating Homeownership Opportunities with NSP
- Homeless Prevention and Rapid Re-Housing Program (HPRP)
- Green Design and Construction
- Housing Finance Part II
- How Non-profits can Survive the Recession
- Tenants in Foreclosure- Liability or Asset?
- Shimberg Center Affordable Housing Data Clearinghouse

12:15 p.m.-1:45 p.m.
- Lunch and Keynote Address

2 p.m.-3:15 p.m.
- Rental Prospects from Multifamily to Supportive Housing using NSP
- New Opportunities in Public Housing and Section 8
- Considering Green Opportunities: Weatherization, Jobs & Funding
- Responsible Partnerships between For-profits and Nonprofits
- Elder Housing: A Housing Blueprint for Aging in Place
- Preservation of Rental Assisted Housing
- Preservation of Mobile Home Parks

3:45 p.m.-5 p.m.
- NSP Fine Print – Land Banking, Lease Purchase, Long Term Affordability
- Fitting all the Federal Stimulus Pieces Together
- Florida's Green Incentives and Policies
- Nonprofit Capacity: Lobbying in the Public Interest
- Rental Housing: A Look Behind the Numbers
- Fair Housing
- A Conversation with FHFC about Preservation

5:15 p.m.-6:45 p.m.
- Community Land Trust Networking Caucus

Agenda Subject to Change

Day 3 - Wednesday, Sept. 23

- Breakfast on your own

10 a.m. – 12 p.m.
- SHIP Roundtable

10 a.m. – 12 p.m.
- NSP Roundtable

❑ Have Dietary, access, or participation requirements (please explain) ____________________

Name: ____________________ **Signature:** ____________________

Organization: ____________________ **Title:** ____________________

Mailing Address: ____________________

City: ____________ **State:** ______ **Zip:** __________ **County:** ____________

Phone: (____)__________ **Fax:** (____)__________ **Email:** ____________________

CHECK ALL THAT APPLY: ❑ Nonprofit ❑ Local/State Govt. ❑ Lender ❑ PHA ❑ Service Provider ❑ HFA ❑ Policy Maker ❑ Housing Developer ❑ CDC ❑ Housing Coalition Member ❑ Other (please explain) ____________________

TO RECEIVE DISCOUNTED "MEMBER RATES" FHC MEMBERSHIP MUST BE CURRENT.
Student ❑ $25 • Individual* ❑ $75*(*must be accompanied by personal check*)
Nonprofit ❑ $150 • Government agency ❑ $200 • For Profit / Private Organization ❑ $250

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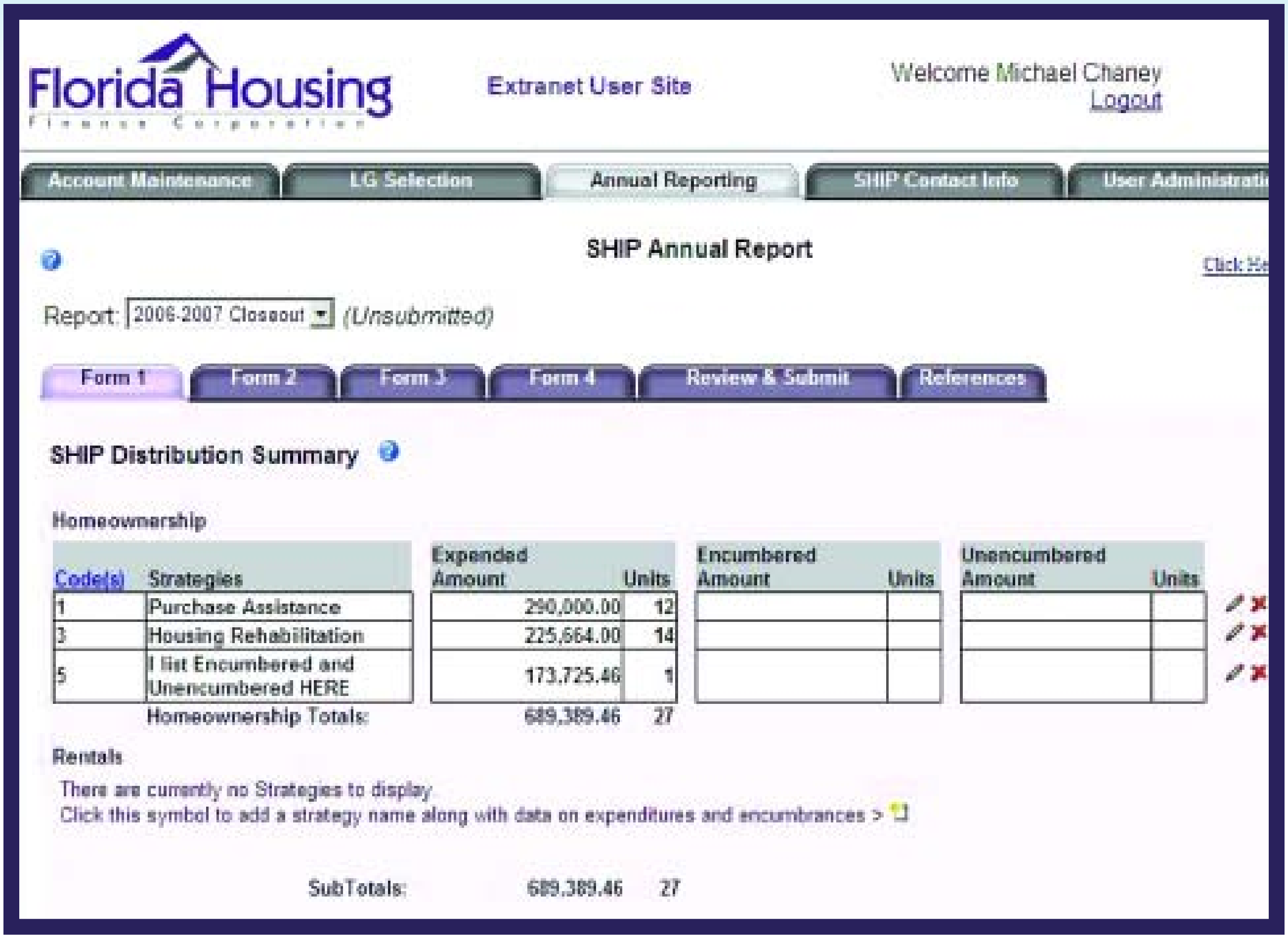
CONFERENCE REGISTRATION • FLORIDA HOUSING COALITION

Member Rates		Non-member Rates	
Early Registration	❑ $325 *(Received by August 14, 2009)*	Early Registration	❑ $525
Regular Rate	❑ $375	Regular Rate	❑ $575
At the Door	❑ $425	At the Door	❑ $625

Please remit all payments to FHC and send registration form(s) to the Florida Housing Coalition Conference at
1367 E. Lafayette St., Suite C • Tallahassee, FL 32301 • Ph: (850) 878-4219 • Fax: (850) 942-6312 • *www.flhousing.org*



SHIP Annual Report Goes Online

By Michael Chaney

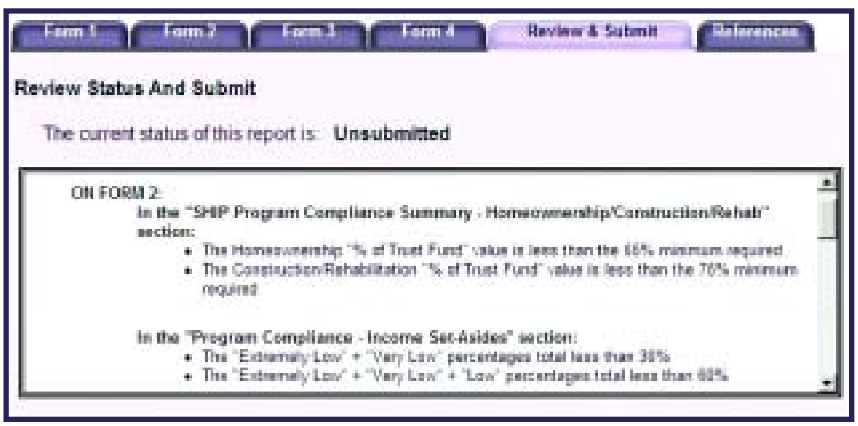
Florida Housing Finance Corporation has updated the method by which SHIP administrators will submit their annual reports this September. The reports must now be submitted using Florida Housing's newly developed online annual reporting system (here after called the Web Report). The system is designed to provide administrators with instant feedback on topics of program compliance. Helpful instructions and technical assistance are embedded throughout the new Web Report. This article provides an introduction to the new system and an update on new reporting requirements. It is accompanied by the regular "SHIP Clips" column, which in this edition is dedicated to annual reporting topics.

Since the beginning of the SHIP program, annual reports have been a statutory requirement, although the exact form of the report has been updated several times through the SHIP Rule. In the early years of the program, SHIP jurisdictions would mail in their completed report on paper forms. Most recently, annual reports have been electronically submitted on excel spreadsheets. With the transition to an online process, Florida Housing intends to increase the pace for addressing reporting problems and to reduce the time needed to compile SHIP program statistics to share with the Legislature and public. As in the past, not all reporting requirements can be submitted electronically. Each jurisdiction must mail in two original and signed certification forms. In addition, local governments are encouraged to share "Other Accomplishments"—a topic addressed on Form 4 of the report–by mailing to Florida Housing newspaper clippings, success stories, thank you notes from recipients and more.

Florida Housing will provide SHIP Administrators with log on instructions and a password to sign on to the Web Report. The first screen that greets a new user will include a "User Administration" tab, so that the user may provide the names of all who may work on adding data to the jurisdiction's annual reports. Sometimes compiling report data may require researching SHIP files, resulting in delays as you enter data on the Web Report. The online system will allow an administrator to remain logged on for four hours from when data was last entered before it automatically logs off for the user.

Instantaneous Feedback

The new Web Report contains several embedded 'validation tests' that analyze the data entered on a report to calculate whether compliance with several fundamental SHIP requirements has been achieved. A validation test has detected compliance problems in this screenshot, which shows an unsubmitted report that does not achieve set-aside compliance.



In a similar fashion, the Web Report will issue an alert if a jurisdiction's 07/08 annual report does not indicate that all funds are encumbered or expended, which violates the encumbrance deadline. In this case, the online reporting system indicates "There are "Unencumbered" dollar amounts listed in a "First Interim" year report."

This feedback is helpful and prevents reporting mistakes upfront, even before Florida Housing's staff reviews the material. Yet the feedback must be heeded. Until the mistakes are corrected, a jurisdiction cannot submit an annual report.

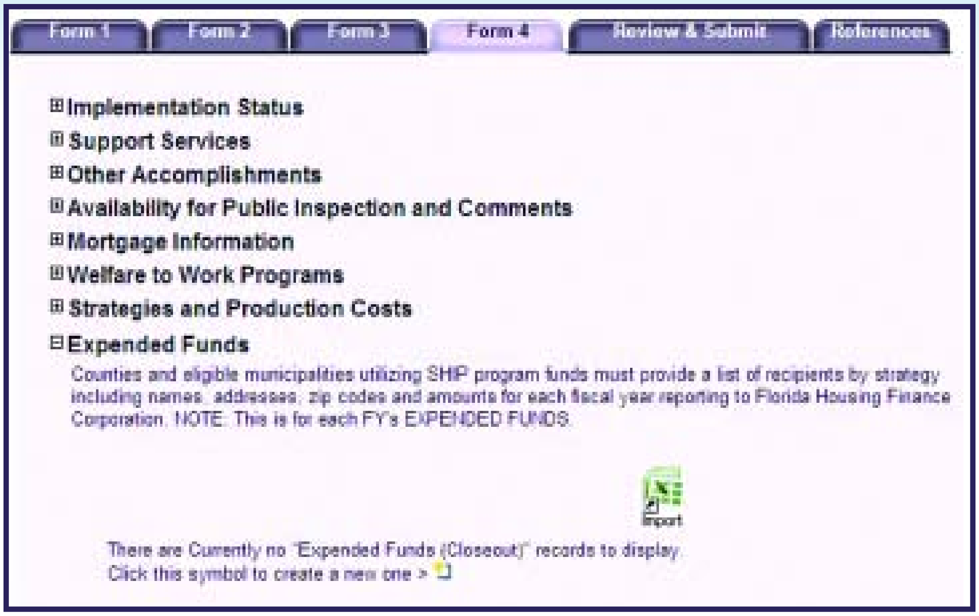
Assistance at Your Fingertips

Fortunately, instructions are included alongside most questions on each annual report form. If you read the instructions and are still at a loss, all is not lost. Many portions of the online instructions include a link with more in-depth guidance, relevant examples, and related frequently asked questions (FAQs).

A comprehensive collection of annual report FAQs is available on the Coalition's website ***(www.flhousing.org)*** for those interested in a refresher before starting their annual reports.

The Coalition will offer a 90 minute introductory web-based training to introduce SHIP administrators to the new online report. The webinar will be offered on multiple occasions with enough availability to accommodate participation from staff in each City or County SHIP office. In addition, a more in-depth training is available. For the third year in a row, the Coalition will offer a web-based workshop on annual reporting. This training offers 6 hours of content spread over three sessions on three days. It is designed especially to assist those staff members who are preparing reports for the first time. Space is limited for this webinar, so register early.

The best training for annual report responsibilities comes from the experience of consistently and methodically tracking SHIP data throughout the year. As funding is committed to a new household, for example, or as a SHIP project is finalized with all funds expended, this updated information should be added to your SHIP tracking system on the same day. To support this best practice, the Coalition has created a free SHIP



tracking spreadsheet—recently updated in 2008—which is available for download from the Coalition's website or directly from the online web report website.

New on the Annual Report

There are several fairly new report requirements. This September, the close out report for 06/07 will be the first to feature data detailing how many extremely low income (ELI) households were assisted. Although the requirement to track ELI households is not new, the 06/07 distribution was the first to which this requirement applied, and so it will be the first close out distribution that will comprehensively include ELI data.

In addition, there are updates affecting Form 4. First, Florida Housing has changed the question that addresses Default and Foreclosure information for first mortgages on the homes of SHIP assisted households. Florida Housing will no longer require jurisdictions to collect any 'life to date' information about defaults, foreclosures, or the number of SHIP households assisted. Instead, jurisdictions will report activity during the 08/09 state fiscal year. Furthermore, jurisdictions will no longer report the number of households assisted for each income category, but will instead only report the number of foreclosures and defaults that occurred during this 12 month period. This includes foreclosure or default data on any household that has received SHIP down payment assistance at any time in the past.

The Web Report now only requires a jurisdiction to complete the data for Form 4 once, when creating the 06/07 close-out report. In the past, jurisdictions were required to answer several Form 4 questions with data specific to each of three distributions. Now Florida Housing will only collect data specific to the 06/07 distribution for the Form 4 questions about average strategy production costs, administrative expenditures for sub recipients, and sources of recaptured funds and program income.

There is now only one Form 4 question that requires data specific to each of three distributions. As required by SHIP reporting instructions, each local government must provide a list of recipients for whom assistance is complete and funds are fully expended. This data must be provided for each strategy, including names, addresses, zip codes and amounts expended for each fiscal year reporting to Florida Housing.

In some jurisdictions, staff collects this data throughout the year on a spreadsheet with columns for each of these data points. Other communities collect this data on the tracking spreadsheet designed by the Coalition. In the past, they would simply copy and paste data onto "Tab 8" of the formerly used Excel spreadsheet version of the report. The process will be similar with the Web Report, requiring only one extra step: once the data is assembled on a spreadsheet, select and copy all the data. Click the 'Excel Import' button on the Web Report to 'paste' the data in the window that appears.

CONCLUSION: Start Soon

There are several reasons to start your annual reports early. Many administrators find that these reports require more of their attention than originally expected, and there is no possibility to file for an extension for the annual report. They must be reviewed and approved by your city or county commissioners and submitted to Florida Housing no later than September 15th.

The online annual report is a new system. The reporting process may be slower than usual as you become familiar with it. After years of working with the familiar SHIP Annual Report excel spreadsheet, many SHIP administrators were very adept at creating annual reports using the old Excel format. My "personal best time" for creating an Excel report was 20 minutes. Yet it will take time to become fully familiar with navigating through the Web Report. Since user must interact with the reporting system through the Internet, there is a delay of a few seconds whenever you enter data or chose to view another Form. For these reasons, it took me an hour to submit a close out annual report, complete with Form 4 data.

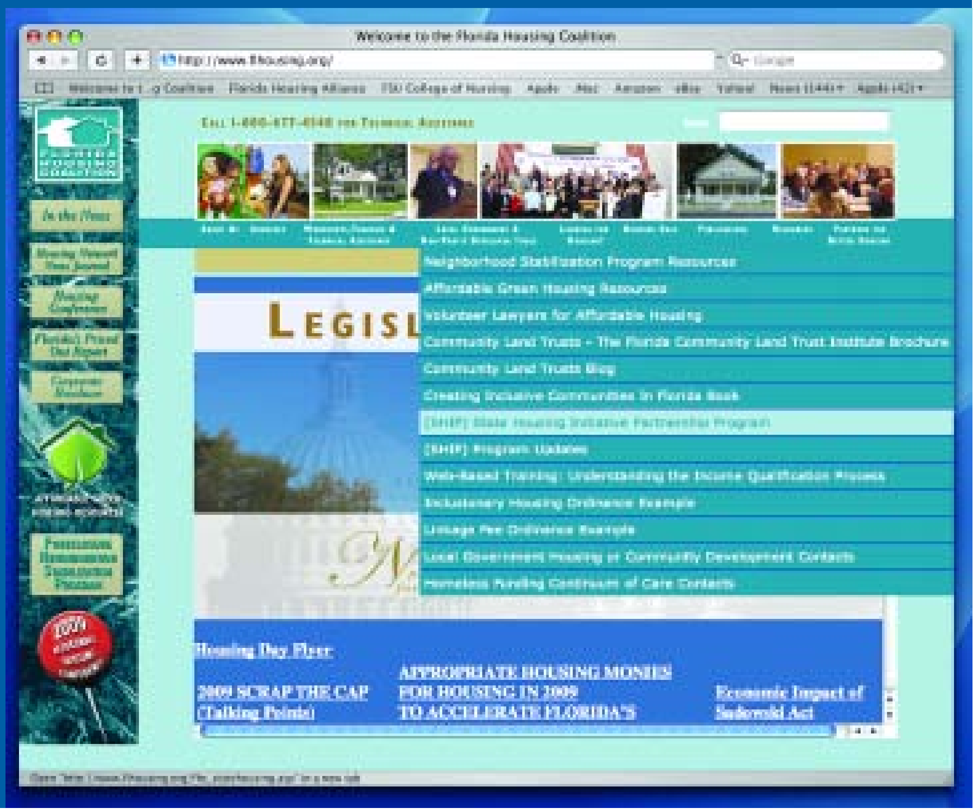
Creating annual reports requires administrators to have SHIP tracking spreadsheets that are fully updated with data through June 30. Some jurisdictions may be delayed in entering the most recent data onto these spreadsheets. This process takes time, research and effort. Fortunately, the process is rewarding and makes staff more fully aware of how much SHIP funding has recently been expended or committed and exactly how much remains available for future assistance.

As a final incentive to start your reports early, consider the current reality of SHIP funding. Face it: there is no 09/10 SHIP distribution, which means there is no new 10% administrative budget coming any time soon. In some jurisdictions, staff have fully expended the 08/09 administrative budget in the first 12 months upon receiving this distribution. Many jurisdictions, therefore, will soon run out of administrative funds. SHIP annual reporting is an essential program activity, so complete this requirement while administrative support is still available. **HNN**

While the Housing Coalition's website includes a comprehensive section outlining SHIP-related questions and answers, we have recently added a new section specifically addressing annual report-related questions. It is available in the SHIP section of "Local Government and Nonprofit Developer Tools" on the Coalition's website ***(www.flhousing.org)***.

Top Ten Topics of Annual Report Questions

- New Reporting Requirements
- Regulatory Reform Certification
- Default and Foreclosure Statistics
- Sub Recipient Information
- Calculating the Carry Forward
- Program Income and Recaptured Funds
- Closing Out and Reporting HHRP
- Expenditure and Encumbrance Deadlines
- Tracking Spreadsheet Instructions
- Set-Aside Compliance



SHIP CLIPS Annual Report Edition

STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM

By Michael Chaney

Each year when the September 15th SHIP Annual Report deadline approaches, the Coalition fields questions on report-related topics. A full collection of frequently asked report questions is available on the Coalition's website. The following annual report questions address strategies designed to help SHIP administrators across Florida as they consider how to sustain their SHIP successes in the absence of 09/10 funding.

SHIP Survival Strategy # 1: Fully Use the Administrative Budget

Q: *Since there will be no new administrative funds for fiscal year 09/10, how can I maximize the administrative funds I use and report on my annual reports?*

A: Remember that you may spend SHIP administrative funds over a three year period. Consider a jurisdiction that does not fully expend the 10% administrative budget from its 07/08 distribution by the time it receives a 08/09 administrative budget on July 1, 2008. Such a jurisdiction could expend remaining 07/08 administrative funds on expenses from July 2008, as well as August and September and so on until the 07/08 administrative budget is depleted. Only then does it tap the 10% administrative budget from its 08/09 distribution. On its 08/09 annual report, this jurisdiction will likely show that only a portion of the 08/09 administrative budget was expended by June 30, 2009, while the rest of the administrative budget is encumbered to be spent for this purpose in future months.

SHIP Survival Strategy # 2: Maximize Funding for Administrative Expenses

Q: *What are the rules on how much Program Income and Recaptured Funds may be spent on administrative expenses?*

A: Beyond the 10% Administrative Budget, there are other ways to pay for SHIP program implementation expenses. Consider that the SHIP Rule indicates that a portion of program income may pay for SHIP administrative expenses. No recaptured funds may be expended in this fashion. Jurisdictions that receive $350,000 or less may expend 10 percent of program income for administration while other jurisdictions may expend 5 percent.

Remember some basics about Program Income and Recaptured Funds. They are sources of revenue for the SHIP program. They must be reported on the tracking spreadsheet for the current fiscal year's SHIP distribution. For example, recaptured funds received on May 31, 2009, were received during the 08/09 state fiscal year. Record them as a source of revenue on the 08/09 tracking spreadsheet. In a close out year, you cannot carry forward any administrative budget funds, nor may any program income be carried forward and later spent on administrative expenses.

Follow Up Question:
It seems that the distinction between Program Income and Recaptured Funds is open to interpretation. Please provide guidance to help me maximize the amount of repayments that I count as program income so I can maximize the money available to pay for administrative expenses.

A: In some cases, the distinction between Program Income and Recaptured Funds is open to interpretation. To begin with, the most significant difference between these two sources of SHIP revenue is that a small portion of Program Income may pay for administrative expenses. Since no Recaptured Funds may be used for this purpose, some SHIP jurisdictions define program income revenue broadly.

Program income clearly includes bank interest on the local housing trust fund. Sometimes SHIP assistance is offered as a loan that must be paid back for a specified term and a SHIP recipient's monthly loan payment is also considered program income.

By contrast, recaptured funds have historically been interpreted as any required repayments if the conditions of a SHIP lien are defaulted on or breached. Consider an example: a former SHIP recipient sells his house before the end of the 10 year lien period and must repay SHIP assistance. Historically, this repayment has been considered recaptured funds. However, many jurisdictions interpret the income received in this scenario to be a SHIP loan repayment, and for this reason they count the revenue as program income.

Research if your jurisdiction may also interpret all such loan repayments as program income. First, check the language in the SHIP mortgage, as well as the "Terms, Recapture and Default" section of each strategy in your local housing assistance plan (LHAP). Confirm that they make no reference to the 'default' of the recapture agreement or the 'recapture' of SHIP assistance. These two key terms are included in the statutory definition of recaptured funds, and if your lien avoids using them you may categorize most repayments received as program income. In addition, consider revising your LHAP and recapture agreement to further clarify all future SHIP liens. SHIP lien terms could be outlined in the following fashion: "the sale of the home before __ years will require the repayment of the SHIP loan as program income."

Have you got a question about the SHIP program? Free telephone technical assistance is available to help you successfully implement your SHIP funded work. Call the Florida Housing Coalition's SHIP telephone line at (800) 677-4548.

There is one notable exception to this rule: if a household defaults on a first mortgage and loses a house to foreclosure, any money recovered by the SHIP jurisdiction must be counted as Recaptured Funds.

SHIP Survival Strategy # 3: Achieve Compliance with Set-Asides

NOTE: In past years, Florida Housing staff has reported that this is the most common problem delaying final approval of a jurisdiction's reports. This September, the Web Report system will not even permit a jurisdiction to submit a report if compliance with the income, construction/ rehabilitation and home-ownership set-aides is not demonstrated.

Q: *Are the SHIP set-aside percentage calculations based only on the annual distribution and not on any recaptured funds or bank interest?*

A: You calculate compliance with the Homeownership Set-aside and the Construction/Rehab Set-aside based on the sum total of Distribution plus Recaptured Funds. Compliance with the Income Set-aside, on the other hand, is calculated based on the total of all sources of SHIP revenue, including carry forward funds and program income.

Q: *I have a question about the section of Form 2 that addresses the homeownership and construction/rehabilitation set-asides. The amount of SHIP funds we have expended and committed to compliance with these set-asides is significant. According to the annual report, it even exceeds the amount of the Trust Fund used to calculate this set-aside compliance. Do we need to add an explanation as to why this amount is greater than 100% of the Trust Fund?*

A: No special explanation is needed. Consider how "Trust Fund" is defined for this question: compliance with these two set-asides is calculated as a percentage of the sum total of the Distribution plus Recaptured Funds. However, several communities receive a significant amount of program income, which they also spend on homeownership and/or construction or rehabilitation activities. Therefore, it is common in many jurisdictions that this percentage exceeds 100% of the Trust Fund. This question illustrates an important lesson about Program Income, which may be expended on activities that do not comply with these set-asides. If your jurisdiction receives a significant amount of program income, you could dedicate it to a rental project, for example.

MORE: There is more to be said about set-aside compliance. Consider reviewing the videos on this topic at the Coalition's website, ***www.flhousing.org***. On the top pull-down menu for "Local Government and Nonprofit Developer Tools", select (SHIP) Program Update. These videos are available under the headline "SHIP Annual Report: Training Videos" and are about 7 minutes each.

SHIP Survival Strategy # 4: Achieve compliance with Deadlines

NOTE: Florida Housing indicates that non-compliance with either the expenditure or encumbrance deadline is another common problem delaying final approval of a jurisdiction's reports.

Q: *My jurisdiction has not yet expended all the funds in the close out distribution. How do I request an extension for turning in my annual reports after September 15, so we can quickly finish expending funds?*

A: There is no available extension for the annual report, which must be turned in on or before September 15th. In your case, the close out report you submit will illustrate that your jurisdiction has not yet finished expending funds.

First, recognize that it is common to have a small amount of unspent SHIP funds from a close out distribution; this is not a violation of the expenditure deadline. Whether the amount is $300 or $3000, this small unencumbered amount is insufficient to fully assist the next recipient for any of your strategies. In such a case, you may simply "carry forward" these remaining dollars. The new Web Report will identify these unencumbered funds as the carry forward amount and will automatically add this amount as the carry forward revenue on the 07/08 annual report.

In your case, however, the remaining amount of encumbered and unencumbered funds is too big to be considered the carry forward amount. Your jurisdiction may have tens or hundreds of thousands of SHIP dollars left to spend. Do not wait until September 15th. As soon as you discover that you will miss the expenditure deadline, you should request an expenditure deadline extension from Florida Housing. This request must be done in writing; direct your correspondence to SHIP staff members Darlene Raker and Terry Auringer.

Your request should include:

- The exact amount of funds still encumbered and/or unencumbered,
- A brief explanation of why these funds have not been expended within the three year deadline. Was there, for example, a lack of contractors or materials, or is the jurisdiction still working to achieve some set-aside compliance?
- Outline your plan to expend funds quickly, along with a timeline and estimate of when the funds will be fully expended. Indicate if changes have been made to SHIP strategies to address the delays. For example, if a strategy has not been working, have you redesigned it, replaced it, or reallocated funds to a strategy known to be successful?

New Coalition Board Member

Freyja Sutherland Harris is the program director for the Florida Coalition for the Homeless in Tallahassee. Harris oversees all aspects of the Coalition's activities. FCH provides advocacy and technical assistance for the benefit of the homeless, those at risk, and homeless service providers. Prior to her employment with FCH, Harris worked for the Florida Housing Finance Corporation as a Senior Policy Analyst with a focus on households with special needs. She holds a bachelor's degree in political science and a dual master's degree in public administration and urban planning.

New Coalition Staff Member

Johnitta Richards is the new communications and operations manager at the Florida Housing Coalition. Her primary responsibilities include coordinating the logistics for the Coalition's annual conference, coordinating communications and managing the day-to-day operations of the Tallahassee office. Prior to joining the Coalition, she served as communications coordinator with the Florida Chamber of Commerce and editor at Florida A&M University. She brings a wealth of experience in public relations, marketing, and publications. She holds a bachelor's degree in public relations from Florida A&M University.

The Florida Housing Coalition is the state of Florida's affordable housing training and technical assistance provider. Our mission is to act as a catalyst to bring together housing advocates and resources so that all Floridians have a quality affordable home and suitable living environment.

The Florida Housing Coalition is based in Tallahassee and has six additional offices throughout Florida. Our technical assistance team consists of a highly skilled and geographically dispersed network of professional staff providing technical assistance in all areas of affordable housing planning, finance and development. Our professional technical assistance team also includes expertise of our 25 board of directors. Our team is one of the largest and most accomplished statewide providers of training and technical assistance in the nation.

The Coalition can be reached by phone at **850.878.4219**, by e-mail at info@flhousing.org or visit us on the Web at ***www.flhousing.org.***

The Florida Housing Coalition gratefuly appreciates all our Partners for Better Housing, but would like to give special recognition to **Bank of America, National City, Wachovia** and **Washington mutual** for their partnership, leadership and support as our **Platinum Sponsors**

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- SHIP and Predevelopment Loan Program Assistance
- Green Affordable Housing
- Regulatory Reform
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Basic membership is for those who wish to subscribe to *Housing News Network*, post job vacancy announcements free of charge on the Coalition's Web site and receive membership rate registrations at the annual conference. An individual member receives one subscription and one member rate registration. Organizational members receive up to five subscriptions and five member rate registrations. All memberships are on a unified membership cycle, memberships are due on August 1st and expire on July 31st of each year. (Please indicate additional names, addresses and phone numbers on an attached sheet.) Each membership is entitled to be represented by one voting member at the coalition's annual meeting as designated below.

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