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Housing News Network

The Journal of the Florida Housing Coalition, Inc.

2011 Legislative Wrap Up

Preservation Success Stories

NSP and Lease Purchase

Hardest Hit

Upcoming Statewide Conference

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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 Christine Call, Communications Manager • Email: *info@flhousing.org*, Website: *www.flhousing.org*.

By Jaimie Ross

Some people love the excitement of a roller coaster; others tend to get nauseous.

Repeal of the cap on the state and local housing trust funds is the overarching success of the 2011 session. Representative Gary Aubuchon and Senator Mike Bennett were pivotal to this enormous legislative accomplishment. And the enormity of this win can not be overstated. The Sadowski Act has now been restored to operate as intended; the documentary stamp monies dedicated to affordable housing will flow into the state and local housing trust funds unfettered by an arbitrary cap. See the Legislative Wrap-Up on pages 4-9 for details.

But the 2011 session was not a smooth ride. Just one week prior to the end of session, the Senate and House had each passed bills that would permanently redirect all monies dedicated for the Housing Trust Funds to other places. In other words, we faced the evisceration of Florida's landmark Sadowski Act. Fortunately, the House and Senate proposals were not identical, which enabled us to narrowly avoid the entire redirect and destruction of the trust funds. But on the very last day of session an agreement was reached between the House and Senate to permanently redirect only $75 million from the state and local housing trust funds to the newly created State Enhancement Economic Development (SEED) trust fund, beginning next year.

The Sadowski Education Effort for 2011 began with a strong push for using the Sadowski trust funds for housing. The estimated $194 million available for appropriation from the state and local housing trust funds would have created approximately 15,000 jobs and over $1.4 billion in economic activity. That should have given us a particularly strong position since the political priority at the Capitol was jobs creation. Using housing funds for housing would put the out of work contractors back to work rehabilitating foreclosed homes and moving existing inventory to give a much needed boost to Florida's real estate and related retail markets. Housing trust fund money could have been used to create jobs or it could have been used to fill budget holes. At the end of the ride, the legislature chose to sweep the housing trust funds into general revenue for fiscal year 2011-12; a move that helped the legislature to meet its immediate need to fill budget holes and pass a balanced budget.

Our challenge now is to persuade the legislature that it should use housing trust fund monies to create jobs and provide housing rather than to fill budget holes. So long as tax loop holes remain open and so long as tax cuts continue to be a political or ideological driver, we can expect budget deficits for at least the near future. Will the legislature continue to use the housing trust fund monies to fill those deficit holes or will it use housing trust fund monies to help struggling Floridians keep roofs over their heads and create jobs for the existing out of work construction and construction-related industries? Can we do anything to persuade the legislature to use housing money for housing? Addressing this question of politics, policy, and economics will be the focus of the public policy plenary at the Florida Housing Coalition's statewide annual conference in September.

And that's just the beginning of what promises to be three days of training in a celebratory framework.

Florida housing professionals have much to celebrate-in addition to finally repealing the cap on the state and local housing trust funds, we have $1 billion in federal Hardest Hit funds to help Floridian's keep their homes; we have preservation success stories to showcase; we have best practices for Green Housing and the Neighborhood Stabilization Program to share; and we have significant successes to highlight in building the capacity of nonprofits, including the development of the Florida Nonprofit Housing Advocates Network.

Yes, the 2011 session had steep inclines, crazy loops, and plunging falls. But in the end, housing advocates have much to celebrate. The Florida Housing Coalition is dedicated to providing the training and technical assistance needed to keep everyone securely on track. **HNN**

Patricia Fitzgerald, President of the Florida Realtors (the Realtors were 1,000 people strong at the Capitol on Housing Day) stressed that SHIP is needed now to help Florida's real estate market recover from the foreclosure crisis and assist families achieve the American Dream of affordable homeownership, by providing down payment and closing cost assistance at a time when more opportunities are available.

2011 Legislative Wrap Up

By Mark Hendrickson and Jaimie Ross

Campaign to Repeal Cap Comes to Successful Conclusion

The landmark William E. Sadowski Affordable Housing Act, passed in 1992, created a dedicated revenue source by increasing the documentary stamp tax paid on real estate transactions and directing that revenue into Florida's state and local housing trust funds to support housing programs such as SHIP and SAIL. Beginning in 2007, a cap went into effect which statutorily redirected the doc stamp money intended for housing into general revenue, so that once $243 million had flowed into the housing trust funds all additional monies would automatically be diverted away from housing.

For five years, the Sadowski Coalition's priority has been to repeal the cap put on the state and local housing trust funds which took effect in 2007. Capping the trust funds was a way to permanently redirect to general revenue all monies otherwise dedicated to affordable housing. The cap was set at approximately $243 million- which meant that regardless of the doc stamp monies generated from the Sadowski Act; no more than $243 million would be available from the trust funds for appropriation to Florida's housing programs. With the passage of HB 639, the campaign to repeal the cap has finally come to a successful conclusion.

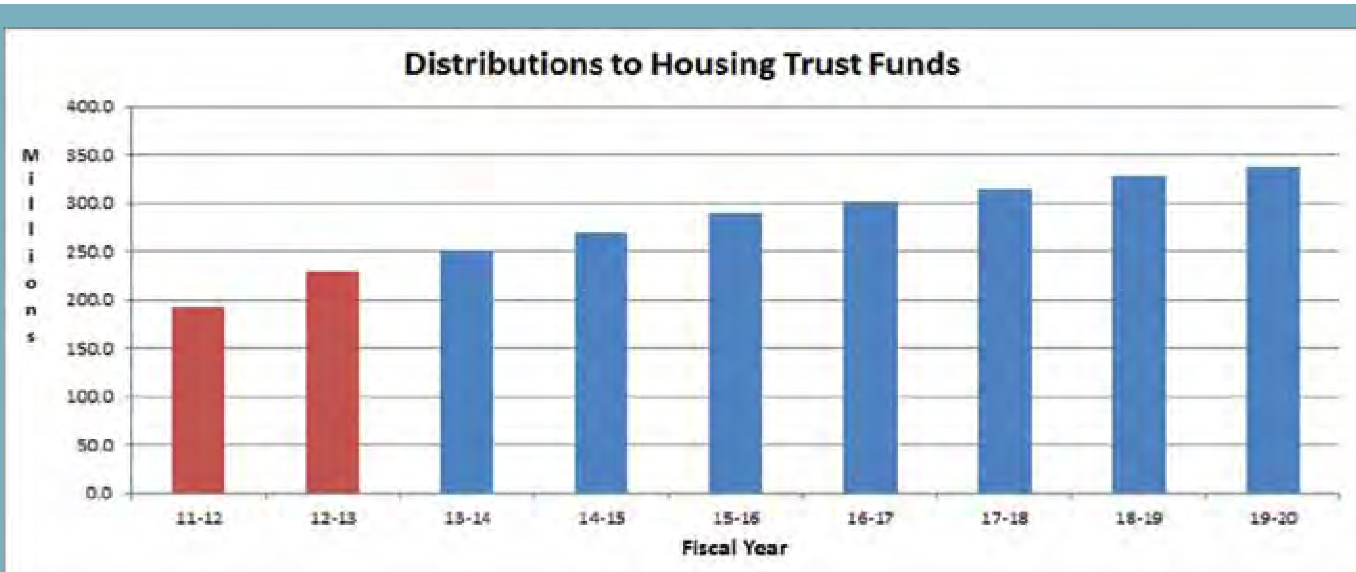
The importance of repealing the cap on the trust funds can not be overstated. Right now the real estate market is depressed, which means that doc stamp collections are currently below the cap amount. But as the real estate market recovers, the documentary stamp collections will increase and what seems inconsequential in 2011 will amount to much needed revenue for affordable housing in future years as collections once again exceed $243 million annually.

We need to give tremendous credit to our leaders in the legislature, most specifically to Representative Aubuchon and Senator Bennett, as well as the members of the leadership team, and of course, to all of you and your memberships for working so tirelessly. The Florida Housing Coalition's statewide member organizations, such as Habitat for Humanity of Florida, the Florida Supportive Housing Coalition, the Florida Coalition for the Homeless, the Florida Realtors, the Coalition of Affordable Housing Providers, the Bankers, and all the individual and local organizational members of the Florida Nonprofit Housing Advocates Network were key. Everyone responding to our *Legislative Action Alerts*, meeting with legislators in person, and showcasing the great work you do was a critical part of our success this session. For providing substantial support to the Sadowski Education Effort, Florida's Local Housing Finance Authorities are also owed special thanks.

Representative Gary Aubuchon (R), District 74 and Senator Mike Bennett (R), District 21, championed the repeal of the cap.

Suspension of New Construction from Trust Fund Monies

The centerpiece of HB 639 is repeal of the cap, but the 32-page bill contains a number of other provisions, including a finding that "due to the current economic conditions in the housing market there is a critical need to rehabilitate or sell excess inventory of unsold homes, including foreclosed homes and newly constructed homes as well as a critical need for the rehabilitation and preservation of older, affordable apartments… and that there is a critical need to create housing related jobs and that these conditions require the targeting of state and local housing trust fund moneys for those purposes. The Legislature further finds that funds appropriated from the state or local housing trust fund may not be used for housing that has not received its certificate of occupancy prior to December, 31, 2010 or for rental housing unless it received its certificate of occupancy prior to December 31, 1996. This "no new construction" provision expires July 1, 2012. No trust fund monies were appropriated this session, so the "no new construction" provision is not attached to any housing monies.



The bar graph illustrates that over the next eight years, the Housing Trust Funds are projected to receive $2.3 billion in doc stamp monies, over $392 million of which would otherwise have gone to general revenue if the cap had not been repealed.

Additional Highlights from HB 639:

- An amendment to the housing element requirements adding persons 60 years of age or older to the list of populations that local governments address and providing that real property that is conveyed to a local government for affordable housing shall be disposed of by the local government pursuant to the surplus lands statutes section 125.379 or section 166.0451

- Persons with special housing needs are defined as an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition; a young adult formerly in foster care who is eligible for services …; a survivor of domestic violence … or a person receiving benefits under the SSDI or the SSI program or from veterans' disability benefits. Persons with special housing needs are added to the list of tenant groups that receive a set-aside from the SAIL program and in each area of the SAIL statute that lists other categories of tenants such as farmworker and the homeless. Persons with special housing needs population are also included in the state housing strategy; a population to be included in the Shimberg Center studies.

Lori Pampilo Harris, Florida Housing Coalition's Advocacy Committee Chair and Executive Director of Habitat for Humanity of Florida, credits the SHIP program for making Florida's Habitat Affiliates the most productive in the nation, having assisted 11,000 families across Florida.

- A repeal of the preference for developers and contractors domiciled in Florida and for those who have completed at least five deals with FHFC. (the provisions enacted in SB 360 in 2009 and reenacted in HB 7003 in 2011) Instead, the FHFC is to provide by rule, in connection with any of its competitive programs, criteria establishing "where all other competitive elements are equal, a preference for developers and general contractors who demonstrate the highest rate of Florida job creation in the development and construction of affordable housing"

Affordable Housing Bill from 2009 Reenacted in 2011

Senate Bill 360, enacted in 2009, faced a constitutional challenge and was therefore reenacted in the 2011 session. The original bill contained numerous substantive areas, including affordable housing and growth management. Chapter 2011-15, House Bill No. 7003 (SB 176) reenacted the affordable housing portions of the 2009 legislation on April 27, 2011.

Highlights:

- Reenacts Section 193.018 that provides direction to property appraisers to appraise community land trust property at its ground lease restricted resale value.

- Reenacts Section 196.196 that provides property tax exemption to nonprofits (501 (c) (3) organizations) if affirmative steps are taken to prepare the property to provide affordable housing – gives nonprofit up to five years to put the property "in use" for affordable housing.

- Reenacts Section 196.1978 that provides property tax relief to limited partnerships provided the sole general partner is a 501 (c) (3) and limited liability companies or limited partnerships which are disregarded as an entity for federal income tax purposes pursuant to Treasury Regulations.

- Reenacts Section 420.503 that defines "moderate rehabilitation" to mean repair or restoration that is 40 percent or less of the value of the unit but not less than $10,000.

- Reenacts Section 47 of Section 420.507 that directs the FHFC to establish a preference for developers and general contractors domiciled in Florida and those who have "substantial experience" in developing or building affordable housing through FHFC programs. "Substantial experience" is defined as having completed at least five developments using FHFC funds. (**This entire section was subsequently repealed in HB 639, as explained above)**

Jose Gonzalez, V.P of Governmental Affairs for AIF, being interviewed by reporters after Housing Day Rally at the Capitol on April 13th. Business and industry groups, such as AIF, the Florida Home Builders Association, Florida Realtors and Florida Chamber of Commerce continually stressed the connection between housing and jobs.

Reorganization of Department of Community Affairs, Creation of Department of Economic Opportunity and SEED Trust Fund

SB 2156 is an 838 page bill that was cobbled together through conference negotiations and passed on the last day of the 2011 session. It contains the creation of the Department of Economic Opportunity and the reorganizations of state agencies inside this new mega construct. The following is what we've culled as the most relevant to the Florida Housing Coalition membership.

Purpose of the Department of Economic Opportunity

The purpose of the department is to assist the Governor in working with the Legislature, state agencies, business leaders, and economic development professionals to formulate and implement coherent and consistent policies and strategies designed to promote economic opportunities for all Floridians. To accomplish such purposes, the department shall:

(a) Facilitate the direct involvement of the Governor and the Lieutenant Governor in economic development and workforce development projects designed to create, expand, and retain businesses in this state, to recruit business from around the world, and to facilitate other job-creating efforts.

(b) Recruit new businesses to this state and promote the expansion of existing businesses by expediting permitting and location decisions, worker placement and training, and incentive awards.

(c) Promote viable, sustainable communities by providing technical assistance and guidance on growth and development issues, grants, and other assistance to local communities.

(d) Ensure that the state's goals and policies relating to economic development, workforce development, community planning and development, and affordable housing are fully integrated with appropriate implementation strategies.

(e) Manage the activities of public-private partnerships and state agencies in order to avoid duplication and promote coordinated and consistent implementation of programs in areas including, but not limited to, tourism; international trade and investment; business recruitment, creation, retention, and expansion; minority and small business development; rural community development; commercialization of products, services, or ideas developed in public universities or other public institutions; and the development and promotion of professional and amateur sporting events.

There are Four Divisions within the Department of Economic Opportunity

- The Division of Strategic Business Development
- **The Division of Community Development**
- The Division of Workforce Services
- The Division of Finance and Administration

The Florida Housing Finance Corporation will continue to have the same statutory relationship with the Department of Economic Opportunity that it has had with the Department of Community Affairs. Basically everywhere in the statutes that it read Department of Community Affairs, it now reads Department of Economic Opportunity. For instance, now the executive director of the Department of Economic Opportunity sits as an ex officio voting member of the nine member board of directors for the FHFC. However, a statutory change was made to 420.511, Florida Statutes, that now permits the executive director to designate a "senior level agency employee" to sit on the FHFC board in the executive director's stead.

The Division of Community Development

1. Assists local governments and their communities in finding creative planning solutions to help them foster vibrant, healthy communities, while protecting the functions of important state resources and facilities.

2. Administers state and federal grant programs as provided by law to provide community development and project planning activities to maintain viable communities, revitalize existing communities, and expand economic development and employment opportunities, including:

- The Community Services Block Grant Program;
- The Community Development Block Grant Program in chapter 290;
- The Low-Income Home Energy Assistance Program in chapter 409;
- The Weatherization Assistance Program in chapter 409;
- The Neighborhood Stabilization Program;
- The local comprehensive planning process and the development of regional impact process;
- The Front Porch Florida Initiative through the Office of Urban Opportunity, which is created within the division.

Funds Transferred from the Department of Community Affairs to the DEO

1. State Housing Trust Fund
2. Community Services Block Grant Trust Fund
3. Local Government Housing Trust Fund
4. Small Cities CDBG Trust Fund
5. Federal Grants Trust Fund
6. Grants and Donations Trust Fund
7. Energy Consumption Trust Fund
8. Low-Income Home Energy Assistance Trust Fund

The Office of Homelessness will remain within DCF.

The Division of Community Development will also assist in developing the 5-year statewide strategic plan. Each of the four divisions is to come up with its portion of the 5-year statewide strategic plan.

SEED

The State Economic Enhancement Development trust fund (SEED) was first unveiled on April 1 in the committee on Government Reorganization. It was explained by key sponsor, Representative Gary Aubuchon, that this proposal to permanently redirect the state and local housing trust funds to a newly created trust fund, which has as affordable housing as one of its express purposes, was the House alternative to the proposal by the Governor to eliminate the state and local housing trust funds entirely (contained in the Governor's proposed budget unveiled in February) and the Senate's proposal to permanently redirect all the state and local housing trust fund monies to general revenue (originally contained in SB 2156). Once the House learned that the Senate was poised to eliminate the dedicated revenue source for affordable housing, the SEED proposal, which would redirect the housing money to this new economic development trust fund and include housing as one of the eligible uses, seemed the lesser of the evils.

Ultimately, the Senate backed off from its proposal to permanently redirect the housing trust fund monies to general revenue and reluctantly agreed to pass the SEED legislation, deferring all funding for SEED until 2012. Enterprise Florida and the DEO have to submit business plans to the legislature by September 1, 2011, which may be the basis for implementing SEED in 2012. As SEED currently stands, it is not self implementing, as it does not prescribe the manner in which applications are to be made and does not provide criteria for awarding funds from the SEED trust fund. The concept is that the legislature sees a business plan before they (1) create the SEED administrative system or (2) appropriate money for SEED.

Beginning July 1, 2012 (FY 12-13) money that was going into the Housing Trust Funds and the Transportation Trust Fund flow into SEED as follows:

- FY 12-13: $125 million ($75 million from Housing and $50 million from Transportation)
- FY 13-14: $140 million ($75 million from Housing and $65 million from Transportation)
- FY 14-15 and thereafter: $150 million ($75 million from Housing and $75 million from Transportation)

Funding For Housing

We began the 2011 session with a strong push for funding. The estimated $194 million available for appropriation from the state and local housing trust fund would have created approximately 15,000 jobs and over $1.4 billion in economic activity. The political priority was jobs creation, so it seemed to housing advocates, including the whole Sadowski Coalition, that this would be the year to use the housing trusts fund money for housing—putting the out of work contractors back to work rehabilitating foreclosed homes and moving existing inventory to light a fire under the real estate market.

Just one week prior to the end of session, we faced permanent redirection of all the dedicated revenues from the Housing Trust Funds -- bills had passed the House and Senate with a permanent redirection-- only to very different places. In the end, we avoided the redirect of the entire trust funds, with only $75 million in permanent redirect from the state and local housing trust funds beginning in FY 2012 to the newly created SEED trust fund.

The funding available for appropriation in FY 2011-2012 was swept into general revenue. There was no appropriation for any of Florida's affordable housing programs from the Florida Legislature. That means this year will be three years in a row that the SHIP program has not been funding. For local governments that do not receive any direct funding from the federal government or NSP funding, this is a critical juncture for the survival of the SHIP program. Repealing the cap on the trust funds is little comfort to a county that will soon have to close its housing department for lack of SHIP funding. For this reason, the Florida Housing Coalition is urging the Florida Housing Finance Corporation to use other funds to fund SHIP offices in Fiscal Year 2011-2012 to keep them afloat. The Florida Housing Finance Corporation Board will be considering that recommendation at its June board meeting.

Now that the Sadowski housing trust funds have been saved and restored to original form, get ready to brainstorm at the conference in September about next steps for ultimately restoring full funding of Florida's job creating, critically needed, and model housing programs such as SHIP and SAIL. HNN

__MARK HENDRICKSON,__ president of The Hendrickson Company, is a past Chair and serves as an Executive Committee member for the Florida Housing Coalition. He served as Executive Director of the Florida Housing Finance Agency from its inception in 1981 to 1994. As its first Chief Executive Officer, he led the way in creation of the Sadowski Act.

__JAIMIE ROSS,__ attorney at law, 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 Housing Coalition today. She is part of the state support team for legal service attorneys throughout Florida working under the Florida Bar Foundation grant to preserve affordable housing.

GROWTH MANAGEMENT AND THE 2011 SESSION

By Charles Pattison

The dust of the 2011 session has settled, and we are left with a Community Planning Act that replaces the 1985 Growth Management Act. Through HB 7207, DCA is no more, and its successor will be referred to as the state land planning agency. Its duties and functions are assigned to a new division, the Division of Community Development, within a new agency meant to coordinate all economic development programs, the Department of Economic Opportunity.

What Do We Have Now?

In fact, it is easier to say what we don't have. That list includes transportation, school and parks concurrency, although it can be retained at the option of local government. How the different and adjacent local governments decide and hopefully coordinate this will have great consequences for development patterns statewide. The concept of financial feasibility is gone at a time when every taxpayer and local government is struggling financially. Also gone is the idea that new development should not be approved when need cannot be demonstrated. With this standard removed, practically any place in Florida can now be considered appropriate for development. These changes are likely to prove challenging in making sure that the impacts of new development are borne by the developer and not the taxpayer. Gone as well is Administrative Rule 9J-5 as well as any authority to adopt a similar administrative rule which will eliminate much of our growth management case history.

The Housing Element remains in the Community Planning Act, but the requirement to address energy efficient housing in the local comprehensive plan housing element has been deleted, as has the use of renewable energy resources.

Local governments will now be prohibited from any voter referendums on land use matters. This is linked back to the failed Amendment 4 constitutional ballot issue in the last election that would have required public votes on comprehensive plan amendments within all jurisdictions.

Instead of the current twice/year limitation on plan amendment proposals, comprehensive plan changes can now be heard at any meeting of local governments. How any citizen or state agency can understand the cumulative effects of a random series of plan amendments remains to be seen. It will be especially important to link these considerations to the local capital improvements schedules which will need to be continuously updated to protect against unfunded infrastructure needs. Citizens will continue to face the difficult "fairly debatable" burden of proof on plan amendment challenges instead of the fairer "preponderance of the evidence" test that was part of the pilot alternative state review process. That standard was an important consideration given the quicker review and processing without state oversight, and was meant to offset what has been a complete deference to local government. That process, and the current plan amendment review process, are both gone, and we now have a two-tiered process.

The first, expedited review eliminates DCA (now the state planning agency) review entirely, leaving the majority of plan amendment decisions to local government. The second, state coordinated review, allows, but does not require, a state land planning agency review and comment for amendments involving sector plans, rural land stewardship areas, Evaluation and Appraisal Report amendments, and new community plans. Any comments made are limited to adverse impacts on state or regional resources and/or facilities. These terms are not defined. All large scale projects are given incentives, including automatic four (4) year extensions of all DRI development order conditions. Mining, industrial, hotel/motel and large movie theaters no longer require DRI review.

The dilemma presented is that with a reduced staff, and undefined standards for what constitutes adverse impacts to state or regional resources and facilities, the state land planning agency will be hard pressed to deliver consistent and effective reviews, if any, statewide.

Instead of placing the greatest scrutiny on new proposals outside of already developed areas, the very areas needing the most attention could either get a cursory or no review at all. This is compounded with the very real need for state agency assistance that our smaller cities and counties need in dealing with development proposals. While such assistance can be requested, it is by no means certain that the new state land planning agency will have the capacity to respond effectively.

What has been lost in these new processes is the very useful objections, recommendations and comments (ORC) reports that DCA currently provides on all plan amendments. While it is true that DCA historically has approved most of the amendments it receives, many of the proposals are made significantly better due to issues raised, and ultimately resolved, about infrastructure costs, environmental protection, affordable housing and site design. The ORC reports were also of great importance to citizens in helping to inform and educate the public, as well as elected and appointed officials, in getting the best result for their community.

Implications for Affordable Housing

The Housing Element remains, as do the other comprehensive plan elements in the Community Planning Act. But it has been shortened, and although 9J-5 has been eliminated, several of the particulars from that administrative rule have been inserted into Chapter 163, Florida Statutes. The requirement remains that all types of housing are to be assessed and provided for, although the specific need to adopt a plan to address workforce housing has been deleted. Also included in that deletion was the prohibition on receiving state housing funds until that plan was done – this is no longer required.

The requirement to address energy efficient housing in the local comprehensive plan housing element has been deleted, as has the use of renewable energy resources. The annual affordable housing needs assessment conducted by the state land planning agency is gone and with it the possibility of consistent and uniform information statewide. Of note is that the existing Division of Housing and Community Development has been abolished, and several of its functions will now be housed within the same division where the remains of growth management will be housed. Those include the CDBG, LIHEAP, Weatherization, NSP and programs as well as Front Porch Florida. No changes have been made to the requirement that affordable housing needs are to be addressed and mitigated for in all developments of regional impact (DRIs). To find the context for the relocation of these programs, please consult the state agency reorganization bill, SB 2156.

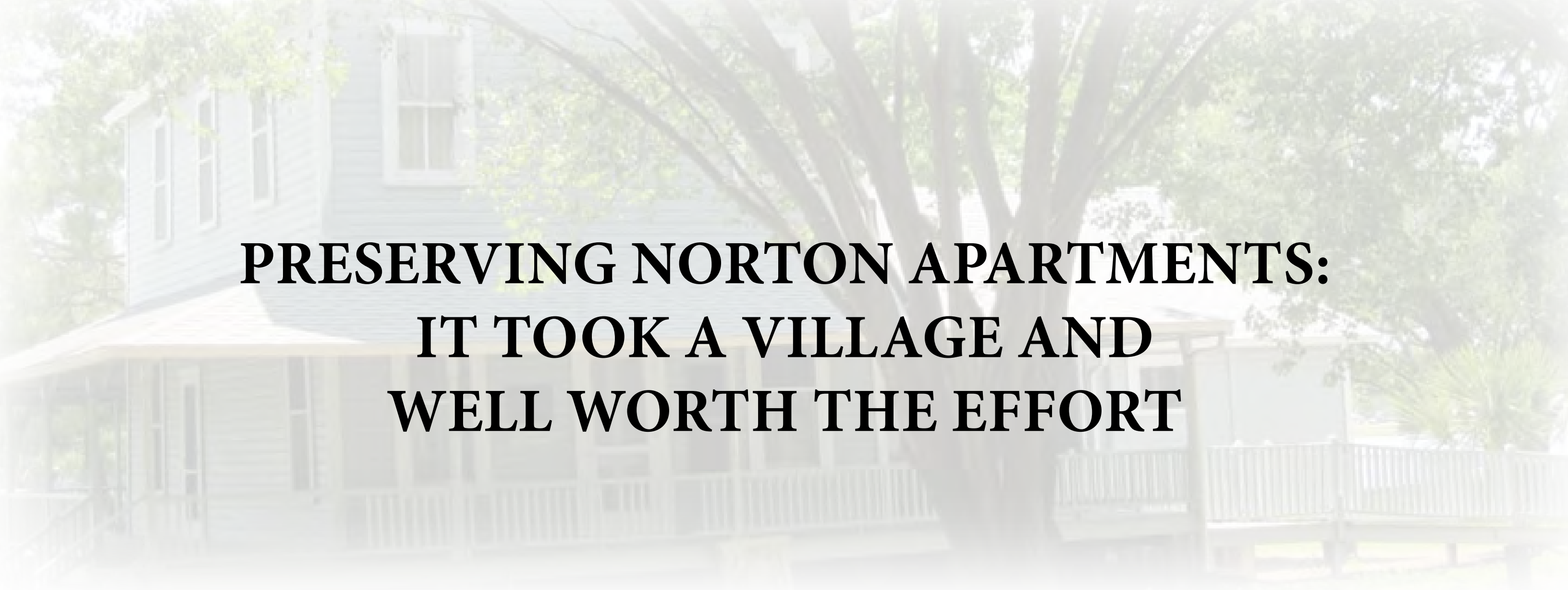
Going Forward

On July 1 of this year, Florida's 40-year effort to address growth and development issues will fundamentally change. Local governments will have a freer hand to adopt and revise their comprehensive plans at any time. State agencies will see their authority and ability to improve projects that can affect state or regional resources and facilities diminished. Development interests and local governments will have more, and longer term, options for dealing with infrastructure costs, especially who pays. Citizens can expect more challenges in a process that has limited their ability to effectively participate. The role DCA previously had to ensure compliance with state growth management requirements is significantly reduced as much by budget cuts and staff reductions as anything else. Its functions will now rest within a division instead of an independent department.

The justification for these changes continues to be that eliminating red tape and duplicative controls will help stimulate the economic recovery we all seek. If that is the result, and the quality of life that attracts us all to Florida remains, these changes will have been a success. On the other hand, if less oversight returns us to the time many years ago when growth and development interests dominated, and the landscape was treated as a commodity for making profit, we will all know that this choice was not the right one.

The reduction in meaningful state oversight and the elimination of statutory goals for such things as energy efficient housing and adequate infrastructure makes it that much more important for smart growth advocates to get civically engaged at the local level to ensure that local land use decisions are made wisely. HNN

CHARLES PATTISON, *FAICP, is President of 1000 Friends of Florida. This statewide nonprofit organization was created in 1986 to serve as a watchdog over growth management in Florida. Pattison has more than 30 years experience in comprehensive planning in Florida with local, state and regional governments.*

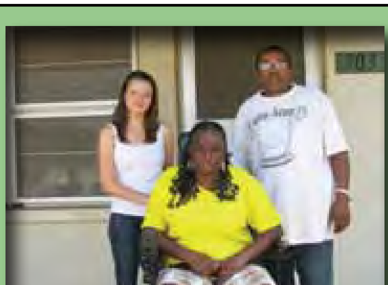


PRESERVING NORTON APARTMENTS: IT TOOK A VILLAGE AND WELL WORTH THE EFFORT

By Christine Allamanno

When Patricia Redding, who uses a wheelchair because of multiple sclerosis, moved into Clearwater's Norton apartments in the fall of 2010, the property manager assured her that the landlord would modify her unit to accommodate her disability and widen the doorways so that her wheelchair could easily pass through. The property manager also promised hand railings for the bathroom and an ADA-compliant ramp for the concrete porch steps outside the apartment.

The promised modifications never happened. Furthermore, raw sewage backed up into Ms. Redding's apartment and soaked her carpet. Christopher Goolsby, who has lived in Norton for seven years with his wife and two young daughters, assisted Ms. Redding in cleaning up as best he could, but a promised replacement carpet never arrived either, nor did ADA-compliant ramps for Redding and other disabled residents. Mr. Goolsby built makeshift ramps himself for several of the residents who could not access their front porch steps. And Ms. Redding felt trapped in the apartment that was never modified as promised to meet her medical needs. "I live on social security disability and food stamps," said Ms. Redding, whose cousin, Nehemiah Dillard, also lives with her as her full-time medically necessary caretaker. "I was trapped in this apartment. I could not afford to move."



Patricia Redding, seated in center, has multiple sclerosis. She will receive the first ADA-compliant unit at Norton; her caregiver Nehemiah Dillard who lives with her, stands to the right. At far left is Maria Bogomaz, an intern from Stetson Law School.

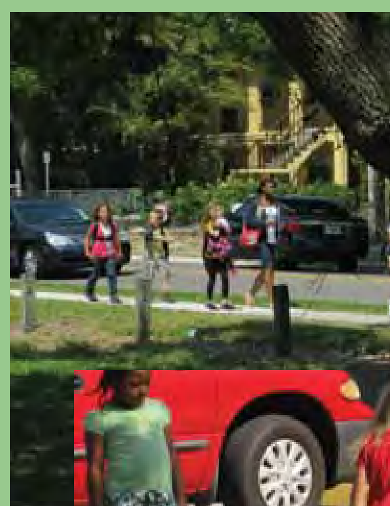
Landlord Preparing to File Chapter 11 Bankruptcy

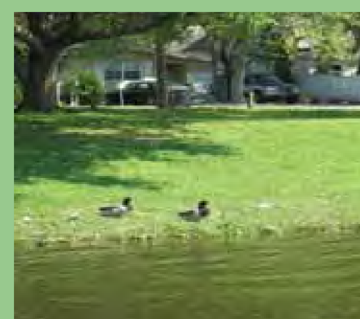
What Ms. Redding and the other 47 other low-income families who lived in Norton Apartments did not know was that their landlord was preparing to file Chapter 11 bankruptcy on a total of 19 affordable multifamily housing properties in Florida, including Norton, thus jeopardizing their housing. As one of the few project-based Section 8 multifamily communities remaining in Pinellas County, families living at Norton paid 30 percent of their annual income as rent, with the balance of the market rent being paid by HUD to the landlord pursuant to an annual Housing Assistance Payments (HAP) contract. The HUD rent subsidy is critical to prevent homelessness for families like Ms. Redding's and Mr. Goolsby's, whose incomes consist of social security disability payments and food stamps. Other Norton families work at low wage jobs;

Jritta Belk with Christopher Goolsby, who was the tenant representative in the bankruptcy. Belk has been his next door neighbor for eight years and says she does not know what she would do without Chris and his family to look after her.

Desiree Garrison with her smiling children.

are unemployed due to the downturn in the economy; are receiving job training to work towards family self-sufficiency; or are frail elderly with health issues where treatment eats into their meager incomes, making it impossible for them to rent safe, decent housing at an affordable rate. Some Norton families also have custody of children of relatives who cannot keep their own children housed because of the parents' own precarious economic situations or health issues. One resident, who came to Norton from a Pinellas County homeless shelter, was able to take custody of a family member's disabled child once she was safely housed at Norton. They have been in Norton for two years while the child finishes school.





Children play and ride bikes safely in front of their apartments. Down the street are the lake and nature trail.

Deteriorating Living Conditions

While HUD's HAP contracts require that private landlords use the government subsidy to maintain multifamily properties in quality condition, this did not happen at Norton. The six concrete block buildings containing one-, two-, three-, and four-bedroom garden apartments to accommodate families of all shapes and sizes, had not been painted in years. Termite damage was evident; sewage backups were the norm; property managers were hired and then fired or resigned frequently; foundations were being lifted by tree roots which had grown under the buildings, and some second floor units had unstable upper floors caused by leaks in the second floor plumbing, as well as damage from pests. Desiree and Ray Garrison, who live in one of the four bedroom apartments with their five children, worried about the safety of their second floor. "It sags a lot," Desiree pointed out, and then demonstrated when giving tours of her unit as the floor would buckle and then bounce back.

Nonetheless, Norton never had trouble filling its apartments. The small size of the community, along with the unique configuration of buildings with front porches facing each other, gave the residents a sense of extended family and friends. Adults sat on the porches to chat while watching their children play ball and ride bikes in front of their apartments. Many residents stayed at Norton despite the condition because of the relationships forged by living there. Senior citizens and the disabled grew to rely on the younger families to help run errands, and kept an eye out for their neighbors' children. With tears in her eyes, senior citizen Jritta Belk, a long-time Norton resident who is disabled and is the Goolsby's next door neighbor, said, "I don't know what I would have to do if I had to move away from Chris and his family." Prior to being diagnosed with health issues, which have slowed her down (but not stopped her), Susan Armour, another long-time Norton resident, once ran a food bank, school supply drive, and tutoring program for Norton's children out of the community center that was featured in the *St. Petersburg Times*. All of the residents call Armour "Miss Sue," and to many she is simply, "Momma." Accustomed to years of landlord neglect and mismanagement, the Norton families simply helped each other with makeshift repairs and support as best they could, with Mr. Goolsby emerging as a resident leader and coordinating support and practical help for families as he was able, despite health issues and two young daughters of his own.

The Village of Experts Come Together

In 2009 and 2010, however, HUD gave Norton's landlord consecutive failing scores on the condition and management of the property, and required the owner to develop a plan for repairs to bring the housing into compliance with HUD standards. When the landlord did not respond to the notice, HUD began the process of abating the HAP Contract and terminating the rental assistance. HUD had approved relocation assistance with housing choice vouchers for the residents and was poised to shut Norton down when the greater community in Pinellas County decided this housing should not be allowed to fall out of the Pinellas County affordable housing inventory.

Once HUD terminates a project-based Section 8 contract, that particular housing subsidy is lost to a community's low-income residents. HUD does not put the project-based subsidy back or transfer it to another development. It is lost for good, and it is happening all over Florida at a time when we have a critical need for subsidized housing due to economic conditions. At the same time that HUD was preparing to terminate Norton's HAP contract and move the residents off the property, Dorothea Lee, of Bay Area Legal Services and I were coincidentally attending a seminar in Tampa sponsored by the Florida Housing Coalition, the National Housing Trust, and the Shimberg Center for Affordable Housing at the University of Florida. At the seminar, local and national experts in housing preservation came together to teach affordable housing advocates practical, legal, and financial strategies for preserving the remaining project-based section 8 subsidies in Florida, to stem cascading losses to the affordable housing inventory. We were taught the warning signs of an impending loss of a project-based subsidy; the warning signs include older, smaller communities; consecutive failing inspection scores by HUD; a HAP contract nearing its expiration date when a property owner might choose not to renew; and financial problems of the owner.

Debra Johnson, the Executive Director of the Pinellas County Housing Authority, also attended the seminar. Ms. Johnson had worked with Dorothea Lee and me in the past, and pointed us to resources which could help us identify project-based Section 8 properties in jeopardy. Norton met all the criteria. I called HUD and learned that abatement and then termination of the subsidy were imminent. I decided to visit the property to see how bad things actually were.

It was love at first sight. It was a sunny summer day in July, the kids were playing, the adults were sitting outside, everyone said hello and made me feel welcome even though I was a total stranger. The property is next door to a state of the art recreation center and water park for the kids, with baseball diamonds recently refurbished by the Tampa Bay Rays. There is a park with a lake and a nature trail two blocks north, and a fresh produce and seafood market two blocks south. There were amenities here for the families that would be lost to them if the property closed.

Residents instinctively knew that something was wrong, but not quite what. We scheduled two mass meetings with resident families at the rec center next door to explain what HUD's intentions were toward the property and steps that might be taken to persuade HUD to maintain the project-based subsidy. For ideas on how to slow down the process while preservation strategies

took shape, I also contacted Jaimie Ross, President of the Florida Housing Coalition, who contacted the president of the National Low Income Housing Coalition, who in turn contacted Carol Galante at D.C. HUD, to help slow the abatement and termination of the project-based subsidy down.

Turn of Events Favor Norton

An incredible stroke of luck: We learned that the owner had taken the Norton property into Chapter 11 bankruptcy, along with at least 18 of his other affordable housing properties. The bankruptcy meant that an automatic stay prevented HUD from terminating the subsidy without first asking leave of the bankruptcy court, because all executory contracts and unexpired leases remain in place during the pendency of a bankruptcy. The owner's bankruptcy gave us the time we needed to put together a plan to save Norton Apartments.

The residents would need to make an appearance and be represented in the bankruptcy, so that the bankruptcy court would be aware that they wanted to maintain their housing. It was critical to find an attorney to assist who had bankruptcy expertise, as bankruptcy law is a complex specialty. Kent Spuhler, Executive Director of Florida Legal Services, located John Lamoureux, a principal at Carlton Fields with extensive bankruptcy and construction law expertise. Lamoureux visited the property to determine whether he wanted to take the case pro bono. He took a tour and met several residents. Lamoureux enthusiastically agreed to join the legal team, free of charge, and rolled up his sleeves to represent the Norton residents at numerous upcoming bankruptcy hearings. He also began crafting a strategy whereby an entity that would be approved by HUD could purchase the property out of bankruptcy by paying off the mortgage due on the property, with the approval of the bankruptcy court, and take ownership of the property free and clear. It was an exit strategy that would benefit all of the parties involved – the owner; who would be out from under the obligation of the mortgage; the bank, who would get its mortgage paid off; HUD, who could form a future relationship with a responsible entity to manage the property and maintain the subsidy going forward; and most importantly for the Norton families, who would at last be living in renovated housing with responsible management. The strategy would only work if an entity acceptable to HUD were found to take over the property; and if funding could be secured to purchase Norton, which had been appraised at $1.8 million dollars. Dorothea Lee inadvertently secured the funding for the property at the reception at last October's Florida Housing Coalition conference, when she explained the plight of the Norton residents to Frank Bowman, the Housing Development Manager for the Pinellas County Department of Community Development. Bowman, who was partially in charge of administering Pinellas County's $18.5 million Neighborhood Stabilization Program (NSP) II award as part of the Pinellas/Pasco Consortium, immediately grasped the opportunity. He and his supervisor Anthony Jones, Director of Housing and Community Development for Pinellas County, agreed to work with the rapidly expanding team of preservation advocates to attempt to secure the Norton property. "A condition of all of our NSP acquisitions is that they be placed in the community land trust," Bowman said, "which we conditioned our acquisition of Norton on. This way the housing remains affordable for successive generations." Pinellas County also provided an added "bonus" to the acquisition fund in the form of a $390,000 grant from the Department of Energy to provide Energy Star certified ranges, refrigerators, and air conditioners to the residents as part of the renovations to lower skyrocketing utility bills. The City of Clearwater also caught the spirit and committed a large portion of its NSP II award toward the acquisition and rehabilitation of Norton.

Keith Alexander is Norton's full-time property manager.

Attorney John Lamoureux, a principal at Carlton Fields, enthusiastically agreed to join the legal team, free of charge, and rolled up his sleeves to represent the Norton residents.

Pinellas County Housing Authority Takes Ownership

At this point Debra Johnson re-entered the picture, offering to ask the Board of the Pinellas County Housing Authority (PCHA) whether it would approve the PCHA taking over ownership and management of the property if the County would provide the funding for the acquisition. The PCHA jumped at the chance to preserve 48 units of housing for extremely low- income residents. HUD, in turn, was delighted that one of its highest-ranked housing authorities was willing to devote its resources to turn Norton around. Negotiations continued for several months, and culminated with US Bankruptcy Judge C. Rodney May signing an order approving the sale of the property to the Housing Authority to resolve the bankruptcy of the owner. The closing was March 15, 2011, and two days later, the Housing Authority brought its team to the community room to meet the Norton residents. The community room, unused for many years, was a happy place that day. Ms. Johnson announced that Resident Services would maintain an office on site two half days a week and that a staffed after school computer lab would open for the children. She then introduced something Norton had been lacking for quite some time, the new full-time property manager, Keith Alexander, who drew cheers from the residents when he said, “I grew up in a community just like Norton.”

Conclusion

Since the closing, the Housing Authority has been busy correcting the conditions that caused Norton to fail its consecutive HUD inspections. New refrigerators secured with the Department of Energy grant arrived the week of April 18, with more appliances to come. A long-time sewage back-up issue is being addressed with a reputable contractor; tree roots are being removed to correct the problems with the foundations; and Keith Alexander, the new property manager, is implementing a unit-by-unit inspection with a fine tooth comb to uncover, as he says, “every nut and bolt and screw and condition that needs to be repaired.” Clearwater community police officers, long discouraged from policing the development because of the lack of cooperation from the prior landlord, have also forged a new partnership with the Housing Authority and the residents to ensure that outside criminal activity does not infiltrate the Norton family. Mr. Goolsby attends meetings of the Neighborhood Association to stay in touch with the adjoining community outside of Norton so that communication is established with neighborhood leaders.

Most importantly, Ms. Johnson announced at the initial resident meeting that at least two of the Norton units would be made fully ADA compliant. Patricia Redding, who has waited for almost two years to be able to move her wheelchair into the bathroom, will finally receive the ADA-compliant unit she was promised when she first moved into the Norton community.

This was a real life example of ‘it takes a village.’ If any of the pieces had fallen out of the picture – the NSP money provided by Pinellas County and Clearwater, the Housing Authority’s willingness to step up, the connections we made through the Florida Housing Coalition which enabled us to reach the proper parties at HUD, the expert bankruptcy assistance in negotiating with the bank and the owner that we received from Carlton Fields, the grant from the Florida Bar Foundation which enables Dorothea Lee and me to do this work, and most importantly, the patience and perseverance of the residents in fighting for their community, those buildings would be vacant and crumbling right now instead of becoming a hub for revitalization and community services for the neighborhood. **HNN**

“It takes a village.”

Norton is now the hub for revitalization and community services for the neighborhood.

Christine L. Allamanno, Esq. *has been the affordable housing project attorney for Gulfcoast Legal Services in St. Petersburg since June, 2009. She negotiates, litigates and provides legal advocacy in the Gulfcoast region full-time in conjunction with a statewide program funded by the Florida Bar Foundation to promote preservation of affordable housing for very low income residents. Chris is a 1987 graduate of Georgetown University Law Center in Washington, D.C. and a 1984 graduate of Kent State University in Kent, Ohio.*

FLORIDA HARDEST-HIT

By Michael Chaney

The "Housing Finance Agency Innovation Fund for the Hardest-Hit Housing Markets" (Hardest-Hit Fund or HHF) was launched statewide in Florida on April 18 to assist qualified homeowners facing foreclosure. Announced by the US Department of Treasury (Treasury) in February 2010, and administered by Florida Housing Finance Corporation (Florida Housing), the program is designed to assist families in states hit hardest by the downturn in the housing market. Although Arizona, California, Florida, Michigan and Nevada were the first five states to be allocated funds, the program has grown to include a total of 18 states and the District of Columbia. Florida's HHF allocation is more than $1 billion, second only to California.

There are two HHF programs in Florida. A majority of people who have applied are requesting assistance from the Unemployment Mortgage Assistance Program (UMAP), which provides up to six months of mortgage payments (including escrowed mortgage-related costs) on the first mortgage. To be eligible, the borrower and/or co-borrower must be unemployed or underemployed, and must be no more than 180 days delinquent on the first mortgage.

The second program, the Mortgage Loan Reinstatement Payment (MLRP) program, helps homeowners who can now afford their monthly mortgage payment, but are past due on their mortgage because of unemployment or underemployment of the borrower and/or co-borrower. The MLRP provides funds to help bring a past-due first mortgage current. There are additional eligibility criteria that a homeowner must meet to be considered for either or both HHF programs; a complete list of all criteria for a homeowner, property and mortgage are available on the HHF website at: ***www.FLHardestHitHelp.org***.

Shortly before the statewide start of HHF, the program was updated based on a review of the pilot and recommendations from the Governor's Office. For the UMAP, an eligible homeowner can receive up to $12,000 for monthly mortgage assistance not to exceed the six-month period. Also, participants in this program will be required to pay 25 percent of their monthly income (at a minimum of $70) toward their monthly mortgage payment for each month they participate in the program. A final change affects the amount of assistance available for the MLRP; up to $6,000 will be available to eligible participants to bring the past-due first mortgage current. For homeowners who received UMAP assistance before becoming eligible for MLRP, any unused UMAP funds (up to $12,000) may supplement MLRP funds to help bring the first mortgage current.

Hardest Hit advisors receive training from the Florida Housing Coalition Technical Assistance Team.

Throughout the pilot program and now during the statewide rollout, the Florida Housing Coalition's role has been to offer training and assistance to the advisor agencies. We have provided face-to-face workshops, webinars and onsite training to advisors. In addition, the Coalition serves as the second reviewer for the formal appeals process for the program. Currently, a majority of applicants have been contacted by their assigned Advisor.

Ultimately, for a qualified homeowner to participate in the HHF program, the homeowner's mortgage holder must sign up as a participating servicer and agree to accept HHF payments. Florida Housing's staff has joined with other HHF states to recruit more participating servicers and the list of lenders in Florida has grown steadily to more than 65 servicers. It is expected that more servicers will sign on because Florida's $1 billion of HHF funding, if used for these two programs, would be enough to help an estimated 40,000 homeowners. **HNN**

Mayfair has 83 units, 42 will be specifically for homeless individuals and families; providing each household with a place to call home. Mayfair Village means permanent housing for our community's most at-risk persons.

Preserving Mayfair Village

By Shannon Nazworth

Ability Housing of Northeast Florida, Inc. was awarded funding for the acquisition and substantial rehabilitation of Mayfair Village Apartments. The community is located at 3539 Beach Boulevard, Jacksonville, within an established, stable neighborhood on the City's Southside.

Built nearly 60 years ago, Mayfair Village is being completely renovated including structural repairs, removal of hazardous materials, and replacement of all roofs, mechanical systems, cabinetry and finishes. Additionally, the development is implementing Crime Prevention Through Environmental Design (CPTED) standards, to ensure a safe environment for the residents.

A newly constructed clubhouse will be built that includes a community room, combination computer room and library, and the property management office. The existing multi-purpose building will be renovated to include a large on-site laundry facility, maintenance shop and storage room.

After the rehabilitation is complete, half of the units will serve households earning 50%AMI, with the other half serving households earning 30%AMI or less. In addition, half of the units will be reserved for homeless households. It is anticipated residents will earn incomes ranging from $13,800 - $33,900 per year.

The residents are comprised of working families, and the growing number of families that have become homeless because they are no longer able to afford their housing because of the economic crisis.

The project is financed with Low-Income Housing Tax Credit Equity, a HOME Loan and Tax Credit Exchange Program (TCEP) funding from Florida Housing Finance Corporation, as well as equity from the developer. It also received a construction loan from Ally Bank.

It is projected the renovation of Mayfair Village Apartments will provide an economic impact to the Jacksonville community of over $13 million and will create or retain 200 jobs.

***SHANNON NAZWORTH** is executive director of Ability Housing of Northeast Florida, Inc., and president of the Florida Supportive Housing Coalition. Ms. Nazworth has over 15 years' experience in affordable housing in Jacksonville and is the former Associate Executive Director of Habitat for Humanity of the Jacksonville Beaches.*

Mayfair Village Offers A New Life

***Linda Ford** has been homeless a few times, occasionally staying at a rooming house. When she first moved into her apartment, she was overwhelmed with two bedrooms, a kitchen and a living room. She said it was nice to have a kitchen and a refrigerator, pleased that no one can take her food. Linda could not rest or sleep when she was homeless and her health was deteriorating. Linda, with a sincere smile, said that her doctor told her she is doing "real good...much better." Having a stable, safe place to live has impacted her health in a positive way. "Thank you very much. Your assistance is really appreciated. I am very happy. It makes a difference when you are content. Thank God for Ability Housing."*

***Brendlyn Henderson** moved to Mayfair Village almost a year ago and said she has liked it from day one. Moreover, she proudly explained that she has gained more independence since moving to Mayfair because of its location. She can walk across the street to do her shopping and there is a major bus stop right in front. She enjoys the activities that Ability Housing plans for the community. With a cheerful laugh, she spoke about the fun she had at a recent community block party. "I love this place, I really do," she said. "Thank you for building the playground and making it nice for the kids; instead of them having to play in the streets. Thank you for the whole community. I'm making this my home. It is the best complex I've ever lived in."*

***Tammy Melvin** has lived at Mayfair for almost two years. Before moving in, she had been homeless. A case manager helped her connect with Ability Housing. After giving thought to what she was going through before finding a home at Mayfair, Tammy said she did not have stability and if it wasn't for Ability Housing, she would not be able to see her children and grandchildren – Lilly, Logan and Luke; nor have her cats – Serenity and Missy. Tammy smiled and reminisced about an Easter egg hunt she and her grandchildren had on the Mayfair Village playground and the fun that they had together.*

Belinda Bennett, *or Ms. B as some call her, has lived at Mayfair Village for many years. Since Ability Housing purchased the property, she has noticed many positive changes. She believes the community has become closer. When asked why it seems better, she said, "There are no more drugs and it is more like a family type of neighborhood. I feel more comfortable being home, with my door open and talking with my neighbors. I feel more comfortable and that's the truth. The neighborhood greets you and you feel greeted. In all my life of living, y'all make me feel part of something worthwhile." And after talking about Ability Housing's mission and projects, she said, "It's a blessing to have these people around me. Y'all bring life to a community."*

***Rosemary Steed** grew up on Jacksonville's Westside. She remembers her family life as pretty normal. She worked hard all her life, raised a family, and one day – after some personal troubles – developed a substance abuse problem and found herself living under a bridge in her own hometown. Rosemary no longer drinks and has a stable home at Mayfair Village. "I am glad to have a place to stay now and am happy that I can keep my dog, Uncle Rufus. I would not want to stay anywhere without him. I really feel safe living here."* **HNN**

Good News - Congress Reforms the Section 811 Supportive Housing Program But Careful Implementation is Necessary

by Charles Elsesser

The one bright spot in last year's rather dismal performance for housing in Congress was the passage of the Frank Melville Supportive Housing Investment Act of 2009. The Act significantly reformed and rejuvenated the Section 811 housing program, offering the possibility of significantly increasing the number and effectiveness of new housing units.

Finding affordable housing is a difficult for anyone on a fixed income. If you also have a long term disability and need additional supportive services that task becomes near impossible. In Miami-Dade County the FMR for a one-bedroom unit is $842 which is 125% of the total monthly income for a disabled recipient of Supplemental Security Income (SSI). For the past 20 years, the 811 program has been an important tool for nonprofit developers in producing affordable supportive housing for extremely low income individuals. Section 811 was the one program targeted to providing supportive housing for people with serious and long-term disabilities, including physical or developmental disabilities and serious mental illness. It focused on single purpose housing with an integration of services and was affordable to people with disabilities with extremely low incomes - such as SSI.

However, the world of affordable housing, and particularly housing with services, has changed significantly over the past 20 years. Much of the affordable housing already developed has aged significantly. New sources of subsidy, such as the Low Income Housing Tax Credits (LIHTC), have become the dominant means of financing affordable housing. Older sources of subsidy have dwindled and dried up. And supportive housing policy itself has evolved.

The structure of the 811 program has undergone relatively few changes during that period. As a result, developers using the program have had difficulty adapting it to the changed environment. For example, the 811 program structure made it extremely difficult to integrate 811-financed supportive housing units within larger rental housing properties - a preferred policy approach. In additional, it was extremely difficult to utilize the LIHTC program—one of the predominant sources of capital funding over the past 20 years— with the Section 811 program. Thus each unit required more capital subsidy from the 811 program. As a result of all of these problems, the number of units developed by the 811 program has decreased to less than 1,000 annually since 2005.

The Frank Melville Supportive Housing Investment Act of 2009 addresses these problems and others, creating a supportive housing funding program designed to work more efficiently in the current environment. Section 811 has traditionally provided two types of assistance:

1. A capital funding subsidy paired with project-based assistance to assist nonprofits in the development of supportive housing projects (the Capital Advance/PRA program); and
2. A tenant-based voucher program. The new Section 811 program reforms both and adds a new Project-Based Rental Assistance program.

The reformed Capital Advance/PRA program is designed specifically to provide capital subsidies and project-based assistance to leverage other capital funding sources such as federal LIHTC, HUD HOME funds, and bond financing. Thus, while single purpose projects will still be permitted, the program will also permit the integration of 811 units into a larger LIHTC project. Section 811 Capital Advance funds can be used as an additional source of gap financing to supplement the LIHTC funding, thus stretching the 811 funds further. The project-based assistance can then pay the difference between the base rents necessary to support the debt and the rents that are actually affordable to people most in need. The program will continue to be administered directly by HUD and would continue to maintain a focus on nonprofit-based developers.

The other major innovation, the new Project-Based Rental Assistance approach provides 15-year Section 811 Project-Based Rental Assistance contracts to integrate Section 811 units affordable to extremely low income households into the larger rental projects. The PBRA program will limit the number of subsidized Section 811 units to no more than 25% of the total units in the project. For example, a 100-unit affordable rental project, subsidized solely with LIHTC/HOME, could receive a PBRA rental assistance contract so that 25 units would be reserved for 811 eligible clients at rents affordable to SSI income levels. The Project-Based Rental Assistance contracts will be renewable 15-year contracts and will require a 30-year use restriction.

Unlike the Capital Advance Program, the Project-Based Rental Assistance program will be administered through State Housing Finance Agencies. This will allow for coordination with LIHTC allocations. In addition, to be awarded the Project-Based Rental Assistance there must be a partnership established between the housing finance agency applying for the Project-Based Rental Assistance and the state Medicaid agency. The contract must identify the target populations to be served by the projects and ensure the availability of appropriate supportive services for the tenants of the project.

Another form of rental assistance included in the old 811 program—the stand alone Section 811 tenant-based voucher program—has ended. The program had been widely criticized by advocates as ineffective. The vouchers issued under the old 811 program will continue to be renewed and have been folded into the regular Section 8 voucher program. In addition, as the vouchers turnover, they will still be reserved for people meeting the 811 criteria.

Finally, many tenant protections, including "good cause" evictions have been moved from regulation to the statute, reemphasizing their importance.

The Need for a Carefully Developed Implementation Program

While the 811 revisions incorporate generally progressive policy changes and financing policies that could lead to additional units, there are concerns that the implementation might have serious unintended consequences. For example, 811 developments in the past have generally been limited to 14 units. Nonprofit developers dedicated to the development of supportive housing for the hardest to serve populations have generally not utilized the far more complicated Low Income Housing Tax Credit process. The LIHTC process generally requires much larger projects to pay for the processing costs. It is possible that many traditional supportive housing developers who are extremely sophisticated in the provision of services could be at a serious competitive disadvantage if they are required to compete with the far more sophisticated financing expertise of tax credit developers. The integration of LIHTC into the new 811 program must be done in a way so as to not cast aside the wealth of experience of the existing supportive housing developers.

In addition, there is the fear that tax credit developers may be less likely to incorporate supportive housing for the "chronically mentally ill" into larger tax credit projects. Tax credit developers must keep in mind the marketability and financial viability of the entire project, not just the 811 units. While the tax credit developers might highly value the additional subsidy of the project- based assistance, they might want to avoid housing anyone who could undermine the marketability of the remaining units. Thus, unless the occupancy of new 811 units is closely monitored, it is possible that many of the new 811 units created will not be used for those residents, such as the severely mentally ill, who are the most difficult to house.

Finally, there is the requirement that the 811 developer contract with the state Medicaid agency for the funds to provide supportive services. Unfortunately, this requirement is imposed at precisely the same time that the Florida Medicaid program is going through its greatest upheaval in recent memory. Much of the Florida Medicaid program may be transferred to privately run HMOs and it is not clear at present the extent to which the contracts for supportive services will be run through HMOs, who are obviously concerned with the bottom line, or through other entities. Should the supportive services be subjected to the cost controls of the HMOs, it could disadvantage those 811 providers who serve the most severely disabled, and therefore most expensive, clients.

All of these issues - the competition with tax credit providers, the emphasis on the marketability of the non-811 units in a large tax credit project and the possible privatization of the Medicaid program—potentially disadvantage the traditional provider of supportive housing targeted to the most severely mentally ill. Unless these concerns are overcome through careful and targeted funding, the seriously mentally ill clients of these traditional providers may lose their opportunity for housing in the community and be forced back into state hospitals. This is exactly the opposite of what is intended by these 811 reforms.

The 811 NOFA for 2010

HUD issued the new 811 NOFA for 2010 on April 8, 2011. The deadline for applications is June 23, 2011. The NOFA, while distributing funds appropriated in 2009, incorporates the approaches of the Frank Melville Supportive Housing Investment Act of 2009. However, it is only distributing funding for Capital Advance/ Project Rental Assistance Project. The entire NOFA is available at: ***http://www.hud.gov/offices/adm/grants/nofa10/811nofa.pdf***

Unfortunately, the new budget compromise recently passed by Congress included significant cuts to the 811 program. Congress is already looking at further cuts to the HUD budget for the FY 2012 budget. **HNN**

CHUCK ELSESSER *is an attorney with the Community Justice Project of Florida Legal Services, specializing in representing community organization involved in affordable housing litigation and policy advocacy.*

"It's Not Dark Yet but It's Getting There" [1]
Congress Passes Deep Cuts to HUD Programs in FY 2011 Budget Continuing Resolution

On April 14, Congress finally passed a Continuing Resolution, H.R.1473, ending the budget standoff and threatened government shutdown. The cuts in this bill total nearly $40 billion. The bill included deep cuts in the HUD budget.

According to a report by the National Low Income Housing Coalition, the budget bill included an across the board cut to overall HUD programs of nearly $3 billion dollars, or 6.5%, below FY10 funding levels. In addition, the following are some significant cuts to individual programs.

Tenant-Based Rental Assistance

- Admin Fees: $125 million cut
- Family Unification Program: $15 million cut (funding eliminated)
- Veterans Affairs Supportive Housing Vouchers: $25 million cut
- Tenant Protection Vouchers: $10 million cut

Public Housing Operation Fund: $149 million cut

HOPE IV: $100 million cut

Public Housing Capital Fund: $456 million cut

Native American Housing Block Grants: $50 million cut

Community Development Fund: $942 million cut

- CDBG: $643 million cut

HOME Investment Partnerships: $215 million cut

Lead Hazard Reduction: $20 million cut

Section 202: $425 million cut

Section 811: $115 million cut

Housing Counseling Assistance: $88 million cut (funding eliminated)

Brownfield Redevelopment: $18 million cut (funding eliminated)

Energy Innovation Fund: $50 million cut (funding eliminated)

Congress will now proceed with the FY12 funding process. Unfortunately, the FY11 levels in the Continuing Resolution will serve simply as a baseline for Congress as they search for even deeper spending cuts in HUD programs.

[1]Bob Dylan 1997

Successes with Section 811

Bob Pitts Villas opened May 11 and will provide 16 units of housing for individuals with disabilities.

Boley Centers is one of those nonprofits that has been very successful in using the 811 program to meet its mission.

The Florida Housing Coalition interviewed Jack Humburg, Director of Housing Development and ADA Services at Boley Centers, and a Florida Housing Coalition Board member, about the Section 811 program and the changes being made to the program by the Frank Melville Supportive Housing Act.

Q: For the past 20 years, Section 811 was the one federal program targeted to providing supportive housing for people with serious mental illness. It focused on single purpose housing with an integration of services and was affordable to people with disabilities with extremely low incomes - such as SSI. How important has the 811 program been for Boley Centers?

A: Very important. Over the past 15 years, Boley Centers has sponsored twelve Section 811 developments providing 208 units of permanent supportive housing for persons with mental illnesses who are at or below 50% of median income in Pinellas County. We have two more 811 awards under development that will add 23 new units to that mix and an application pending for another 14 units in the current round.

The 16-unit Bob Pitts Villas, was funded with a Section 811 grant and funds from the City of St. Petersburg HOME program. It is Boley Center's first green certified project, featuring low flush toilets, tankless water heaters, tin roofing, tile floors and Xeriscaping.

But not all our housing is financed through the Section 811 program, the 22-unit Burlington Gardens was acquired and rehabbed with NSP funding from the City of St. Petersburg. Burlington Gardens will provide housing for individuals with disabilities.

Twin Brooks Apartments will provide 28 units of permanent housing for people with disabilities and who are homeless.

It is a three-phase development constructed on land donated by the City of St. Petersburg. Phase I is comprised of one 14-unit complex funded by HUD's 811 program and an AHP loan from the Federal Home Loan Bank of Atlanta. It provides permanent housing for people with severe and persistent mental illness. Phases II and III are funded by the City of St. Petersburg, the State of Florida Homeless Housing Assistance Grant and PAL, Inc.

Q: Are you concerned about the changes made to the 811 program by the Frank Melville Supportive Housing Investment Act?

A: We are concerned about the changes related to providing supportive housing for persons with severe and persistent mental illnesses. While we recognize the need to leverage these funds to get more units for individuals with disabilities, something that we have been doing for years, the complexities of combining the 811 program with tax credits will require a sophisticated developer willing to partner with a strong mental health services provider. Time will tell, but there could be a tendency for developers to look for less challenging populations to serve than those with mental disabilities.

Q: What, if anything, would you like to see come out of HUD's rulemaking for the Act?

A: We would like HUD to add flexibility into the rules and allow different mixes of financing and configurations. For example, the current proposal for a 25% maximum 811 unit count within any development will cause problems in an area like Pinellas County where vacant land is at a premium. We would also hope to continue some of the traditional 811 developments while this new paradigm is implemented. **HNN**

Renewable Energy 101 for Housing and Community Development Conference

By Lydia Beltrán

The Institute for Professional and Executive Development (IPED), a Washington, D.C.-based company well known for its expertise in green affordable housing and community development, partnered with the Florida Housing Coalition to host its national conference on using renewable energy for housing and community development. The effort was part of the Coalition's Affordable Green Housing Partnership Network sponsored by a grant from Wachovia, A Wells Fargo Company, and the generous support of IPED and its sponsors. The conference, held March 24-25, 2011, in Tampa, brought together experts in renewable energy to address affordable housing and community development from perspectives both nationally and Florida based.

Participants learned:

- How to choose the right energy development or retrofit program;
- How to weigh the costs and benefits of various energy conservation measures for a new or existing project;
- How the most common renewable energies work when used on community development projects with emphasis on solar, fuel cell and community wind.

Florida's energy usage research results, design features and partnerships needed to incorporate energy and water conservation and implementation and strategies in addressing a clean energy economy were presented. The panelists provided insight for structuring and partnering to further incorporate energy conservation in tax credit projects.

Government support for solar power and other clean energy technology is critical to our economy and our environment. The key question, especially in Florida: "Can solar development be economically feasible" was explored based on a variety of perspectives including program models.

Supporters of a California-based incentive program (as defined in California Public Utilities Code (PUC Section 2852) for the installation of solar photovoltaic (PV) generating systems on low-income multifamily housing finds that solar is economically feasible. The Multifamily Affordable Solar Housing Program (MASH) for affordable housing is designed through the California Solar Initiative (CSI) to: (1) stimulate adoption of solar power in the affordable housing sector; (2) improve energy utilization and overall quality of affordable housing through application of solar and energy efficiency technologies; (3) decrease electricity use and costs without increasing monthly household expenses for affordable housing building occupants; and (4) increase awareness and appreciation of the benefits of solar among affordable housing occupants and developers.

The Florida Housing Coalition will continue the dialogue about Florida's energy needs and role in affordable housing with a Green Track at the Coalition's Conference in September. For more Renewable energy information and/or Florida's Affordable Green Housing Partnership Network contact Lydia Beltrán, Technical Advisor at 954.458.4969. **HNN**

Stan Fitterman, FHC Technical Advisor Director and COO provided the Welcome and Opening remarks. (L to R) Moderator: Jeff Lesk, Partner, Nixon Peabody LLP; Jeff Periman, CEM, LEED AP, President & Founder, Bright Power, Inc.; David Epley, Program Director, of Energy Performance, Enterprise Community Partners; Laurel Tinsley, Vice President, Director of New Markets, McCormack Baron Salazar, Inc.; Casius Pealer, President, Oyster Tree Consulting

WHAT'S YOUR LEASE PURCHASE IQ?

By Gladys Schneider

Now that Florida's Neighborhood Stabilization Program (NSP) grantees have made their acquisitions and finished renovations, what will become of this growing inventory if buyers are not ready to purchase? Some markets have qualified buyers for their NSP homes but in many communities more loan rejections than approvals are coming from financial institutions. Vacant, completed NSP homes are a worry and could affect grant performance.

If you are thinking about creating a lease purchase program, you are not alone. The Coalition has facilitated workshops in Florida on the model as a short-term lease program for NSP and also teamed up with Training and Development Associates (TDA) to present workshops in Baltimore and San Francisco. National expert David Cramer of TDA, myself and several other technical assistance providers developed a Lease Purchase Toolkit sponsored by HUD. This toolkit has a dozen useful model documents and can be found at the HUD NSP Resource Center: **http://hudnsphelp.info/index.cfm?do=viewToolkitsHome&programtypeid=2**.

If you thought a lease purchase program was a quick exit strategy to sell NSP homes, think again. Lease purchase is more than a homeownership acquisition and rehab activity, it also requires property management, counseling, and perhaps most important, adequate client screening. Not every prospective homebuyer is a match for a lease purchase program as they must be expected to be a reliable renter and be able to qualify for a permanent mortgage within two or three years. The way you structure your program up front will have an impact on how successful you and your tenant buyers will be.

SOME NSP SPECIFIC POINTS ABOUT USING LEASE PURCHASE

Lease purchase is a NSP homeownership activity. Your substantial amendment or Action Plan should specifically refer to the possibility of using the model.

Under NSP, the HOME rule covering lease purchase is used as a safe harbor because the NSP statutes do not provide full direction, even though lease purchase is named as an eligible activity. Under HOME Rule CFR 92.254(7), the home must be sold within 36 months from lease-up. Another six months grace period is allowed. If the home is not sold within 42 months, it will convert to permanent rental and the occupant must meet HOME income limits, which is 80% of area median income. HOME citation 92.254 (7) and (8).

Lease purchase units are reported when an eligible beneficiary signs a lease to occupy the home. The affordability period starts at the date of initial occupancy by the tenant, not when they close on purchasing the home. If there is a 15-year affordability period, and the lease purchaser closes in year three, there are 12 more years of affordability required. If the tenant does not close but is replaced by another prospective purchaser, the clock continues from when the home was first occupied by an eligible beneficiary.

All other NSP rules related to acquisition, rehab and disposition apply. The income generated by the rental that exceeds operating expenses could be considered program income and should be addressed in any subrecipient agreement. If the lease-purchase sponsor is a developer, the rental revenue should be addressed in the project agreement.

Take a moment to check out your Lease Purchase IQ and see if your program is ready to implement.

CAPACITY—Do you have responsible partners with rental property experience? Are all operating expenses carefully calculated? Does the sponsor have the capacity to operate the units and ensure that the lease purchaser is participating in credit and homebuyer counseling? Does the agency have the experience and capacity to ensure the units are properly maintained? Does the sponsor have good lender relations and the ability to market the homes and program?

SELECTION CRITERIA—Have you thought about how lease purchasers will be selected? You should be selecting tenants who will be good renters who may not have the credit score needed to qualify for a loan but can reasonably be expected to raise their credit score, stay employed, and avoid further debt during their tenure as renters. Other considerations include income level, cash requirements, and criminal background.

WRITTEN AGREEMENT—The legal agreements are critical for the Lease Purchase model. Along with the standard intake and income certification documentation, do you have a lease purchase agreement that includes a purchase option? Does the lease purchase agreement address maintenance requirements, rent amount and late fees, default procedures and damages? Does the option to purchase specify the purchase price and terms for exercising the option? Are both documents referenced to each other so that it is clear that the option to purchase may be exercised ONLY when the lease purchaser has obtained a permanent first mortgage? The agreements must also specify timing so the notice of loan approval or of vacating the unit is provided to allow for closing or move out.

POLICY MANUAL—Does the grantee or sponsor have a Lease Purchase Policy Manual that details the program expectations, timeframe, rules and policies?

Have you spent time working with your partners to develop policies on selection criteria and an exit strategy? To learn more, check out the Lease Purchase Policy Manual template in the Toolkit: ***http://hudnsphelp.info/index.cfm?do=viewToolkitsHome&programtypeid=2.***

THREE PART PRO FORMA—Do you have a three part pro forma that budgets the sources and uses for the acquisition phase, the operating expenses for the rental phase, and affordability and mortgage payment for the buyer? Does the pro forma include counseling costs and any purchase assistance that might be offered either with developer subsidies or closing costs? Does the project's cash flow for the full construction to leasing to closing period? The rent level must cover expenses and also be within a market demand. This balance is critical for attracting tenants and keeping the program operational.

INVENTORY—What kind of homes do you have available? Who is your target market? This is critical in renting to potential buyers who desire the home, the location and being part of a program. Are the homes newly and fully rehabilitated? Do they have energy efficiency features? Remember that if the homes had a ready market, you would not be leasing them temporarily until your buyers can qualify. Have you done everything to sell the homes outright?

BUYERS—With few exceptions, NSP grantees report they have less than 10 percent approval rate for applicants for home loans. Credit scores, income level and underwriting restrictions make the qualified buyer a rarity. Add to this that NSP homes, by their very nature, are located in target areas experiencing stability problems and the supply of buyers is deeply narrowed. Skill is needed to determine which applicants could purchase in the next year but for a minor credit problem, or in the next 24 to 36 months with some committed guidance and effort.

COUNSELING—Homeownership counseling for lease purchase programs must be more than just maintenance and family budgeting. Active credit counseling is required to move scores up. Do you have access to this level of counseling? Do you have staff to ensure the counseling is taking place and someone who can develop a benchmark plan for each lease purchaser? Without this solidly in place, lease purchase may turn out to be just a lease. Along with counseling, an exit strategy discussed below is essential.

EXIT STRATEGY—Equally important to having an excellent counseling program is an exit strategy. No lease purchase programs are 100% effective and the sponsor should be prepared that not all tenants will become homeowners. Leases can expire and the tenant may move out voluntarily for any reason. When a lease purchaser is not making the needed progress to become a homeowner, the sponsor may be required not to renew the lease. This will mean another lease purchaser must be available and able to complete the program in the now shortened timeframe. A comprehensive lease purchase program might have an alternative rental unit for tenants who cannot complete the purchase but want to remain tenants of the sponsor. The critical decision in evaluating your Lease Purchase IQ is whether your sponsor is willing to evict. Eviction is the negative part of property management. This legal process may create unwanted media attention and is unpleasant for all parties. If a local government chooses to be the sponsor, the potential political impact should be seriously considered.

NEIGHBORHOOD STABILIZATION—Will your lease purchase program transform an area from rental to ownership? Do you have the scale in place to make a difference? Do your lease purchasers show enthusiasm for being in the program and making their neighborhood their permanent home? Do you have incentives to attract and keep your clients involved? During the lease program you can offer a free 13th month rent if all classes were attended or you can offer home superstore gift cards as closing incentives. Down payment assistance plus purchase price write down are excellent incentives. Plus there is a locked in purchase price that may be great to anticipate. You will be reducing the purchase price if the value goes down during the lease- this is both an incentive and an NSP requirement as the home price must be the total project cost or current market appraised value, whichever is less. This is why it is important to take a comprehensive approach to the neighborhood and help make values and quality go up.

How do you rate?

Whether you are a genius or budding lease purchase intellectual, the Florida Housing Coalition is here to help. Please call us at 850-878-4219 or email us at info@flhousing.org for technical assistance as you navigate the Lease Purchase terrain. HNN

FHC's Expertise Requested Coast To Coast

From California to Puerto Rico, FHC's Technical Assistance Team provides needed expertise to ensure NSP efforts are successful. Gladys Schneider, Technical Assistance Director, has been providing NSP contract-overview assistance for a property purchase in Sarasota and helping the City of Deltona with their NSP. She also taught a Lease / Purchase workshop in Baltimore. This work is being conducted under a contract with the national TA provider for HUD, Training and Development Associates (TDA.)

Schneider and Aida Andujar, Technical Advisor, teamed up to assist West Palm Beach with their NSP. They conducted an on-site problem solving clinic for staff and are following up with one-to-one mentoring and guidance meetings. Schneider is working on a Lease Purchase and Land Bank Re-Use Plan along with finalizing the city's lease purchase policies and procedures. Andujar presented an NSP Intake and Income Eligibility class for staff and helped developed policies and procedures, along with a contractor's handbook to provide guidance for construction-related work. Andujar developed rehabilitation and contractor guidelines and policies and provided training on rehab best practices.

The TA Team began their NSP work with the State of Texas. Under its contract with TDA, Schneider Andujar, Stan Fitterman, Technical Assistance Director and Chief Operating Officer, and Technical Advisors Lydia Beltrán and Lisa Hoffmeyer are providing TA and specific training sessions. Beltrán co-presented with Dionne Roberts, TDA Inc. on CDBG, HOME and NSP basics; Hoffmeyer held two one-day clinics on Homebuyer Processing; and Schneider and Hoffmeyer trained on the Real Estate Development Process. Fitterman and Beltrán will continue providing extensive multifamily assistance.

Fitterman and Hoffmeyer started work with the State of California NSP grantees to help with compliance, marketing, and program management. The team will conduct training for subgrantees on specific NSP rules; transferring and marketing properties and property management; procedures around program income tracking, reporting and documentation; multifamily and single family underwriting; and developing a Monitoring Guide, training on monitoring and on-site learning.

Florida's TA Team is available to help you overcome obstacles and meet NSP program goals. Please contact the Florida Housing Coalition at 850-878-4219 or info@flhousing.org to request assistance. HNN

EVALUATING YOUR ORGANIZATION'S FINANCIAL HEALTH

by Lisa Hoffmeyer

The development of good fiscal policies and strong financial management tools is primarily the responsibility of the organization's Executive Director/CEO and the Board. Good fiscal management helps your organization be prepared for financial fluctuations, and demonstrates to funders and monitors that funds have been used appropriately.

Use these 10 questions to give your organization a Fiscal Check Up.

Does your Board have the expertise to evaluate the organization's finances?

Your Board composition should include some members with a strong financial background, such as accountants, bankers, auditors or others with skills in managing operating and program budgets; accounting and bookkeeping; financial controls; cash management; financial statement preparation; and analysis.

Do you have a Finance Committee?

Preferably, the Board should have a separate Finance Committee composed of appropriate Board members, the organization's Executive Director and Chief Financial Officer (CFO)/Fiscal Manager. The Finance Committee should ideally meet monthly, or at a minimum quarterly to review financial statements, cash flow, budget variances, loans, grants and cash on hand.

Are financial statements prepared regularly?

An Income Statement (Statement of Activity), Statement of Cash Flows and a Balance Sheet (Statement of Financial Position) should be prepared monthly by the organizations CFO, accountant or designee and presented at the Finance Committee meeting. The Executive Director or designee should be prepared to review and discuss the statements with the Committee, bringing any areas of concern to the Committee's attention

Do you have a Fiscal Policy Manual?

Every organization should have written policies and procedures for fiscal operations. The manual should include: Procedures for processing payroll; purchasing authority; accounts payable and receivable; petty cash; budgeting; reporting; and banking. These policies should be reviewed annually by appropriate staff and the Finance Committee and revised as needed.

Do you have an annual audit?

A full audit should be conducted annually by a firm with expertise in nonprofit management. The auditor should be willing to present the audit to either the full Board or the Finance Committee and discuss any findings. If possible, you should change auditors every 3-7 years to get a fresh perspective.

Do you have internal controls in place?

There should be a separation of financial duties among staff. The same staff person that authorizes purchases, makes deposits or signs checks should not be the same person that processes and records disbursements or receivables in the accounting system.

Are budgets prepared annually and analyzed monthly?

Annual budgets are typically prepared by staff, then reviewed and approved by the Finance Committee, then the full Board. The budget should include all sources and projected sources of income. At the Finance Committee meeting, significant budget variances should be reviewed and discussed.

(continued on page 29)

FHC is Your NSP Expert-For-Hire

The Florida Housing Coalition can provide help in several ways. You can always start by calling 850-878-4219 or emailing us at *info@flhousing.org*. For NSP grantees, subrecipients, or consortium members or funded developers, consider these options:

- Just a question—perhaps an interpretation of a rule in light of what you are experiencing or considering—Call us, email us, or submit your question to HUD's NSP Resource Website under Ask A Question. Two days a week the Florida Housing Coalition Technical Assistant Directors are on the expert answer team so you might get one of us to answer your question but any day of the week you can be sure to hear back with an answer. You may ask a question at the HUD NSP help site at: *http://hudnsphelp.info/index.cfm?do=viewAskQuestion*

- Recurring or on-site technical assistance—You need to review your reports with a critical eye, you have hit some road bumps with procurement or a developer agreement or you are not sure if one of your strategies is working, for example. Call us, email us, or submit your request to HUD's NSP Resource Website under "Get Assistance" at: *http://hudnsphelp.info/index.cfm?do=viewTaRequest*

HUD will review your request and assign a technical assistance provider to help you.

For NSP and Other Housing Programs:

- Management, Consulting or day-to-day assistance with NSP or any other housing program activity—Call or email and we will review your question and provide a proposal for either one-time temporary assistance or ongoing day-to-day management assistance.

You can count on your Florida Housing Coalition Technical Assistance Team to be prepared and experienced to handle your needs. Our mission and goal to be a catalyst for affordable housing in Florida guide us to the most effective solutions in timing, quality and compliance. **HNN**

Capacity Corner from page 28

Does your organization have sufficient reserves?

The Finance Committee and Executive Director should work to establish an ideal operating reserve (i.e., two to six month's expenses) to serve as a cushion should a regular funding source dry up or to cover unanticipated expenses.

Do you have a Capital Needs budget?

The Capital Needs budget is a multi-year plan that accounts for upcoming major maintenance and replacement of facilities and equipment. This should be updated annually and reviewed by the Finance Committee.

Do you have an adequate accounting system?

Is your accounting software updated, efficient and backed up regularly? If not, an updated system may be something you want to include in your Capital Needs budget. Nonprofits can obtain software at discounted prices from *www.techsoup.org*. Agencies that want to integrate property management and accounting may need to invest in a more sophisticated system such as Yardi or AMSI.

The key to nonprofit sustainability is being able to anticipate changes in your agency's finances and funding sources so you can adapt easily and respond quickly. **HNN**

THE FLORIDA HOUSING COALITION'S 24th ANNUAL CONFERENCE: FLORIDA'S PREMIER STATEWIDE AFFORDABLE HOUSING TRAINING & TECHNICAL ASSISTANCE EVENT

September 26-28, 2011

Lunch Keynote Address By:

Alan Mallach
Senior Fellow, Center for Community Progress

Alan Mallach is a nationally recognized advocate and scholar on housing, land use, community and economic development. Mallach is a senior fellow at the Center for Community Progress and teaches in the graduate city planning program at Pratt Institute in New York City. In addition, he is an author of *A Decent Home: Planning, Building and Preserving Affordable Housing* and *Bringing Buildings Back: From Vacant Properties to Community Assets*. Mallach is also a senior fellow at the Metropolitan Policy Program of The Brookings Institution, a visiting scholar at the Federal Reserve Bank of Philadelphia and a member of the College of Fellows of the American Institute of Certified Planners.

September 26

FEATURING

PUBLIC POLICY PLENARY:
Housing and the Economy; and the future of Housing Programs.

Caucus / Partner Meetings: Formal networking time for:

- FAHRO and FRA
- Florida Legal Services Statewide Affordable Housing Project
- Foreclosure Counselors
- Fundraising for Nonprofits
- Green Partners and Utility Companies
- SHIP Administrators

September 28

SHIP and NSP Roundtables

September 27

TRACK 1: Neighborhood Stabilization in Florida Recovery and Reinvestment - Progress overview; new HUD guidance; upcoming tasks and milestones; and training for program design

TRACK 2: Affordable Green Housing - Integrating design; establishing initiatives and policies; and creating effective partnerships

TRACK 3: Preservation - From HUD to USDA: Focus on identifying and acquiring existing assisted rental housing

TRACK 4: Foreclosure Prevention - Hardest-Hit Program update; mediation training; and other foreclosure alternatives

In addition to the four training workshops within each track, we will have training sessions on the nuts and bolts of housing finance and development; housing finance and development for the expert; case studies and success stories, legislative advocacy, community organizing, and new tools for accessing funding opportunities.

Hotel Accommodations:

Rosen Shingle Creek Resort
9939 Universal Blvd., Orlando, FL 32819
The group rate for single/double occupancy:
Early Bird Rate: $135 (Before June 24) / $145 (After June 24)
Make your reservations today! (866) 996-6338

For more information, email Johnitta Richards Wells at the Florida Housing Coalition at richards@flhousing.org.

STATE OF THE STATE KEYNOTES

Ed Jennings, Regional Administrator for HUD serving eight states including Florida.

Steve Auger, Executive Director for Florida Housing Finance Corporation

An invitation will be made to the Executive Director of the newly created Department of Economic Opportunity when named.

PUBLIC POLICY PLENARY – Moderated by Mark Hendrickson

Housing = Jobs. That's how the Sadowski Affordable Housing Act got passed in 1992. Florida's construction industry was in a slump. Local governments needed funds to incentivize the private sector; this was the way to implement the housing element of the comprehensive plans and provide for housing everyone, including those hardest to house, such as the very lowest of the paid workforce like farmworkers and anyone who may no longer be able to work such as the elderly and disabled.

The Sadowski Act created a dedicated revenue source for affordable housing in Florida and over the first decade of its implementation earned acclaim as the national model for creative housing programs that stood the tests of accountability, productivity, and a 6:1 return on public sector investment. So when a Governor, House, and Senate agreed to make "Jobs, job number one" and "Get to Work," housing advocates were justifiably optimistic that the housing trust fund monies might be appropriated for housing—putting some 15,000 Floridians to work while infusing over $1.4 billion in economic activity. But the 2011 session was the first time since the inception of the Act in 1992 that not a penny of the Sadowski Housing Trust Funds was appropriated for housing.

The public policy plenary at the 2011 conference will focus on this key question:

Why isn't the legislature appropriating housing trust fund money for housing?

We will have a panel of national and state experts examining the state of Florida's real property and labor markets, state fiscal policies, economics, policy, and political considerations to help us understand the answer to this question. With a better understanding of why our Housing= Jobs message has not won the day for us, we intend to chart a more successful course, so that housing monies will indeed be appropriated for housing in the future.

This is sure to be the number one policy issue for nearly all of the more than 600 housing professionals that attend the Florida Housing Coalition's statewide annual conference. We look forward to your participation.

We Thank our PLATINUM SPONSORS-This conference could not happen without them.

Bank of America PNC CHASE WELLS FARGO

Full brochure and on-line registration will be available by the end of June.

By Michael Chaney

ANNUAL REPORTS

All reports must be submitted by September 15th, so start now to ensure timely completion. A handful of communities may receive extensions for expending their 08/09 funds, but they will still be required to submit a set of annual reports on September 15, 2011, and there is no extension for submitting them after this date.

Each year when the September 15th SHIP Annual Report deadline approaches, the Florida Housing Coalition fields numerous and varied questions on report-related topics. The Coalition is available to provide this assistance through its technical assistance line: 1-800-677-4548. In addition, a full collection of frequently asked questions about annual reports (and many other topics) is available at ***www.shipfaq.blogspot.com***.

Meeting the Set-Asides

Q: *What happens if you create your 08/09 close out annual report, only to notice for the first time that you are out of compliance with one or more of the set-asides? What if, for example, a jurisdiction has fully expended these funds but has only dedicated 70 percent—rather than the minimum 75 percent required—to the construction/rehab set-aside?*

A: The most straight forward solution is often to re-assign assistance expenses between SHIP distributions.

In the case stated above, all 08/09 funds have been expended. It is very likely that a significant amount of the jurisdiction's 09/10 distribution may also be expended. Identify one or two households assisted with 09/10 funds that comply with the construction/rehab set-aside. Re-assign these expenses to the spreadsheet tracking 08/09 funds. Similarly, re-assign one or two 08/09 cases of set-aside non-compliant assistance to the 09/10 spreadsheet. Determine if this exchange has resulted in enough 08/09 expenses that comply with the set-aside, and re-assign additional 09/10 expenses as needed to achieve set-aside compliance.

The exercise of re-assigning expenses from one SHIP distribution to another is not uncommon. It may also be used to achieve compliance with an expenditure or encumbrance deadline. Whenever an expense is re-assigned to a different distribution, care should be taken to clearly indicate 'from where' and 'to where' an expense is being re-assigned. In this way, one may still fully reconcile SHIP tracking spreadsheets with the jurisdiction's general ledger. The example above is a small and simple case of re-assigning funds. If your case is more complicated, call the Florida Housing Coalition for additional guidance as you work to re-assign funds and cure set-aside noncompliance.

Saving a Copy of the Online Report

Q: *How can our local SHIP office save a copy of the online annual reports we create?*

A: For the third year in a row, SHIP staff will complete reports using the online annual report system. The following link will bring you to the login page for the SHIP Web-Based Annual Report: ***http://www.FloridaHousing.org/SHIPAR.***

Even before SHIP administrators have completed all three of their reports, they may need to save or print a copy of the data they have entered. The upper right corner of the 'Review' tab on each annual report contains a button to 'click here for a printer-friendly (PDF) copy of this annual report.' This feature requires users to have Adobe Reader version 8 or above on their computer to view or save a PDF report. Fortunately, this product is available for download from the Adobe site for free: ***http://get.adobe.com/reader/.***

A SHIP staff person can save a report at any point even before it is complete. This may be a helpful interim step as staff researches data to add to the report. Once all three reports are completed, this feature allows you to save all three annual reports, a necessity to make the reports available for public inspection and comment.

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 hotline at (800) 677-4548.

SHIP Repayments

Q: *Our local SHIP office has received several payments from former SHIP recipients. How will this money be recorded during the next round of SHIP annual reports?*

A: These payments must be reported as program income on your SHIP tracking spreadsheet for the state fiscal year in which received. For example, one of your payments was received in May 2010, which is during the 09/10 fiscal year. This payment should be assigned to the 09/10 tracking spreadsheet and corresponding annual report.

The more recent payments occurred during the FY 10/11. Although you received no SHIP distribution during the FY 10/11, you must also create an annual report for this period. You must report the amount of bank interest, SHIP repayments and possibly even recaptured funds you have received from July 2010 through June 30, 2011, and report how these funds have been expended in compliance with SHIP rules, including the set-aside requirements.

Program Income for Administrative Expenses

Q: *Does the lack of SHIP funding during 10/11 affect the amount of program income I can spend on administration?*

A: Yes it does. Each jurisdiction is allowed to use a portion of the program income it collects during each fiscal year to pay for administrative expenses, above the 10% that is often devoted for administration.

"The cost of administering the program may not exceed 10 percent of the local housing distribution plus 5 percent of program income deposited into the trust fund, except that small counties, as defined in s. 120.52(19), and eligible municipalities receiving a local housing distribution of up to $350,000 may use up to 10 percent of program income for administrative costs." Section 420.9075 (7)

During the 10/11 State Fiscal Year, every SHIP jurisdiction received less than $350,000 in SHIP funding. Therefore, every jurisdiction may use 10% of the program income collected in 10/11 for administrative expenses.

Administrative costs are the same expenses that may be paid for with the 10 percent administrative budget: salary, travel, advertising, and much more. The remainder of your program income must be dedicated to paying for SHIP assistance to applicants, using the strategies in your Local Housing Assistance Plan (LHAP). Before spending 10/11 program income, confirm that your jurisdiction has an approved LHAP that governs funding for this state fiscal year.

SHIP Set-Aside Calculations

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

A: The SHIP set-aside percentage calculations are not based only on the annual distribution. You must include other revenue sources when calculating set-aside compliance. Compliance with the Homeownership set-aside (65 percent of funds) and the Construction/Rehab set-aside (75 percent of funds) is based on the sum total of the 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.

Keep in mind the 2009 change that narrows the definition of Recaptured Funds. 420.9071(25), Florida Statutes, of the SHIP Statute: "Recaptured funds" means funds that are recouped by a county or eligible municipality in accordance with the recapture provisions of its local housing assistance plan pursuant to s. 420.9075(5)(h) from eligible persons or eligible sponsors, which funds were not used for assistance to an eligible household for an eligible activity, when there is a default on the terms of a grant award or loan award." **HNN**

ABOUT THE COALITION

The Florida Housing Coalition, Inc. is a Florida nonprofit and 501(c) (3), statewide membership organization whose 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 Coalition provides professional consultation services through training and technical assistance on affordable housing and related issues to nonprofit organizations, local governments, and their private sector partners.

We support community-based partnerships in leveraging resources; and advocate for policies, programs and use of funding resources that maximize the availability and improve the quality of affordable housing in Florida. The Coalition carries out this mission recognizing that decent and affordable housing is a human necessity and an integral part of community revitalization and economic development.

OUR VISION

Every Florida community, large and small, practices a community ethic reflecting a belief that access to housing that is decent, safe, affordable and of a person's own choosing, is a fundamental right and that at least one active, viable community-based organization plays an important role in delivering affordable housing and related services in each community.

OUR TEAM

The administrative office for the Florida Housing Coalition is housed in Tallahassee, with seven professional technical advisor offices throughout Florida.

Our technical assistance team consists of a highly skilled and geographically dispersed network of full-time professional staff providing technical assistance in all areas of affordable housing planning, finance, and development.

Our professional technical assistance team also includes the expertise of our 25-member Board of Directors. Our team is one of the largest and most accomplished statewide providers of training and technical assistance in the nation. Our team is also working throughout the continental U.S. and Puerto Rico on the Neighborhood Stabilization Program.

JOIN OUR TEAM

Florida Housing Coalition members who are interested in joining our Team as a Board Member should send a resume/bio to ***info@flhousing.org*** . The Nominating Committee will be making recommendations to the full board at its August, 2011 board meeting so that new board members can begin their term at the conference in September. Please submit your resume no later than June 30, 2011.

Florida Housing Coalition 1367 E. Lafayette Street, Ste. C Tallahassee, FL 32301
Ph: 850-878-4219 | Fax: 850-942-6312 | Email: *info@flhousing.org*

PARTNERS FOR BETTER HOUSING MEMBERSHIP

Partners for Better Housing Membership is for those who wish to support the work of the Florida Housing Coalition by making a tax deductible donation of $500 or more. Memberhip benefits include:

- Complimentary conference registration (Patron Level or higher only, quantity indicated below)
- Unlimited membership rates for registration at the conference
- Free job vacancy posting service on the Coalitions website
- Access to the Coalition's e-newsletter *Member Update*

☐ **$20,000 Platinum Sponsor** (*20 comps*)
☐ **$10,000 Gold Sponsor** (*10 comps*)
☐ **$5,000 Sponsor** (*6 comps*)

☐ **$2,500 Co-Sponsor** (*3 comps*)
☐ **$1,000 Patron** (*1 comp*)
☐ **$500 Contributor**

ADDITIONAL BENEFITS FOR PLATINUM, GOLD & SPONSOR

- Subscriptions to *Housing News Network* Journal (up to 20)
- Logo displayed on Coalition's website
- Logo displayed in all conference-related publications, on Coalition's website and in each triennial issue of *Housing News Network* Journal
- Complimentary booth at conference expo (*if reserved by July 31*)

ADDITIONAL BENEFITS FOR CO-SPONSOR, PATRON & CONTRIBUTOR

- Subscriptions to *Housing News Network* Journal (up to 8)
- Logo displayed in all conference-related publications, on Coalition's website and in each triennial issue of *Housing News Network* Journal

BASIC MEMBERSHIP

Basic membership is for those who wish to subscribe to *Housing News Network*, post job vacancy announcements free on the Coalition's website 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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For more information, e-mail Johnitta Richards Wells at the Florida Housing Coalition at richards@flhousing.org.