

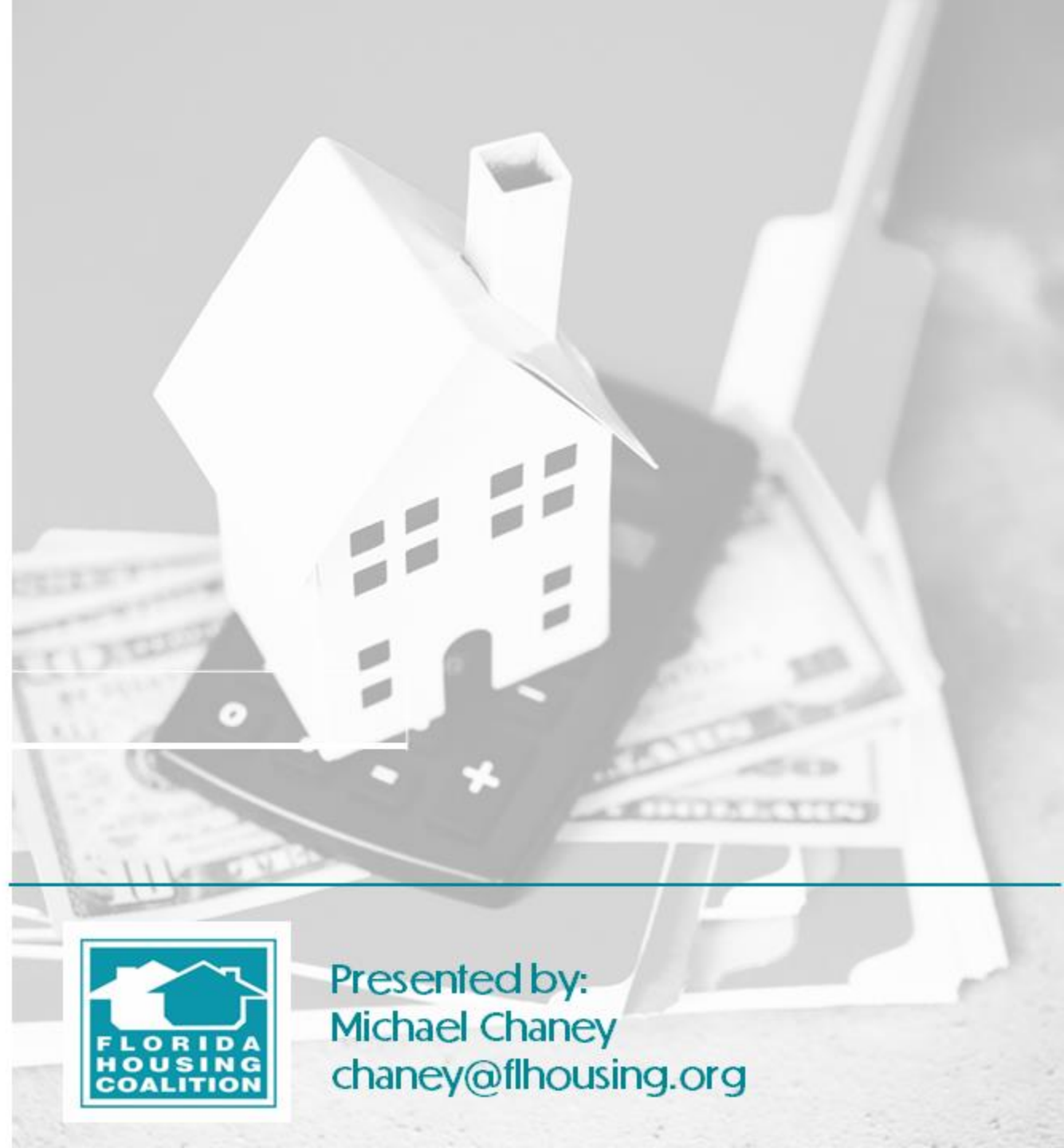
# SHIP Rent Limits Policy

June 26, 2023 at 2:00 pm

Sponsored by  
Florida Housing Finance Corporation's  
Catalyst Program



Presented by:  
Michael Chaney  
[chaney@flhousing.org](mailto:chaney@flhousing.org)



# Our Thanks to the Florida Housing Catalyst Program



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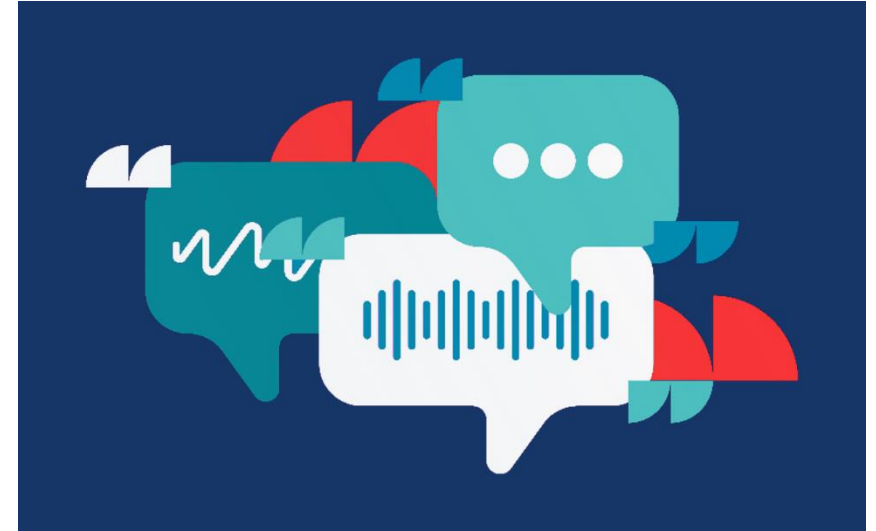
# Webinar Logistics

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

Email [chaney@flhousing.org](mailto:chaney@flhousing.org)

- This webinar is being recorded and will be available at [www.flhousing.org](http://www.flhousing.org)
- A survey will immediately follow the webinar; ***please*** complete it! Thanks!



# Presenter

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Michael Chaney  
Technical Advisor,  
Florida Housing Coalition  
850 980-1307  
[chaney@flhousing.org](mailto:chaney@flhousing.org)



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# Overview of Topics

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- Ways SHIP Assists Rental Housing
- Rules for Using SHIP for Rental
- Rent Limits Policy
- SHIP for Ongoing Rental Assistance
- SHIP Rental Development
- Monitoring SHIP Rental Housing



# Affordable Housing Contacts

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Florida Housing Coalition  
[www.flhousing.org](http://www.flhousing.org)

- State-wide nonprofit membership organization
- Provides training, technical assistance on affordable housing
- Advocates for SHIP funding



Florida Housing Finance Corporation  
[www.floridahousing.org](http://www.floridahousing.org)

- Administers SHIP, State HOME, Low Income Housing Tax Credits, Multifamily Revenue Bonds, Single Family Bond, Predevelopment Loan Program, Foreclosure Prevention, Special Initiatives



# Ways that SHIP Assists Rental Housing

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## Rental Development:

- New Construction or Repair

## Rental Assistance:

- Eviction Prevention
- Rent Deposit
- Rent Subsidies
- Disaster

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# SHIP Statute section 420.9072 (7)(b)

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(b) A county or an eligible municipality may not expend its portion of the local housing distribution to provide ongoing subsidies, except for:

1. Security and utility deposit assistance.
2. Eviction prevention not to exceed 6 months' rent.
3. A rent subsidy program for very-low-income households with at least one adult who is....

# Eviction Prevention

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## Sample Strategy Attached:

- Similar to Foreclosure Prevention for Homeowners
- Pay up to 6 months of past due rent and late fees

## Eligible applicants must document:

- Recovery from temporary hardship (best practice)
- Ability to pay rent in the future (best practice)
- Not at fault for the hardship, like loss of employment, divorce, death, medical expenses





# Rent Deposit

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## Sample Strategy Attached:

- First and Last Month's Rent
- Security Deposit for Damages
- Utility Deposit
- Local policy: require a physical inspection of rental unit

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# Disaster-Related Temporary Rent Assistance



- Inspect damaged property to confirm applicant is disaster affected
- Pay rent for a month to month rental, or
- Shelter in a hotel, \$100 or more daily with no discounts.
- Find pet friendly hotels

# Example of Temporary Rent Assistance: Hurricanes Ian and Nicole

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- In some communities, SHIP paid for nights in a hotel
- Households documented that they were displaced, sometimes providing their FEMA application number.



# Amount of SHIP Available for Rental Development

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100 % Allocation

- 65% Homeownership Set aside
  - 10% Admin
- 
- 25% of Allocation Available for Rental New Construction or Rehabilitation  
+ PLUS all Program Income

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# Less is Available for Rental Assistance

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100 % Allocation

- 75% Construction/ Rehab Set aside
  - 10% Admin
- 

15% of Allocation Available for Rental Assistance  
+ PLUS all Program Income

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# Limitations caused by SHIP Income Set-Aside

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- 30% of all SHIP funds for Very Low (50% AMI)
- 60% Very Low and Low (up to 80% AMI) - *includes 30% VLI above*
- Spend the Remainder for households up to 140% AMI

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# SHIP Rent Limits

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In determining the maximum allowable rents, *30 percent of the applicable income category* divided by 12 months shall be used based on the number of bedrooms...

A **rental limit chart** based on the above calculation adjusted for bedroom size will be provided to the local governments by the Corporation annually.

---SHIP Rule: 67-37.007(11), F.A.C.

# Rent Limits Details

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- Included on Income Limits Chart (Handout)
- Rent Limits increase/decrease alongside the Income Limits
- Rent Limit is **Not** 30% of a specific household's income
  - Instead, chart lists Maximum Rent Per Income Category



# Example: Rent Limit is NOT 30% of Household's Income

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- Rent Limit for Low Income is calculated according to 80% AMI.
- Low Income Households include those earning 50% - 80% of AMI
- For a rental applicant with income at 55% AMI, the Rent Limit is MORE than 30% of household income

# SHIP Income and Rent Limits Chart

County (Metro)	Percentage Category	Income Limit by Number of Persons in Household									
		1	2	3	4	5	6	7	8	9	10
<b>Hernando County</b> (Tampa-St.Petersburg- Clearwater MSA) Median: 89,400	30%	18,250	20,850	24,860	30,000	35,140	40,280	45,420	50,560	Refer to HUD	
	50%	30,450	34,800	39,150	43,450	46,950	50,450	53,900	57,400	60,830	64,306
	80%	48,650	55,600	62,550	69,500	75,100	80,650	86,200	91,750	97,328	102,890
	120%	73,080	83,520	93,960	104,280	112,680	121,080	129,360	137,760	145,992	154,334
	140%	85,260	97,440	109,620	121,660	131,460	141,260	150,920	160,720	170,324	180,057

Rent Limit by Number of Bedrooms in Unit					
0	1	2	3	4	5
456	488	621	814	1,007	1,199
761	815	978	1,130	1,261	1,391
1,216	1,303	1,563	1,807	2,016	2,224
1,827	1,957	2,349	2,712	3,027	3,339
2,131	2,283	2,740	3,164	3,531	3,895

Rent Limits Chart lists Maximum Rent by Number of Bedrooms and by Income Category

# Rent Limits do not apply to all ways SHIP is used for Rental

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See Handout:  
SHIP Clips

**YES**

Rental Development: new  
construction or repair

**YES**

Eviction Prevention

**NOT FOR**

Disaster Assistance

**NOT FOR**

Rent Deposit

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# Considerations for Rent Deposit Assistance

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- SHIP Rent Limits do not apply, but affordability remains important
- Set a local rent affordability limit

Possible Alternative:

- Fair Market rents

<https://www.huduser.gov/portal/datasets/fmr.html>

- 40% (instead of 30%) of Income Categories

# Do Rent Limits apply to Rent Subsidy Assistance?

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Yes!  
Use 120% AMI row  
regardless  
of recipient's  
income level

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# In some areas, Rent Limits Policy limits SHIP Rent Assistance

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In areas with few rental units at the affordable rates on the Rent Limits Chart:

- Eviction Prevention is limited
- Rental Rehabilitation is limited

# Detail about Rental Development

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## For Tax Credit Properties, higher rents may apply

"If both an award under the local housing assistance plan and federal low-income housing tax credits are used to assist a project and there is a conflict between the criteria prescribed in this subsection and the requirements of s. 42 of the Internal Revenue Code of 1986, as amended, the county or eligible municipality may **resolve the conflict by giving precedence to the requirements of s. 42 of the Internal Revenue Code** of 1986, as amended, in lieu of following the criteria prescribed in this subsection with the exception of paragraphs (a) and (g) of this subsection."

*Section 420.9075 (5)(n)3 of SHIP Statute*

# SHIP for Ongoing Rental Assistance aka Rent Subsidies

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## Distinguishing between SHIP Rent Subsidies and SHIP Eviction Prevention

### Rent Subsidies

- This is help to MOVE INTO a rental: for applicants experiencing homelessness
- May pay rent ongoing for up to 12 months

### Eviction Prevention

- This is help to STAY in a rental: Assistance for those currently renting
- One time payment, not ongoing assistance



# SHIP Statute on Rent Subsidies

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- Allows up to 12 months of rent subsidies
- Subsidies for very-low-income households only
- VLI households are eligible if
  - At least one adult who is a person with special needs as defined in s. 420.0004 or
  - A person who is **homeless** as defined in s. 420.621 when the person initially qualified for a rent subsidy.
- Webinar's focus is on assisting Homeless applicants with **Rapid Rehousing**

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# Rent Subsidies

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What may be paid for as part of Rent Subsidy Assistance (SHIP Code 26)?

- Rent and Utility Deposits
- Monthly Rental Assistance
- Renters receive Housing Stability Counseling





## FS 420.004: Special Needs Definition

### “Person with special needs” means

- 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 under 409.1451(5);
- A survivor of domestic violence as defined in s. 741.28; or
- A person receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits.



## FS 420.621: Homeless Definition

### “Homeless” means:

- (a) An individual or family who **lacks a fixed, regular, and adequate nighttime residence** as defined under “homeless” in 24 C.F.R. s. 578.3; or
- (b) An individual or family who will **imminently lose their primary nighttime residence** as defined under “homeless” in 24 C.F.R. s. 578.3.



# FS 420.621 and 24 CFR 578.3 Alignment of Homeless Definition

FS 420.621 definition now matches the federal definition as defined in 24 CFR 578.3. HUD definition has 4 categories of homelessness (Two of these categories are being used in FS 420.621)

- An individual or family who lacks a fixed, regular, and adequate nighttime residence (Rental Assistance)
- An individual or family who will imminently lose their primary nighttime residence (Prevention)



## HUD Homeless Definition: 24 CFR 578.3 "Literally Homeless"

### 1. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning: (Literally Homeless)

- (i) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
- (ii) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, [transitional housing](#), and hotels and motels paid for by charitable organizations or by federal, [State](#), or local government programs for low-income individuals); or

#### In Short;

- Is living in an emergency or transitional shelter;
- Is sleeping in a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings;
- Is living in a car, park, public space, abandoned building, bus or train station, or similar setting;



U.S. Department of Housing  
and Urban Development

## HUD Homeless Definition: 24 CFR 578.3 "Imminent Risk of Homelessness"

2. Individual or family who will imminently lose their primary nighttime residence, provided that: (Imminent Risk of Homelessness)

- (i) Has an annual income below 30 percent of median family income for the area, as determined by HUD; and
- (ii) Does not have sufficient resources or support networks, *e.g.*, family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in paragraph (1) of the "Homeless" definition in this section; and



## HUD Homeless Definition: 24 CFR 578.3 "Imminent Risk of Homelessness"

...And

(iii) Meets one of the following conditions:

- (A) Has **moved** because of economic reasons **two or more times during the 60 days** immediately preceding the application for homelessness prevention assistance;
- (B) Is living in the home of another because of economic hardship;
- (C) Has been notified in writing that their right to occupy their current housing or **living situation will be terminated within 21 days** of the date of application for assistance;
- (D) Lives in a hotel or motel and the **cost of the hotel or motel stay is not paid by charitable organizations** or by federal, [State](#), or local government programs for low-income individuals;
- (E) Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons, or lives in a larger housing unit in which there reside more than 1.5 people per room, as defined by the U.S. Census Bureau;
- (F) Is exiting a publicly funded institution, or system of care (such as a health-care facility, a mental health facility, foster care or other youth facility, or correction program or institution); or
- (G) Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the [recipient's](#) approved [consolidated plan](#);

# Florida Housing Coalition has an **Ending Homelessness Team** working on **Solutions**

Consulting Expertise includes:

- Continuum of Care Board and Staff Training
- Strategic and Action Planning
- Housing and Homeless Service Provider Training
- 1:1 Consulting for Community Specific Needs
- Racial Equity in Homelessness Services
- Homelessness Data Analysis
- Program Policy and Procedure Development and Review
- And more!

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For more info contact Amanda Wander,  
Ending Homelessness Team Director at  
[wander@flhousing.org](mailto:wander@flhousing.org)

# Rapid Rehousing Basics

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- An approach that helps people who are homeless move into permanent housing as quickly as possible
- Permanent Housing - a rental unit where client signs a standard lease
- Low barriers to entry (e.g., no minimum income requirements)

# 1<sup>st</sup> Effort: Identify subsidized rental to support long term affordability

## Using [floridahousingsearch.org](http://floridahousingsearch.org)

- Call Center (800) 428-8844
- Inventory of rentals with vacancies
- Available online, via toll-free call center, phone, fax, mail and email
- Includes subsidized and private market-rate rentals affordable for households earning up to 120% AMI
- Barriers to obtaining this housing





# Do Short-Term Rent Subsidies Really Work?

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- YES! Lots of research documents success.
  - Will there be “failures”? Of course, but typically fewer than 15%.
- Reduces homelessness community-wide
- Reduces time people are homeless
- Reduces returns to homelessness
- Minimizes trauma due to being homeless

# Rental Development: Subsidy Produces Affordable Rents

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**\$25.5 Million construction cost to build rental housing**

**Option 1:** Borrow it all, Collect high rents to pay the monthly debt service

**Option 2:** SHIP and other subsidy pays for most. Borrow the rest

**Benefit:** Pay back debt while collecting lower rents



# Subsidy Makes Rentals Affordable: Cathedral Terrace, Jacksonville

Source	Amount
Multifamily Mortgage Revenue Bond Loan	\$7,600,000 (monthly debt service, 5.76%)
SAIL Loan	\$3,200,000 (1% interest, annual interest payment based on cash flow)
ELI Gap (SAIL)	\$734,400 (0%, soft debt)
Housing Credits (4%)	\$8,999,264
SHIP	\$803,005
Additional Sources (HFA loan, Seller Loan, Deferred Developer Fee)	\$4,259,972
<b>Total Development Costs</b>	<b>\$25,569,641</b>



## SET ASIDES

240 units total

216 for 60% AMI

24 for 33% AMI - ELI

224 Project-Based Vouchers

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# Add a Rental Strategy to your LHAP

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- Amount of award
- Form of award
  - Loan
    - ❖ Payback with or without interest
    - ❖ Deferred, 0% interest then forgiven
  - Grant: Rental Development is not provided as a Grant
- Lien position



# Add a Rental Strategy to your LHAP

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- Affordability Period – 15 years minimum  
➤ Best Practice –Extend to 50 Years
- Income categories served
- Special needs?
- Sponsor selection criteria

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# Sample Sponsor Selection Criteria

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- Developer Capacity
  - Experience
  - Financial review
  - Reputation
  - Current Pipeline
- Commitment/award of other funding sources
- Property management experience
- Realistic timeline- ability to proceed





## SHIP Rule: “First Right of Refusal”

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

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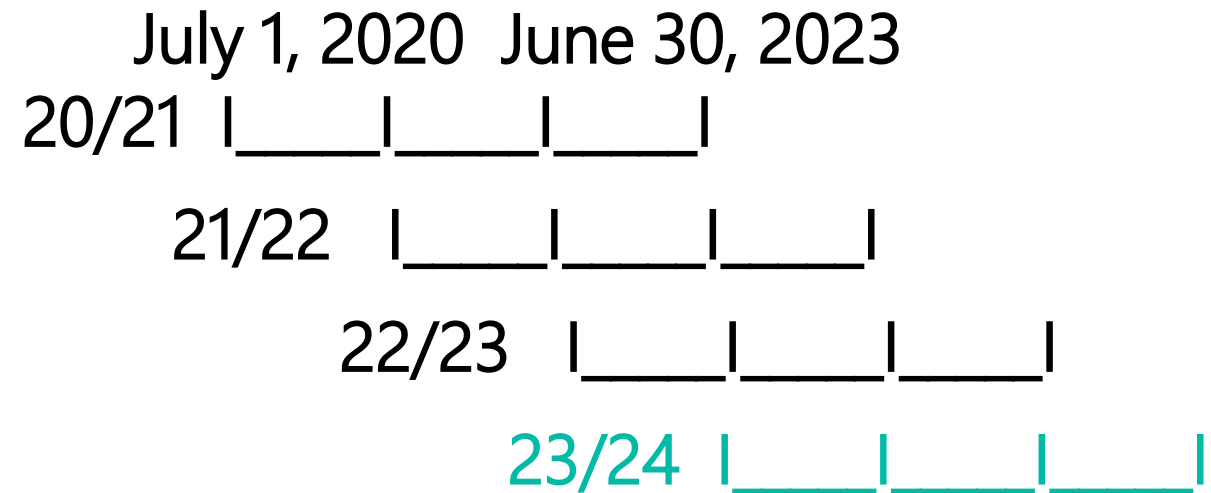


# Rental Development SHIP Timeline

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- By expenditure deadline, rent units are completed and occupied

- One or more allocations may pay for a rental development



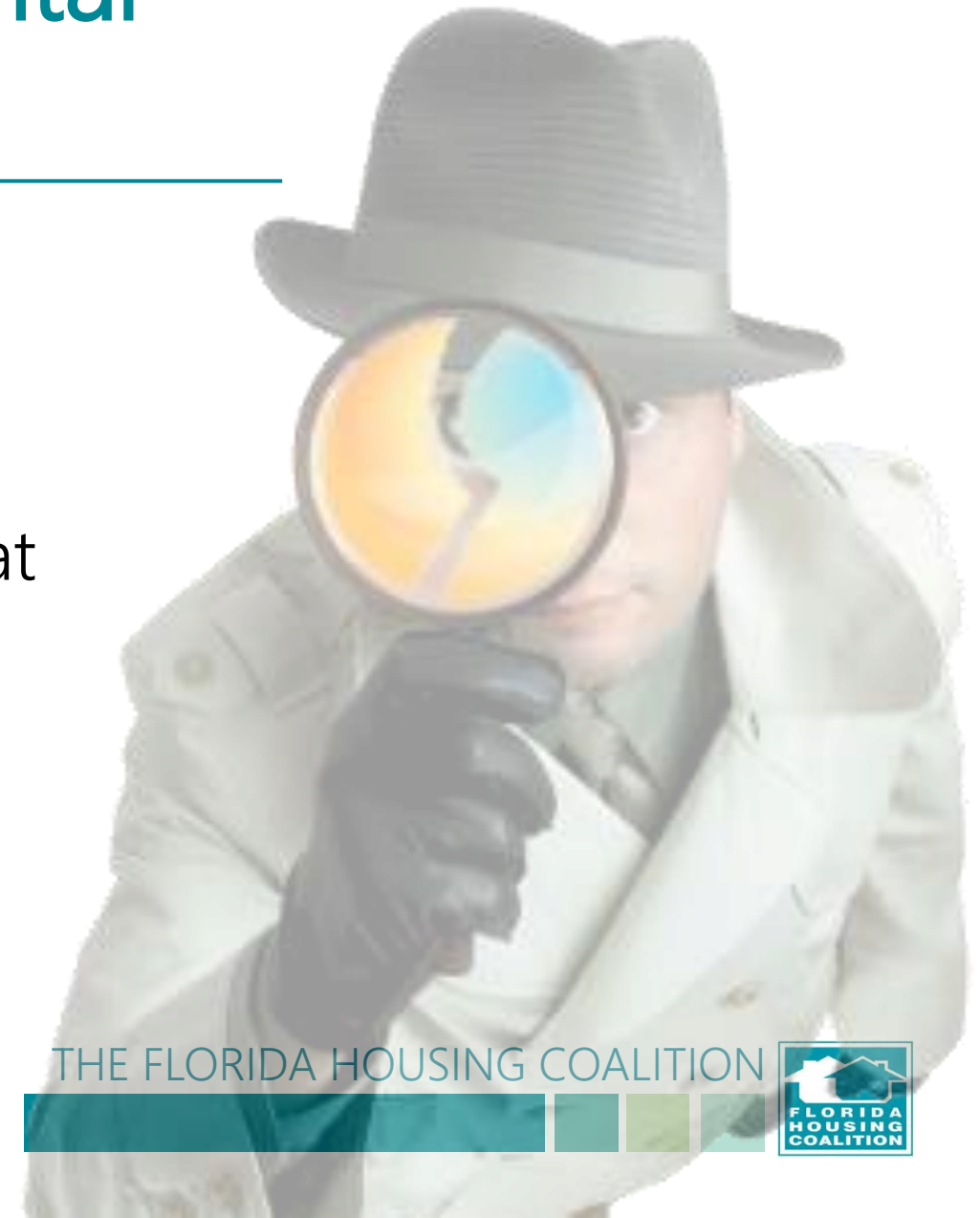
# Monitoring SHIP-Funded Rental Housing Development

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## SHIP Requires Rental Monitoring:

Rental units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund must be monitored at least **annually for 15 years** or the term of assistance, whichever is longer, for compliance with tenant income and affordability requirements

---SHIP Rule: 67-37.007(11), F.A.C.



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# SHIP Monitoring Rules

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- Tenant income of projects that receive more than **\$10,000** must be monitored annually.
  - ❖ **Used to be \$3,000**
- May rely on monitoring report of another entity even if periodic.

*"....to the extent another governmental entity or corporation program provides periodic monitoring and determination, a municipality, county, or local housing financing authority may rely on such monitoring and determination of tenant eligibility."*
- Does not require utility allowances

# Prepare for Monitoring: Review SHIP Agreement with Owner of Rental

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- Amount of the award
- How many rental units?
- Tenants at what Income Level?
- Affordability period?  
15 Years? 50 Years?
- Other requirements?  
Special Needs, for example?



# Components of a Good Rental Monitoring Plan

## Who?

- 3<sup>rd</sup> party or internal staff

## When?

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

## What?

- Income Eligibility
- Rent Affordability
- Property condition
- Property performance

# Monitoring Income Eligibility

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- Is the project owner using the correct income limits to determine eligibility of tenants?
- Are tenants income-eligible at the time of initial occupancy?
- Is the project owner recertifying tenant income annually?
- As tenants vacate, are they replaced by tenants of the same income category?



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# Monitoring Rent Affordability

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In determining the maximum allowable rents, *30 percent of the applicable income category* divided by 12 months shall be used based on the number of bedrooms...

A **rental limit chart** based on the above calculation adjusted for bedroom size will be provided to the local governments by the Corporation annually.

---SHIP Rule: 67-37.007(11), F.A.C.

# Common Findings

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

# Questions and Evaluation





**AUGUST 28-30**  
**Rosen Centre**  
**ORLANDO, FL**



HOME MATTERS

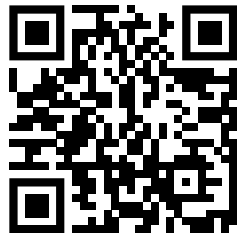
2023 Annual  
Statewide  
**AFFORDABLE**  
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# Statewide Affordable Housing Conference (August 28-30, 2023)

As the premier housing event in Florida, the Florida Housing Coalition Conference attracts more than 1,100 affordable housing professionals, advocates, lenders, developers, administrators, and policy makers. We look forward to seeing newcomers and affordable housing veterans engage in thought-provoking exchange of new ideas, sharing best practices through housing workshops, forums, caucuses, and special events.

- Rosen Center Hotel (Orlando, Florida): \$139/night before July 26, 2023
- Registration
  - Early Bird (before June 30, 2023): Member \$495, Non-Member \$745
  - Regular (July 1 – August 25, 2023): Member \$570, Non-Member 795
  - After August 25, 2023: Member \$695, Non-Member \$995



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# Technical Assistance is Available

Call us at: **1 (800) 677-4548**

Options for Further Assistance Include:

- ❖ Phone and Email consultation
- ❖ Site Visits

Register at [www.flhousing.org](http://www.flhousing.org) for:

- ❖ Workshops
- ❖ Webinars

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