



# GUIDEBOOK FOR SHIP Administrators

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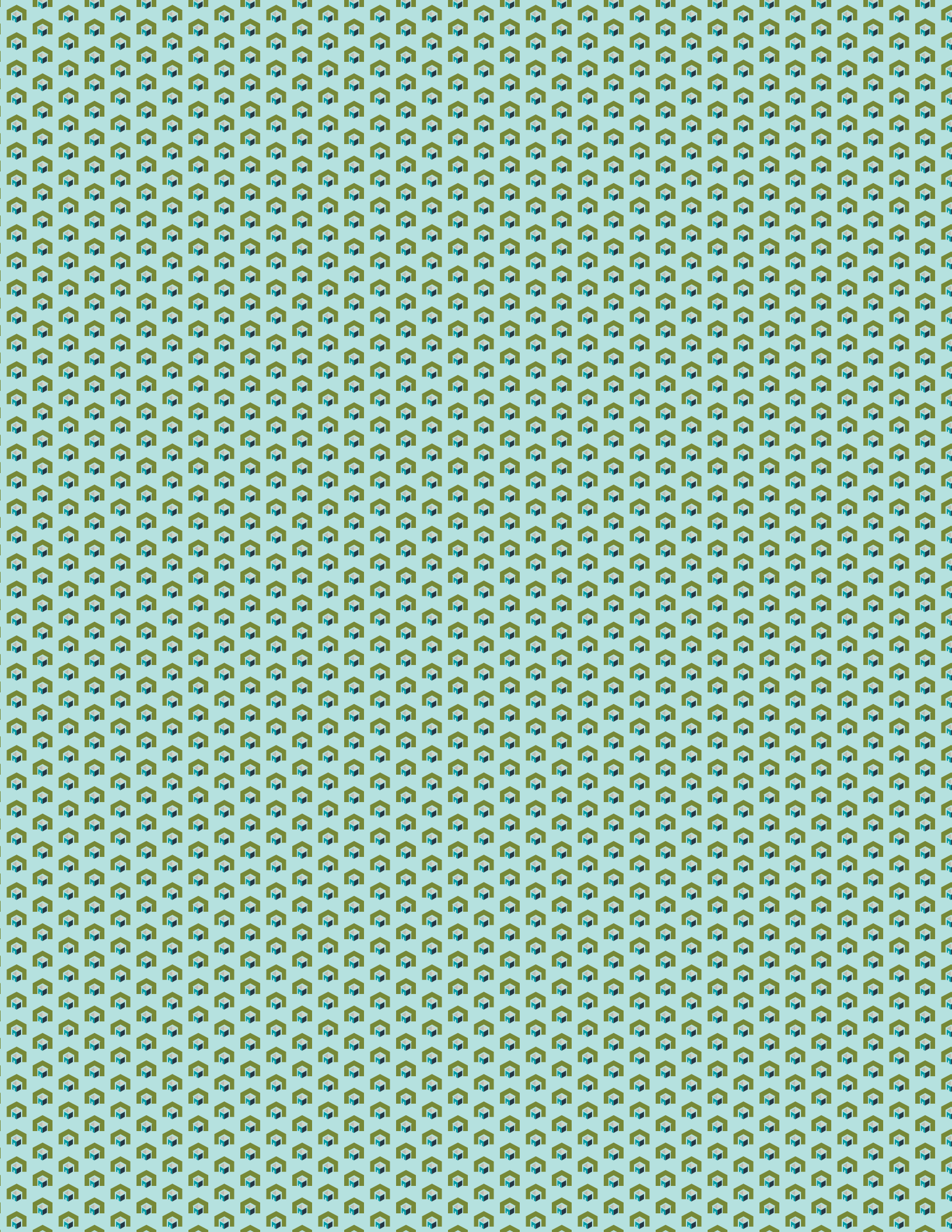




**SHIP**

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# INTRODUCTION



## CHAPTER ONE:

# Introduction

This is a guide for staff who are new to working with the State Housing Initiatives Partnership (SHIP) program. It is designed to provide direction during the initial stage of working with SHIP -- a program that has a long and significant history of helping very low, low, and moderate -income Floridians access and maintain affordable housing. The guide provides new local government staff with the basic knowledge needed for general program administration. Staff from nonprofit and for-profit organizations as well as other local government departments that assist the SHIP recipient may also find this guide useful. The guide may provide these staff members a better understanding of the overall processes involved and help them improve their effectiveness in fulfilling their specific roles.

The guide provides:

- A month by month list of tasks and deadlines, which provides an overview of the program and places SHIP requirements in context;
- A step-by-step process for administering SHIP beginning with planning, advertising the availability of funds, addressing applicant intake and income eligibility, file management, record keeping, tracking, reporting, project close-out, and monitoring;
- References to SHIP requirements in the Florida Statutes, the Florida Administrative Code, and the U.S. Department of Housing and Urban Development (HUD) regulations related to income eligibility;
- Insight into the central issues common in SHIP implementation with pitfalls to avoid. The guide addresses these issues in a way that recognizes that each local government may have a unique approach to administration; and
- Sample forms to assist with program implementation referenced throughout the document and included as appendices.

## SHIP Overview

### Dedicated Funding Available Throughout Florida

All counties and Community Development Block Grant (CDBG) entitlement cities receive SHIP funds. The SHIP funds are allocated by the Florida Housing Finance Corporation (FHFC) based on population size, with each county receiving a minimum annual allocation of \$350,000.

The cities get their pro rata share of the county's allocation, and interlocal agreements between smaller municipalities and county governments are encouraged for program management purposes. SHIP is governed by Chapter 420, Part VII, Florida Statutes and Rule Chapter 67-37 of the Florida Administrative Code.

For many communities, SHIP is the only source of funding for housing assistance. The primary objective of the SHIP program is to assist low- and moderate-income persons by providing housing assistance through various strategies including purchase assistance, rehabilitation, new construction, and rental assistance.

While the program gives local governments flexibility on program design, there is a high level of accountability through annual reports and audits. The FHFC administers the distribution of funds and regularly monitors cities and counties to help ensure program compliance.

### SHIP is a Strong Network

The SHIP network includes 119 SHIP jurisdictions consisting of 67 counties and 52 entitlement cities -- each with an administrator and many with additional staff. These local government staff often work with nonprofit organizations and other community partners to provide SHIP assistance. They also regularly work with other members of the SHIP network:

[The State SHIP Administrator](#) at FHFC (also called Florida Housing) distributes and oversees SHIP allocations. Robert Dearduff has served as the State SHIP Administrator since 2005.

**Compliance Monitoring staff** work at the FHFC and conduct periodic reviews of each SHIP jurisdiction's recent work. Robin Fowler has overseen SHIP compliance reviews since 2016. He and a team of FHFC staff review file documentation, income calculations, tracking of expenses, and other details as they assess SHIP program compliance.

**Technical Assistance Provider:** The Florida Housing Coalition (FHC) offers support to SHIP administrators through workshops, webinars, on-site visits, regional gatherings, publications, conference trainings, and more.

SHIP funding helps ensure that throughout Florida, there are local government staff experienced at providing housing assistance. Staff in the SHIP network can learn from each other. They enjoy networking with staff from other cities and counties at workshops, housing conferences, and even during online webinars. Staff new to the program should engage with more experienced SHIP staff who are familiar with the many steps involved such as:

- developing organized programs and establishing policies and procedures to ensure effectiveness and fairness in their programs;
- conducting applicant intake and eligibility determinations;
- issuing a request for proposal/qualification (RFP/Q) to acquire services from community partners; and
- selecting home repair contractors using local procurement policies.

In times of disaster, the SHIP network plays an important role with housing recovery assistance to low and moderate-income households. Having a SHIP program in every county means that the human infrastructure is in place for deploying funds for emergency repairs. SHIP is often the first statewide network of housing administrators on the scene after a disaster. SHIP staff are in place to issue housing repair RFPs, to work with contractors, and to deploy disaster recovery assistance according to the same written policies and procedures that guide their regular housing assistance programs. In just the past decade, SHIP has provided over \$200 million of disaster funding to thousands of Floridians affected by

hurricanes, wildfires, flooding, tornadoes, drought, and other disasters.

## History of the SHIP Program

In 1992, the Florida Legislature enacted the Sadowski Act. This piece of legislation has provided SHIP funding for more than 25 years. In the years leading up to the creation of SHIP, the Florida Housing Finance Agency (FHFA) primarily offered bond financing. With this approach, money borrowed through the sale of tax exempt bonds is loaned to first-time homebuyers or developers of affordable apartments. FHFA realized that additional state resources were needed to supplement bond financing. Specifically, they realized that while homebuyers could afford monthly payments, they needed assistance with their down payment and closing costs. On the rental side, bond loans could not finance apartments which had a financing gap, since revenue from the developments would not support enough debt.

FHFA first created two programs to address these problems. FHFA worked with the legislature to create the State Apartment Incentive Loan (SAIL) in 1988. SAIL provided the gap financing so that the private sector was willing and able to build affordable housing using bonds and federal tax credits. The Housing Assistance Program (HAP) was created to provide down payment assistance to buyers. Despite these efforts, there was no reliable source of revenue to fund Florida's housing programs on an annual basis. Between 1988 and 1992, the programs were funded with general revenue bringing inconsistent and unreliable funding levels.

Recognizing the need for a reliable source of funding for affordable housing programs, Governor Lawton Chiles appointed an Ad Hoc Workgroup in 1991 tasked with, among other items, recommending a dedicated funding source for affordable housing. The Ad Hoc Workgroup recommended that the state documentary stamp tax on deeds be increased, with the additional revenue statutorily dedicated to housing programs via a housing trust fund. The documentary tax was chosen for two reasons. First, there was a connection and positive correlation between real estate activity and housing. Second, and more importantly, documentary stamp



revenues increase as population grows and housing prices increase.

The recommendations and agreements that resulted from the Ad Hoc Workgroup in 1991 became the core of the Sadowski Act. Key provisions of the agreement and the Act are as follows:

- A statewide documentary stamp tax increase by 10 cents per \$100. In addition, the Act also transferred another 10 cents of existing documentary stamps from general revenue to housing trust funds.
- Creation of two trust funds – the local government and state housing trust funds. 69 percent of the housing funds go to the Local Government Housing Trust Fund and 31 percent to the State Government Housing Trust Fund. The Local Government Housing Trust Fund funds SHIP. The State Housing Trust Fund provides monies for the FHFC’s programs -- primarily SAIL for rental housing.
- Beyond SHIP and SAIL, the Sadowski Act also provides:
  - Match funds, which are required so that Florida may maximize its use of HOME Investment Partnerships Program (HOME) funding – a federal funding source dedicated to the provision of affordable housing for low-and

CORE SHIP REQUIREMENTS	NEGOTIATIONS AMONG INVOLVED PARTIES
65% for homeownership activities	For real estate professionals, the priority was to help families buy their first home, thus the 65 percent homeownership set-aside.
75% for construction/rehabilitation activities	For homebuilders, the priority was construction related activities, thus the 75 percent construction/rehab requirement.
30% for very low-income and 30% for low-income households	The priority for many advocates was assistance targeted to the most vulnerable populations, resulting in the income set-aside.
State is limited to no use more than 5% of the funds for administration, local governments are limited to no more than 10% of the annual allocation for program administration, time limits for expending funds, and reporting requirements.	The Legislature wanted limited amount of funding for administration and meaningful oversight, thus limiting funding for program administration to 5% for the state and 10% for local governments. Local governments must adopt local housing assistance plans (LHAPs) to expend SHIP within three years of receiving it and must file reports with the FHFC.
Local governments have flexibility in adopting housing strategies on which to spend SHIP.	Local governments wanted flexibility to meet differing needs, thus the ability to design local plans within statutory parameters.
Local governments must expedite all permits and have an ongoing review process for local policies and regulations related to affordable housing.	The development community, including non-profits, wanted expedited permitting and regulatory reform, thus the housing incentive strategies that are required in each LHAP.

moderate-income households;

- Down payment assistance for buyers in the state's bond program;
- Predevelopment loans to assist developers working to provide a variety of affordable housing;
- Grants for housing non-profits; and
- Funding for the Catalyst Program – a program which provides training and technical assistance to local government administrators and their private sector partners.

SHIP was created with several core requirements that are the outcome of compromises between the many parties involved in the creation of the program.

### The Strength of the Sadowski Coalition

The many parties mentioned above in the creation of SHIP are members of the Sadowski Coalition. They speak with a unified voice in support of SHIP and other Sadowski-funded programs. The Sadowski Coalition is 30 statewide members strong and joined by Sadowski Affiliates -- local and regional organizations whose goal is to bring a cohesive message to the Florida Legislature that all the state and local housing trust fund monies are to be used for existing housing programs. The members of the Sadowski Coalition agree that no changes will be made to the SHIP program without the consent of all members of the Sadowski Coalition.

Yet, the Sadowski Coalition has shown willingness to make changes that meet legislative priorities. Its members supported the 20 percent special needs set-aside for disabled populations, as well as the ability to use a portion of SHIP for a Rapid Rehousing rent subsidy.

### First 25 Years of Funding

In the first 25 years after the passage of the Sadowski Act, \$5.963 billion has been placed into the Housing Trust Funds. However, not all of this has been used for housing as

intended. From 1992-2002, the legislature routinely appropriated all monies in the housing trust funds for SHIP, SAIL, and other housing programs. However, starting in 2003, the Governor began proposing sweeps to the funds. From 2003-2012, sweeps of the housing trust funds became common practice as to date, \$1.99 billion has been swept by the legislature for use as general revenue. In addition to these sweeps, the Act has avoided several efforts focused on its complete elimination.

Since 2013, however, the legislature has increased housing funding. There is a greater awareness that the lack of affordable housing is a problem for the state's citizens and for its businesses. The Sadowski Coalition continues to advocate for all monies in the Housing Trust Funds to be used solely for housing programs. This position is partly because the documentary stamp tax was raised for this purpose, but also because the programs are needed and highly efficient.

### Using the Guide

#### Use it Now and Again

NOW: Staff who are new to SHIP will benefit from reading the entire guide in order. It is designed to systematically orient staff to program requirements and activities.

...AND AGAIN: The guide is also a helpful reference for later. Here are some tips:

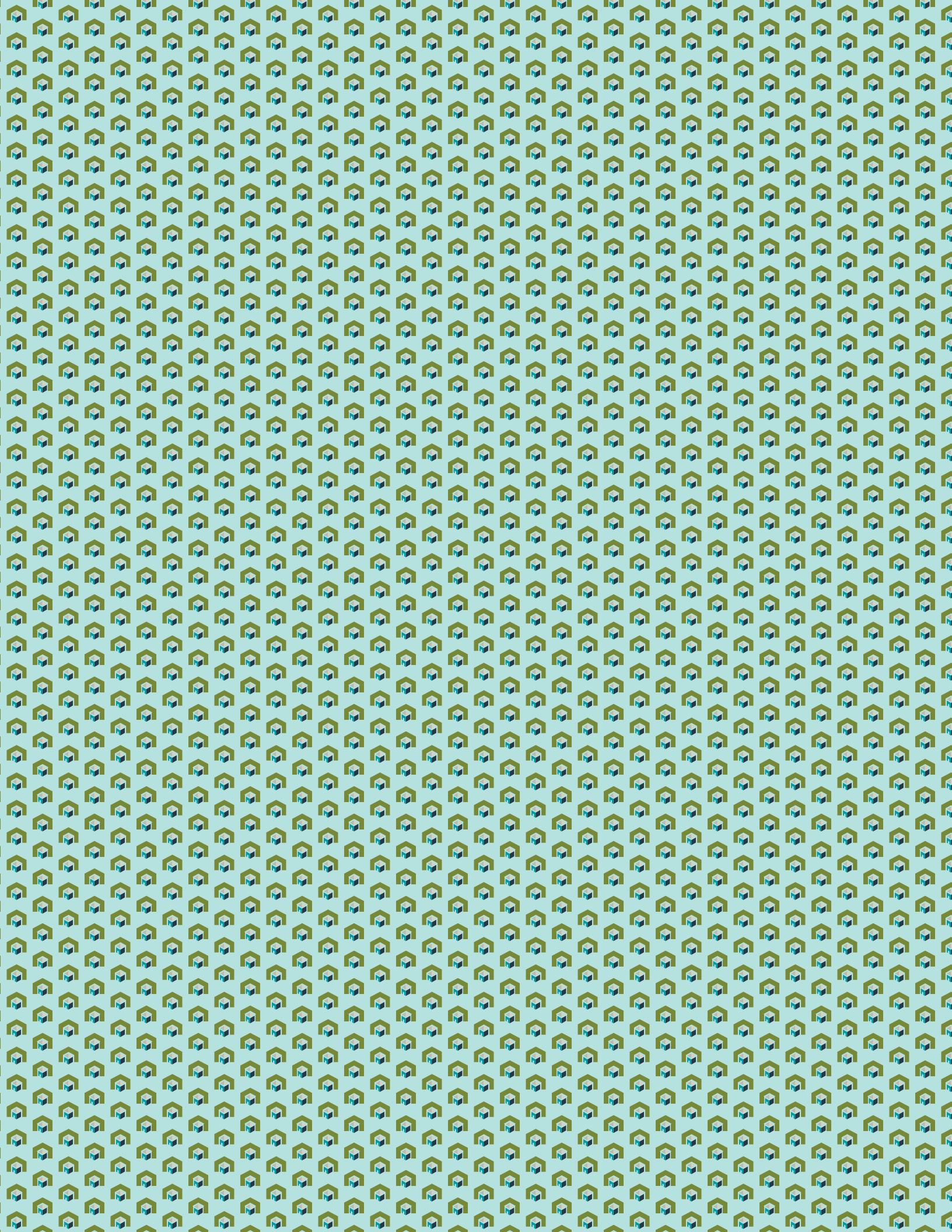
- Do a word search to identify where subjects are addressed.
- Review the Appendix which contains the SHIP Statute and Rule for convenient reference.
- Check the frequently asked questions on a variety of SHIP topics.
- Review the sample strategies in the appendix. Even experienced SHIP staff may benefit as they are written in the most updated format with state-recommended text.



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# LHAP RESPONSIBILITIES



## CHAPTER TWO:

# LHAP Responsibilities

## New SHIP Communities

Before a city or county can receive SHIP funds, its staff must take specific actions as outlined in the SHIP rule and statute. A new SHIP community must pass an ordinance in accordance with Section 420.9072(2)(b), F.S. that contains the following provisions:

1. Creation of a local housing assistance trust fund as described in s. 420.9075(6).
2. Adoption by resolution of a local housing assistance plan as defined in s. 420.9071(14) to be implemented through a local housing partnership as defined in s. 420.9071(18).
3. Designation of the responsibility for administration of the local housing assistance plan. Such ordinance may also provide for the contracting of all or part of the administrative and/or other functions of the program to a third person or entity.
4. Creation of the affordable housing advisory committee as provided in s. 420.9076.

Before any SHIP funds can be spent the local government must have an approved Local Housing Assistance Plan (LHAP). The LHAP governs the activities the local government will undertake during the 1, 2 or 3-year fiscal years that govern the plan. A new SHIP jurisdiction must follow specific steps before it can be awarded SHIP funds. An eligible county or municipality must submit its plan by electronic submission to Florida Housing Finance Corporation (FHFC) no later than May 2nd of the state fiscal year prior to the state fiscal year the local government seeks to become eligible for funding. A local government will not receive SHIP funds until the plan has been approved by FHFC. The schedule for when each jurisdiction's LHAP is due is available on the next page.

A jurisdiction can submit the plan to FHFC for a formal review or a conditional review. A formal review requires that all documents including the required certification be submitted to FHFC. A conditional review does not require that the final resolution and certification be submitted.

Once a local jurisdiction begins to receive funding, it will continue to submit LHAP's to the FHFC by May 2nd preceding the end of the fiscal year that the current plan expires. All plans must be submitted on the most current template provided by FHFC on its website. The link to the most current LHAP template and exhibits is located at: [http://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-\(lhap\)](http://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-(lhap)).

## Affordable Housing Advisory Committee

### Affordable Housing Advisory Committee (AHAC)

A SHIP jurisdiction is statutorily required to assemble the initial Affordable Housing Advisory Committee when it first begins receiving SHIP funds. It is then required to convene the AHAC to review its earlier plan and complete a Housing Incentive Strategies report that recommends affordable housing regulatory incentives. Only jurisdictions receiving \$350,000 or less in SHIP funding are exempt from the triennial review.

The work of the AHAC is summarized in this excerpt from the Florida Statutes:

“Recommend specific actions or initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value. The recommendations may include the modification or repeal of existing policies, procedures, ordinances, regulations, or plan provisions; the creation of exceptions applicable to affordable housing; or the adoption of new policies, procedures, regulations, ordinances, or plan provisions.”

Section 420.9076, F.S., outlines AHAC requirements including the deadlines for assembling a committee, considering specific incentive strategies, and submitting a report.

The Florida Housing Coalition has developed a AHAC guidebook titled “Affordable Housing Incentive Strategies: A Guidebook for Affordable Housing Advisory Committee Members and Local Government Staff”. There are other

## New LHAP Due May 2, 2020

Counties	LHAP Expires
ALACHUA	6/30/20
BAKER	2020
COLUMBIA	2020
DESOTO	2020
DIXIE	2020
GADSDEN	2020
HAMILTON	2020
HENDRY	2020
HERNANDO	2020
LAFAYETTE	2020

Counties	LHAP Expires
LEE	2020
LEON	2020
LIBERTY	2020
MADISON	2020
MARTIN	2020
POLK	2020
SUWANNEE	2020
UNION	2020
WASHINGTON	2020

Cities	LHAP Expires
BRADENTON	2020
DAYTONA BEACH	2020
GAINESVILLE	2020
LAKELAND	2020

Cities	LHAP Expires
NORTH MIAMI	2020
PALM BAY	2020
WINTER HAVEN	2020

Interlocals	LHAP Expires
CHARLOTTE/PUNTA GORDA	2020

Interlocals	LHAP Expires
SARASOTA /SARASOTA CO	2020

## New LHAP Due May 2, 2021

Counties	LHAP Expires
BAY	6/30/21
BREVARD	2021
GULF	2021
HARDEE	2021
INDIAN RIVER	2021
JACKSON	2021
JEFFERSON	2021
LAKE	2021

Counties	LHAP Expires
MANATEE	2021
NASSAU	2021
ORANGE	2021
PASCO	2021
PINELLAS	2021
PUTNAM	2021
TAYLOR	2021
WAKULLA	2021

Cities	LHAP Expires
BOYNTON BEACH	2021
CLEARWATER	2021
FORT PIERCE	2021
ORLANDO	2021

Cities	LHAP Expires
PANAMA CITY	2021
POMPANO BEACH	2021
ST. PETERSBURG	2021
WEST PALM BEACH	2021

Interlocals	LHAP Expires
DUVAL JACKSONVILLE	2021

Interlocals	LHAP Expires
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## New LHAP Due May 2, 2022

Counties	LHAP Expires
BRADFORD	6/30/2022
CALHOUN	2022
CITRUS	2022
CLAY	2022
DADE	2022
FRANKLIN	2022
FLAGLER	2022
GILCHRIST	2022
GLADES	2022
HIGHLANDS	2022
HILLSBOROUGH	2022
HOLMES	2022

Counties	LHAP Expires
LEVY	2022
MARION	2022
MONROE	2022
OKEECHOBEE	2022
PALM BEACH	2022
ST. LUCIE	2022
SANTA ROSA	2022
SEMINOLE	2022
SUMTER	2022
VOLUSIA	2022
WALTON	2022

Cities	LHAP Expires
BOCA RATON	2022
CAPE CORAL	2022
COCOA	2022
DEERFIELD BEACH	2022
DELRAY BEACH	2022
DELTONA	2022
FORT LAUDERDALE	2022
FORT MYERS	2022
HIALEAH	2022
HOLLYWOOD	2022
LARGO	2022
LAUDERHILL	2022
MARGATE	2022
MELBOURNE	2022

Cities	LHAP Expires
MIAMI	2022
MIAMI BEACH	2022
MIAMI GARDENS	2022
MIRAMAR	2022
OCALA	2022
PEMBROKE PINES	2022
PLANTATION	2022
PORT ORANGE	2022
PORT ST. LUCIE	2022
SUNRISE	2022
TALLAHASSEE	2022
TAMARAC	2022
TAMPA	2022
TITUSVILLE	2022

Interlocals	LHAP Expires
BROWARD/CORAL SPRINGS	2022
TOWN OF DAVIE	2022
COLLIER/NAPLES	2022

Interlocals	LHAP Expires
ESCAMBIA/PENSACOLA	2022
OKALOOSA/FT. WALTON	2022
OSCEOLA /KISSIMMEE	2022

tasks that AHAC members may undertake, but the information presented in the guidebook focuses on the AHAC's primary responsibility and only statutorily required task of completing the triennial Housing Incentive Strategies report.

Section 420.9076 (2), F.S., provides details on the AHAC committee composition. The AHAC must have at least eight members representing at least six categories identified in the statute. However, local governments may elect to have up to eleven committee members.

AHAC members should be appointed by the governing body of the local government but do not have to be adopted by resolution. Representatives are to be selected from the following categories:

- (a) Citizen who is actively engaged in the residential home building industry in connection with affordable housing.
- (b) Citizen who is actively engaged in the banking or mortgage banking industry in connection with affordable housing.
- (c) Citizen who is a representative of those areas of labor actively engaged in home building in connection with affordable housing.
- (d) Citizen who is actively engaged as an advocate for low-income persons in connection with affordable housing.
- (e) Citizen who is actively engaged as a for-profit provider of affordable housing.
- (f) Citizen who is actively engaged as a not-for-profit provider of affordable housing.
- (g) Citizen who is actively engaged as a real estate professional in connection with affordable housing.
- (h) Citizen who is actively serving on the local planning agency pursuant to Florida Statutes, Sec. 163.3174.
- (i) Citizen who is residing within the jurisdiction of the local governing body making the appointments.
- (j) Citizen who represents employers within the jurisdiction.
- (k) Citizen who represents essential services personnel, as defined in the local housing assistance plan.

Some individuals might have the experience to represent more than one category, but they should only be counted in one category. For example, a committee member may have experience with both for-profit and nonprofit housing development. However, that individual would be considered as the for-profit or the nonprofit provider, not both.

The SHIP Statute describes each category as “a citizen.” The statute is not explicit about whether this is a resident of the United States or resident of the city or county that the AHAC serves. However, an effort should be made

to recruit representatives who reside in the applicable city or county. The AHAC Report should document any representatives who work within the jurisdiction but reside elsewhere.

Builders, lenders, and realtors are often represented on the AHAC. Builders who may be interested in volunteering may be identified by contacting the local homebuilder’s association, and realtors can be located by connecting with a local realtor association.

There is a distinction between a representative “engaged in residential home building industry” and a “representative of those areas of labor actively engaged in home building.” The first category can be filled by a local homebuilder executive or may be a staff member of a nonprofit development agency like Habitat for Humanity. By contrast, “a representative of those areas of labor actively engaged in home building” could include a rehabilitation contractor, a subcontractor, an engineer, or an architect.

An “advocate for low-income persons” could be a staff member of a local legal services office, a leader from a faith-based group involved with affordable housing, or a community service organization related to affordable housing.

A “for-profit provider of affordable housing” might be an owner or property manager for a rental property financed with housing tax credits, the State Apartment Incentive Loan program (SAIL), or other housing subsidies.

### Local Government Program Staff

The local government program staff plays a support role for the AHAC. First, staff must identify and recruit committee members. The SHIP administrator must invite potential committee members, document their eligibility, and request their participation in fulfilling the duties of the advisory committee. The local government staff must also educate the advisory committee members about its responsibilities. New committee members should receive the SHIP governing document (Florida Statutes, Sec. 420.907-420.9079), found in the Appendix to this guidebook, as well as local planning documents and policies. The local government staff must also provide an orientation to the current incentive strategies being implemented by



the jurisdiction and an overview of the reporting requirements of the advisory committee.

The local government staff should collaborate with planning staff on land use, zoning policies, and practices. The SHIP Statute states that “the advisory committee shall be cooperatively staffed by the local government department or division having authority to administer local planning or housing programs to ensure an integrated approach to the work of the advisory committee.” Generally, staff in these positions have different areas of expertise. SHIP program administrators usually hold positions in housing and community development or neighborhood departments and have regulatory or program knowledge that is unique to those positions. Planning departments contain staff who have formal education in areas like urban planning and have extensive knowledge of land use and zoning laws. The majority of the AHAC responsibilities falls more squarely within the planning, building, and growth management departments.

The AHAC must review the jurisdiction’s comprehensive plan and land development regulations and recommend actions to encourage the creation of affordable housing units. This role requires that staff have knowledge of land use issues so that the committee can consider potential barriers to the development of affordable housing and recommend regulatory reforms to overcome the barriers. The AHAC presents an opportunity for a planning department’s housing section to collaborate and meet the jurisdiction’s responsibility to provide housing for all its residents.

The local governments should consider including staff from the planning department as committee members. This SHIP Statute suggests participation from “a citizen who actively serves on the local planning agency”, but it also notes that “if the local planning agency is comprised of the governing board of the county or municipality, the governing board may appoint a designee who is knowledgeable in the local planning process.” This is good justification for arranging a planner to assist the SHIP administrative staff in providing support to the AHAC and monitoring the actions of the committee to ensure adherence to all program requirements.

## Roles and responsibilities of the AHAC

Sec. 420.9076 (4) of the Florida Statutes describes the process for developing the AHAC Report. The key role of the AHAC is to prepare the AHAC Report and evaluate its implementation at least every three years. The AHAC Report identifies incentive strategies and recommendations for adoption by the local government. The recommendations should seek to remove regulatory barriers that limit the development or preservation of affordable housing or drive up housing costs.

To fulfill this task, the advisory committee must first review the local government’s existing policies and procedures, ordinances, land development regulations, and the comprehensive plan. Following the review, the committee should recommend specific actions or initiatives to encourage affordable housing while protecting the ability of the property to appreciate in value.

Actions the advisory committee can take include:

- Modifying or repealing existing policies, procedures, and regulations
- Creating exceptions applicable to affordable housing
- Adopting new policies or amendments to the local comprehensive plan and corresponding regulations, ordinances, and other policies.

## Local Government Implementation

The advisory committee must approve the final AHAC Report by majority vote and submit it to the Florida Housing Finance Corporation (FHFC) and the local government. Upon receipt of the AHAC Report, the local government has 90 days to amend its local housing assistance plan to incorporate the adopted incentive strategies that it plans to implement. Only two strategies are required in the amended LHAP:

- Expedited permitting for affordable housing projects; and
- An ongoing process for review, prior to their adoption, of any local policies, ordinances, regulations, and plan provisions that increase the cost of housing.

The core requirement of the AHAC is to recommend housing strategies developed to incentivize the production of affordable housing. Those recommendations are submitted to the local elected body for approval. Upon adoption, these recommendations become part of the Local Housing Assistance Plan (LHAP). The SHIP program mandates that all municipalities receiving SHIP funds establish local initiatives that foster affordable housing development. To guide advisory committees, the SHIP Statute provides eleven affordable housing incentives; each strategy must be considered by the AHAC. Florida Statutes, Sec. 420.9076 (4):

- (a). Expediting processing approvals of development orders or permits for affordable housing projects over other housing projects.
- (b). Modifying impact-fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.
- (c). Allowing flexibility in densities for affordable housing.
- (d). Reserving infrastructure capacity for housing for very low income persons, low income persons, and moderate income persons.
- (e). Allowing affordable accessory residential units in residential zoning districts.
- (f). Reducing parking and setback requirements for affordable housing.
- (g). Allowing flexible lot configurations, including zero lot line configurations for affordable housing.
- (h). Modifying street requirements for affordable housing.
- (i). Establishing a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.
- (j). Preparing a printed inventory of locally owned public lands suitable for affordable housing.
- (k). Supporting development near transportation hubs, major employment centers, and mixed-use developments.

Not all these incentives are equally important or relevant to a particular SHIP jurisdiction. The two most important incentives are the required two that must be adopted as a threshold for receiving funding: (a.) expedited permitting and (i.) establishing a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing

### Recommended Incentives and Approved Incentives

Local governments must make sure that the incentives listed in the new Local Housing Assistance Plan submission are incentives that have not only been approved by the board of commissioners but are also actively available for everyone to use.

Many of the incentives recommended by the AHAC committee and approved by the board of commissioners may require amendments to existing ordinances, the creation and approval of new ordinances, the passing of resolutions, and other steps that may not make the incentives available to developers or contactors at the time of submission of the new Local

Housing Assistance Plan. Until the incentives have completed the approval and implementation process, they should not be listed in the LHAP. Once the local government has completed the process for implementation and the incentive is available for use, then the local government can amend the LHAP to add the active incentives.

### The Local Housing Assistance Plan

The LHAP is a document that will be made available to the public. The document should be written clearly and be easily understood by a general audience. The LHAP is intended to outline to goals of the local government in achieving its affordable housing goals. Local government should limit the number of strategies to ensure that they are meeting the most urgent needs of its residents. Strategies that will not be funded (other than the disaster strategy which must be included) should be left out of the document. Consider staffing and funding when selecting the strategies that will be carried out. Strategies that are not part of the local government's goals or are not likely to be funded in any of the three years covered in the LHAP

should be left out (disaster recovery is the exception). Although the LHAP can be revised with strategies being added or deleted, it may be useful to maintain LHAP strategies and loan terms in a consistent manner from one plan to the next. This helps the local government transfer files from one fiscal year to another, without issues related to different terms and awards between fiscal years.

## Elements of the LHAP

The LHAP is broken down into 4 sections as follows:

**Section I:** This section requires program detail information for items A-V. Most of the sections in the template contain information already filled out that is consistent with the program rules and statutes or best practices. Local governments completing the LHAP should review this template language to ensure that they will comply with said requirements and add or edit those sections that are not consistent with program policies and procedures. Below is a breakdown of each section and the requirements.

- A. This section requests the name of the participating local government that will be administering the SHIP program. It also requests information on whether the local government has entered into an interlocal agreement. Local governments are encouraged to make the most efficient use of their resources by cooperating to provide affordable housing assistance. This can be done by combining funding through an interlocal agreement between to eligible jurisdictions. Section 67-37.011 of the SHIP rule provides guidance for interlocal entities. SHIP statute 420.9072 (5)(a) states that local governments may enter into an interlocal agreement for the purpose of establishing a joint local housing assistance plan subject to the requirements of ss. 420.907-420.9079. The local housing distributions for such counties and eligible municipalities shall be directly disbursed to each county or eligible municipality and be administered in conformity with the interlocal agreement providing for a joint local housing assistance plan.

Organizations that choose to enter into an interlocal agreement must consider the following duties and responsibilities and address them in the interlocal agreement:

1. Program Management and Administration

2. Terms of the agreement
3. Trust fund
4. AHAC committee
5. Incentive Plan
6. Annual Report
7. Administrative costs
8. SHIP funds deposits and expenditures
9. SHIP single audits (share cost)
10. Cancellation and termination
11. Program income
12. Project/Participant selection
13. Files
14. Release of liens

An example of an interlocal agreement is provided in Appendix 3.

- B. Purpose of SHIP:
  1. To meet the housing needs of the very low, low and moderate-income households
  2. To expand production and preserve affordable housing
  3. To further the housing element of the local government comprehensive plan. specific to affordable housing.
- C. Fiscal years of the LHAP: An LHAP can cover 1, 2 or 3 years. Most local governments develop a 3-year plan.
- D. Identifies the rules that govern the SHIP program: The SHIP Program is established in accordance with Section 420.907-9079, Florida Statutes and Chapter 67-37, Florida Administrative Code.
- E. Local Housing Partnerships: The SHIP Program encourages building active partnerships between government, lenders, builders, developers, real estate professionals, advocates for low-income persons, and community groups. Discuss how the local government has partnered with organizations, including for profit and non-profit organizations to address the affordable housing needs of its residents
- .F. Leveraging of resources: The LHAP is intended to increase the availability of affordable residential units by combining local resources and cost saving measures into a local housing partnership and by using public and private funds to reduce the cost

of housing. SHIP funds may be used to supplement other Florida Housing Finance Corporation programs and to provide local match to obtain federal housing grants or programs. Consider how the organization plans to leverage resources to carry out the strategies outlined in the LHAP.

- G. **Public Input:** Describe how the local government solicited public input on the LHAP. Input can be obtained through face to face meetings with housing providers, social service providers, local lenders, and neighborhood associations. Public input can also be obtained by placing a notice on the local government website or advertising in a local newspaper. The rule does not provide specific requirements for soliciting public input for the LHAP.
- H. **Advertising and Outreach:** Local governments are required to advertise SHIP funding availability in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods at least 30 days before the beginning of the application period. If funding is not available due to a waiting list, notice of funding availability is not required.
- I. **Waiting List and Priorities:** Local governments can establish a waiting list when there are eligible applicants for strategies that no longer have funding available. The local government must describe how it will maintain its waiting list. Since no advertising is required when a local government has a waiting list, the list should be kept as a record if the local government does not advertise. A best practice is to advertise at least once a year even if there is a waiting list for one or more strategies.

In this section the local government will also discuss which strategies contain a priority for serving certain categories of applicants first. Consider using the example provided in the sample LHAP as a guide to identify priority needs with an emphasis on meeting the statutory requirement for serving very low and low-income household and households with special needs.

- J. **Discrimination in the administration of the program:** Refer to provisions of ss.760.20-760.37. In addition,

consider any additional anti-discrimination laws and ordinances that have been passed within the jurisdiction or county and how they apply to the SHIP program.

- K. **Support and counseling services available within the jurisdiction:** List all counseling or supportive services that are available to those that participate in the SHIP program.
- L. **Purchase Price and value Limits:** The program rules require that the jurisdiction establish the sales price or value of new or existing eligible housing that do not exceed 90% of the average area purchase price in the statistical area in which the eligible housing is located. Such average area purchase price may be calculated for any 12-month period beginning not earlier than the fourth calendar year prior to the year in which the award occurs. The local government can select the US Treasury value limits which are provided on an annual basis on the FHFC website at the following link <http://floridahousing.org/programs/special-programs/ship--state-housing-initiatives-partnership-program/purchase-price-limits> or it can select to use the Local Housing Finance Agency value Limits. For information on how to determine the value limits for each strategy go to F.S. section 420.9071(27). Value limits apply to homeownership strategies and do not apply to rental strategies.
- M. **Income Limits, Rent Limits and Affordability:** The rent and income limits are updated annually when the Department of Housing and Urban Development provides new income limits. The income and rent limits are posted on the FHFC website at the following link: <http://www.floridahousing.org/owners-and-managers/compliance/income-limits>
- N. **Qualification system for sponsors that administer a Welfare Transition Program:** Sponsors that employ personnel from the Welfare Transition Program must be given preference in the selection process.
- O. **Monitoring and First Right of Refusal:** Any SHIP loan or grant in the original amount of more than \$10,000 is subject to annual monitoring and determination

of tenant eligibility requirements. Tenant eligibility must be monitored annually for no less than 15 years or the term of assistance, whichever is longer. If another entity such as FHFC is monitoring under another program and provides the same monitoring and determination required by the local government, the SHIP jurisdiction may rely on such monitoring and determination of tenant eligibility.

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.

- P. **Administrative budget:** A line-item budget of proposed administrative expenditures must be submitted as an exhibit. Section 420.9075 Florida Statute and Chapter 67-37, Florida Administrative Code, state that a jurisdiction is limited to 5% of its distribution for administrative expenses unless the local government passes a resolution that 5% is not enough and it needs at least 10% of its distribution to administer its program. It can also use 5% of program income to cover administrative expenditures.

The resolution must be attached as an exhibit. A sample resolution is provided at the following link [http://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-\(lhap\)/lhap-template-and-exhibits](http://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-(lhap)/lhap-template-and-exhibits).

Local governments that receive \$350,000 or less may use up to 10 percent of program income for administrative costs.

- Q. **Program Administration:** The jurisdiction may choose to carry out its own program or it may contract a third party such as a subrecipient or consultant to administer all or a portion of its program. If another entity will carry out all or a portion of the administration of the program, the jurisdiction should identify the duties that will be carried out by the entity.
- R. **Project Delivery Costs:** These are costs in addition to the administrative expenses that a jurisdiction may

charge to cover direct costs tied to specific activities. Most project delivery costs are associated with rehabilitation projects and include hiring an outside inspector to perform inspections and develop assessments and estimates of required work (i.e. work write-ups). The jurisdiction should list the fees that will be paid or the percentage of project cost. This amount should be reasonable and should not exceed 2-5% of the contracted SHIP award. Local governments that charge project delivery costs are encouraged to include these as part of the amount of the recorded mortgage and note.

- S. **Essential Service Personnel:** This can include first responders, teachers, nurses, or active military personnel. Review the local government SHIP ordinance or other local jurisdiction documents that may already provide a definition for this group.
- T. **Incorporating Green Building and Energy Saving products and processes within its programs.** Ensure that any item identified in the section is incorporated into the work write up and program specifications.
- U. **20% Special Needs set-aside compliance:** This set aside can be met through various strategies including owner occupied rehabilitation, emergency repair, and rental assistance program. Local governments can also partner with agencies that service special needs clients to provide referrals.
- V. **Efforts to reduce homelessness:** This can be achieved by working with agencies and service providers who serve homeless populations. The local government can also have strategies that provide direct assistance to homeless populations.

**Section II:** Provides the detail of strategies and use of SHIP funds that will be employed under the program. Each local government determines the use of its SHIP funds based on the strategies identified in the LHAP. A local government can have one or several strategies based on need. Consider the affordable housing needs that have been identified within the jurisdiction and determine the best strategy and design to meet those needs. Every jurisdiction is different, and SHIP provides local governments with

the flexibility to design strategies that will help address the immediate affordable housing needs of its residents. When selecting strategies, review the strategy codes provided by FHFC. The strategy codes can be found at [http://floridahousing.org/programs/special-programs/local-housing-assistance-plan-\(lhap\)/lhap-template-and-exhibits](http://floridahousing.org/programs/special-programs/local-housing-assistance-plan-(lhap)/lhap-template-and-exhibits). When naming the strategy, use the strategy name and code that most closely reflects the activity that will be carried out by the local government. If the local government is carrying out two similar activities, it may use one strategy and include two or more codes to describe the activity, or it can separate each activity and code. An example would be a purchase assistance strategy that is carried out with and without rehabilitation. It is up to the jurisdiction to combine these two activities into one strategy or have two separate activities.

For each strategy, provide specific detailed information. When completing this section, limit the responses to the question being asked. A key component in completing this section is not to duplicate information that is required within any section. This is helpful for several reasons. If some section of the strategy needs to be changed, it will only be changed in one place. It will not be necessary to make several revisions within the document. It also provides clarity and consistency between LHAPs. Below is a summary of the section that must be completed within the strategy section. Before completing this section, please review the LHAP procedures in Appendix 4, the LHAP strategy quick guide attached as Appendix 5 and the sample strategies in Appendix 6.

- a. Section A is the summary of the strategy. The summary should be a concise description of the strategy. This is not the place to list applicant selection criteria, loan terms, or income categories. In this section the local government will provide information that is not required or requested in any other section of the strategy section. This section will outline how the activity will be carried out.
- b. Section B described the fiscal years that the activity will cover. Since most plans cover a three-year period, each strategy should list those three years consistently formatted as 2017-2018, 2018-2019,

2019-2020. Do not state "all years". A local government can limit the activity to 1, 2, or 3 fiscal years covering the LHAP.

- c. Section C covers the income categories to be served by the strategy. The local government can choose to serve one or all income categories. Strategies can serve very low, low, or moderate-income households as well as households at 140% of the median. Since SHIP requires a set aside for very low and low, is not uncommon to see these categories in most if not all the proposed strategies. If a specific income group is not funded for a strategy, leave that group off and make sure it is consistent with the housing delivery goals chart. Do not state "all income groups" or add any other requirements in this section.
- d. Section D requires a maximum award amount. A local government can set a maximum award amount by income category or set a maximum award for all applicants under the strategy. The SHIP program allows jurisdictions the flexibility to determine the amount needed within each strategy to address the needs in their community. Local governments should consider the cost of housing, cost of construction, and material costs within the jurisdiction to ensure that they can meet their goals under the specific strategy. Maximum awards must be listed clearly in the text of the plan by income category as well as on the housing delivery goals chart. Make sure these are consistent.
- e. Section E describes the terms of the award. There are six sections under terms that must be completed. If providing funding to a developer who will later sell a home to a homebuyer, staff must complete this section for the terms that will be applied to the assistance provided to the developer as well as terms that will be provided to the homebuyer. The first section addresses whether the assistance is provided as a repayment loan, a deferred loan, or a grant. The jurisdiction must decide if the assistance will require monthly payments or if it will be provided as a deferred loan or as a grant. If the

applicant will provide monthly payments, the jurisdiction should have a system in place to collect those payments or pay a company that will be responsible for collection of monthly payments. Deferred loans are the most common form of assistance. FHFC discourages the use of grants and will approve grants for a limited number of activities such as emergency repair, utility and security deposits, foreclosure prevention, rent subsidies, and disaster assistance. The second section of Section E addresses the interest rate. The jurisdiction will list the applicable interest that is tied to the assistance being provided. The most common interest rate is 0 percent. The third section will list the number of years of the affordability period/term of the loan. The local government must ensure program compliance with the conditions of assistance during the affordability period. Normally, the higher the funding amount, the longer the affordability period. The fourth section addresses forgiveness of the loan. Describe how the loan will be forgiven over the affordability period if the applicant complies with all of the terms and conditions of assistance. The fifth section is repayment. If the loan must be paid back in monthly payments, describe how those payments will be made. The sixth section is default. Describe what would constitute a default under the terms of the written agreement. In many cases this may include selling or renting the property.

- f. Applicant Selection Criteria: Use this section to describe the specific requirements for an applicant to receive assistance under the program. This is generally for the applicants that apply for assistance and should include a statement about “first-qualified first-served with the following priorities” and then list what groups are given priority based on income levels, special needs, etc. If the funds are being awarded to a developer to provide housing, please list those requirements under Section G.
- g. Sponsor/developer selection criteria: This section should only be completed if awarding funds to a sponsor/developer of housing. This should detail

the process for awarding funds. It may include a Request for Proposals or Request for Qualifications.

- h. Additional information. Use this section to provide additional program information that was not requested or included in prior sections. Avoid the use of repetitive language here.

**Section III:** Detail of Incentive Strategies approved by the local government governing body

In this section the local government will list the affordable housing incentives that were adopted by the governing body after they have reviewed the recommendations of the Affordable Housing Advisory Committee. In contrast to the LHAP strategies explaining which SHIP funds are expended, incentive strategies reduce regulatory barriers to developing affordable housing in the community. They eliminate or modify local requirements, policies, or fees to provide developers an incentive to develop affordable housing. At a minimum, local governments are required to implement two incentive strategies: Expedited Permitting and Ongoing Review Process.

#### **Section IV: Exhibits**

There are eight possible exhibits that will be attached. The first five listed below are required.

**Exhibit A** is the Administrative Budget for each fiscal year covered in the Plan. If the plan covers three years, include three years of estimates in the administrative budget. Staff will be asked to estimate the administrative budget. Since the local government does not know the exact amount of the SHIP allocation at the time that the LHAP is submitted, the administrative budget will be based on the last funding allocation that was received. Since the local government is limited to a 10% administrative budget per year if approved by resolution, the administrative budget estimate shall be based on 10% of the last distribution amount. This number can be used to estimate the budget for the next 3 years. Provide an estimate for salaries and benefits, office supplies and equipment, travel per diem workshops, advertising, and other expenses.

All "other" expenses need to be detailed here and are subject to review and approval by the SHIP review committee. Project Delivery Costs that are outside of administrative costs should not be included here but must be detailed in the LHAP main document.

**Exhibit B.** Timeline for Estimated Encumbrance and Expenditure

The required timeline for commitment and expenditures for each fiscal year is provided with the template. This page also provides guidance on request for expenditure extensions. Requests for Expenditure Extensions (close-out year ONLY) must be received by FHFC by June 15 of the year in which funds are required to be expended. The extension request shall be emailed to robert.dearduff@floridahousing.org and terry.auringer@floridahousing.org and include:

1. A statement that "(city/county) requests an extension to the expenditure deadline for fiscal year \_\_\_\_\_"
2. The amount of funds not expended
3. The amount of funds not encumbered or has been recaptured
4. A detailed plan of how/when the money will be expended

An extension to the expenditure deadline (June 30) does not relieve the requirement to submit the annual report online by September 15 detailing all funds that have been expended. The local government should email Terry.auringer@floridahousing.org when they are ready to submit the annual report.

**Exhibit C.** Housing Delivery Goals Chart (HDGC): The local government must complete a HDGC for each fiscal year covered by the plan. This chart is also based on an estimate of the last allocation received by the local government. The chart should include expenditure estimates per strategy for each of the fiscal years and for each income group. List the maximum award for each strategy and the projected units to be assisted by income group. The top portion outlines the goals consistent with the required set asides

projected under homeownership including meeting the organization's construction and rehabilitation set asides. The total projected expenditures under homeownership cannot be less than 65% as required by rule.

The second part of the HDGC requires the same estimates for rental activities. Include maximum awards and estimates for activities that help meet the construction and repair set asides as applicable.

In the third section, the local government will estimate the administrative expenses for each fiscal year. These should match the administrative budget and cannot exceed 10% of the distribution and 5% of the estimated program income. Jurisdictions should also list any funds to be set aside for housing counseling activities in this section.

The grand total should equal 100% of the distribution plus estimated program income. The percentage of construction rehab should not be less than the required 75% of the distribution. Include the maximum purchase price limits based on the Treasury or HFA numbers. If the local government has stated a lesser amount in the LHAP, that value should be reflected here.

The allocation estimate section requires a projected estimate of the very low, low, and moderate-income households served by dollars amounts. The percentage will be calculated for the jurisdiction and should be consistent with the total funding for activities.

In the final section, the local government will estimate the total funds available including the projected distribution, program income, and recaptured funds for each fiscal year. The maximum program income for administration cannot exceed 5% of the estimated program income.

**Exhibit D.** Signed LHAP Certification: The local government is required to submit a certification of compliance with the program signed by the chief elected official or its designee. The certifications should be the final copy with all required signatures including witnesses or "attest" seal.



**Exhibit E.** Signed, dated, witnessed or attested adopting resolution: Each LHAP submitted for final approval must have a passed resolution. FHFC provides a resolution template on their website that incorporates all the required language. The local government should use this template to prepare the resolution for adoption of the LHAP.

**Exhibit F.** Ordinance: (If changed from the original creating ordinance)

New SHIP communities are required to adopt an ordinance establishing 1. Creation of a local housing assistance trust fund as described in s. 420.9075(6); 2. Adoption by resolution of a local housing assistance plan as defined in s. 420.9071(14) to be implemented through a local housing partnership as defined in s. 420.9071(18); 3. Designation of the responsibility for the administration of the local housing assistance plan. Such ordinance may also provide for the contracting of all or part of the administrative or other functions of the program to a third person or entity.; and 4. Creation of the affordable housing advisory committee as provided in s. 420.9076. Jurisdictions that amend the existing ordinance must submit the amended ordinance as an exhibit.

**Exhibit G.** Interlocal Agreement: Jurisdictions that enter into an interlocal agreement must attached a copy of the executed interlocal agreement as an exhibit.

## LHAP Amendments

Once an LHAP is submitted to FHFC it can be amended. An amendment means that the local government is adding a new strategy or deleting an existing strategy. Amendments must be approved by the FHFC committee. For specific instructions on the amendment process go to: <http://www.floridahousing.org/docs/default-source/programs/special-programs/lhap/template-and-exhibits/80-lhap-amendment-procedures.pdf?sfvrsn=2>. Local governments can also make a technical revision to an existing strategy. A technical revision means a change to an existing strategy. An example would be increasing the maximum award amount within an existing strategy. All amendments and technical revision must be submitted to FHFC for approval.

## LHAP Submission to FHFC

Local government staff completing the LHAP who have questions can contact the FHFC SHIP administrator with specific questions related to the LHAP prior to submission. Local governments can also call the FHC hotline at 1-800-677-4548 available Monday through Friday from 8:30-5:00 or e-mail the technical assistance team at [info@flhousing.org](mailto:info@flhousing.org) for assistance preparing the LHAP.

The Plan submission will be completed according to one of the following options:

1. The plan is submitted for formal review. This requires all documents required in the LHAP including a fully executed certification and resolution to be submitted electronically by May 2nd.
2. The plan is submitted for conditional review. This requires all documents in the LHAP be submitted electronically except for the certification and resolution adopting the plan. If submitting the plan for conditional review, staff will not receive final approval of the plan until FHFC receives the executed certification and resolution with the final document.

Local governments are strongly encouraged to submit their plans for conditional reviews. Conditional reviews allow the local government to receive feedback on the proposed strategies prior to presenting the final plan to their commission for adoption by resolution. A plan submitted for conditional review on or before May 2nd has met the submission deadline requirements.

LHAPs must be submitted on the most current forms found on the FHFC website. Do not begin a new LHAP using the prior LHAP template. LHAPs submitted on out-of-date forms or in incorrect format will be rejected. Following instructions carefully when submitting the plans will greatly improve the timing of the review and approval process.

1. All documents shall be submitted electronically to FHFC. No hard copies will be accepted. Do not mail copies of the electronic submission.
2. For initial submissions prior to May 2nd, please submit documents in their current file format (word, excel). Do not submit the document in a PDF format until after it is approved and finalized.
3. Do not

send resolutions or certifications that are not executed. 4. In the subject line of the email, please type the following information: Local government name, LHAP2018-2021, or the applicable fiscal years. 5. In the email please state: "Please find attached the LHAP for Fiscal Years 2018-2021. This plan is being submitted for (formal, conditional) review." 6. Submit to [robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org).

Once the Review Committee has reviewed a plan, the jurisdiction's SHIP administrator will receive a notice back from FHFC staff of one of the following decisions:

1. Approved with no comments. If the LHAP is approved with no comments, combine all final documents into one PDF document in the proper order according to instructions provided under final submission procedures. Title document "<local government>2017-2020LHAPFINAL. In Subject line of the Email, list the following: Local Government, LHAP2017-2020FINAL. In the body of the e-mail state "Final LHAP". Submit to final document to [robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org).
2. Approval with Comments. This is a conditional approval pending the submission of any required documents. When resubmitting the document, in the body of the email state, "Please find attached the revised approved LHAP incorporating comments" and explain any recommendations from the review committee that were not accepted and why.
3. Not approved. The local government will be required to make changes to the LHAP based on the comments of the review committee, and then follow the steps above for resubmission for review.
4. Approval Withheld. If staff receives an email stating that an approval is withheld, follow instructions in the email from FHFC related to providing additional information or making required changes due to not meet statutory or program rule requirements. Contact FHFC staff to discuss any specific issues or concerns. Request technical assistance from FHC if necessary. FHFC may provide one or several hours of technical assistance to help with the completion of the plan. The local government will need to resubmit its plan according to Initial Submission Procedures. If the

plan is being resubmitted, state in body of the email "Please find attached a revised LHAP for review".

### **Final Submission Tips**

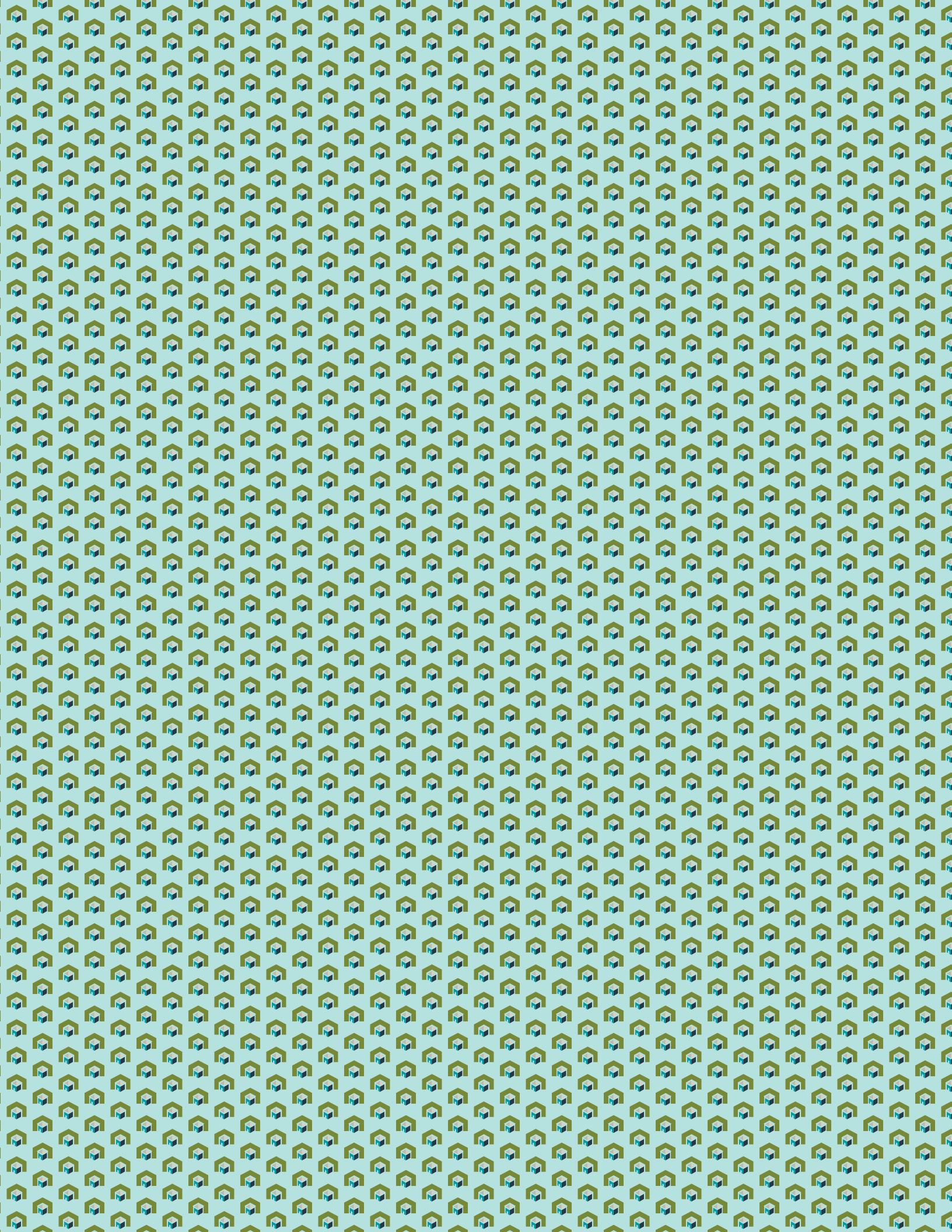
Once the LHAP has been approved by FHFC and the local city or county commission, it is time to submit the final document. The final document should combine all the documents, forms, and exhibits into one PDF. There is no cover letter required. The first document in the PDF should be the LHAP, followed by the exhibits, the certification, resolution, and any other required documents as outlined on the exhibit page. The certification must be signed including witnesses or having an attest seal, and the resolution shall be a copy of the final signed and executed resolution.



**SHIP**

housing a stronger Florida

# SET-ASIDE REQUIREMENTS



## CHAPTER THREE:

# Set-Aside Requirements

The SHIP Rule and Statute include set-aside requirements that dictate how SHIP funds must be spent. Complying with these rules significantly shapes what can and cannot be done with SHIP funds.

Section 420.9075(5) of the SHIP Statute includes the first four set-asides:

1. At least 65 percent of the funds made available in each county and eligible municipality from the local housing distribution must be reserved for homeownership for eligible persons.
2. At least 75 percent of the funds made available in each county and eligible municipality from the local housing distribution must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing.
3. At least 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to very-low-income persons or eligible sponsors who will serve very-low-income persons and at least an additional 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to low-income persons or eligible sponsors who will serve low-income persons.
4. At least 20 percent of its funds deposited into the local housing assistance trust fund must serve persons with special needs as defined in s. 420.0004, F.S. The first priority of these special needs funds must be to serve persons with developmental disabilities as defined in s. 393.063, F.S. which an emphasis on home modifications, including technological enhancement as devices, which will allow homeowners to remain independent in their homes and maintain their homeownership.

## Homeownership Set-Aside

At least 65 percent of an allocation plus any recaptured funds must be expended on activities that are related to homeownership. SHIP activities including purchase assistance, owner-occupied rehabilitation, or foreclosure prevention comply with this set-aside. In each case, this type of assistance either produces new homeowners

or helps an existing homeowner. By contrast, eviction prevention, repairs to a group home, and rent deposit assistance are examples of strategies that are not homeownership-related. These strategies, as well as SHIP funds spent on housing counseling, do not comply with the Homeownership Set-Aside.

Compliance with both the Construction/Rehabilitation set-aside and Homeownership set-aside is calculated as a percentage of the sum total of the allocation plus recaptured funds. Recaptured funds are not a common source of SHIP revenue. These funds are defined as repayments that a SHIP jurisdiction receives if it provides SHIP funding for housing projects that ultimately do not produce eligible housing and must be paid back. Consider, however, that several communities receive a significant amount of program income, which they also spend on homeownership and/or construction or rehabilitation activities. As a result, it is common in many jurisdictions that the percentage of compliant activities exceeds 100 percent of the Trust Fund (defined as the allocation plus recaptured funds). This illustrates an important lesson about program income: it may be expended on activities that do not comply with the homeownership or the construction/rehabilitation set-asides. Staff in SHIP jurisdictions that receive significant amounts of program income may dedicate it to a rental project, which is a type of SHIP assistance that is significantly limited since most funds must be spent on homeownership activities. Program income is discussed in detail in the Annual Report chapter.

Highlight this sentence from the last paragraph: “Program Income may be expended on activities that do not comply with the homeownership and the construction/rehabilitation set-asides.”

## Construction/Rehabilitation Set-Aside

At least 75 percent of the SHIP allocation plus any recaptured funds must be expended on activities that

either newly construct or repair housing. Calculate compliance with both the Construction/Rehabilitation set-aside and the Homeownership set-aside based on the sum total of allocation plus recaptured funds.

Recaptured funds are not a common source of SHIP revenue. These funds are defined as repayments that a SHIP jurisdiction receives if it provides SHIP funding for housing projects that ultimately do not produce eligible housing and must be paid back. The method to calculate 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.

Owner-occupied rehabilitation is the most common SHIP strategy, and is a main method employed by SHIP staff to comply with this set-aside. Other examples that comply:

- SHIP funds involved with building homes to sell to first-time buyers
- SHIP funds that partially finance rental housing new construction or repair
- Paying a homeowner's property insurance deductible to recover from disaster-related damage

Set-aside compliance is interpreted broadly. To illustrate this, consider how the Construction/Rehabilitation set-aside affects SHIP funds spent on purchase assistance.

**New construction purchase:** Compliance with the Construction/Rehabilitation set-aside is easily documented in cases when a newly constructed home is purchased since this type of SHIP assistance is considered a new construction activity.

**Existing home purchase with repairs:** When SHIP assists with the purchase and repair of an existing house, all the SHIP funds involved count towards the Construction/Rehabilitation set-aside. In other cases, when no SHIP funds are used to repair an existing house as it is being purchased, because set-aside compliance is broadly interpreted, these SHIP funds may also comply with the Construction/Rehabilitation set-aside if SHIP staff can

document that another source of funding, i.e. the seller, the buyer, CDBG funds, or some other source paid for repairs 12 months before or after the house sale.

**Existing home purchase, no repairs:** There are occasions of existing home purchase where none of the parties involved have paid for repairs since some existing homes are in good condition and no repairs are necessary. Although SHIP may help to pay for such homes, staff should limit this type of assistance, since it does not comply with the Construction/Rehabilitation set-aside. Very little SHIP money is available to help buy existing homes that do not need repairs. After spending 75 percent of SHIP in a manner that complies with this set-aside, and another 10 percent on administration, only 15 percent of the allocation and program income remain for SHIP assistance that does not comply with this set-aside.

Examples of other activities that do not comply with the Construction/Rehabilitation set-aside using SHIP funds include rent or utility deposit assistance, foreclosure prevention, and housing counseling.

### Income Set-Aside

A minimum of 30 percent of the funds deposited into the local housing assistance trust fund must assist very low-income households. At the same time, 60 percent of all funds deposited in the housing trust fund must assist very low and low-income persons. Although the SHIP statute mentions 30 percent for very low-income and another 30 percent for low-income persons, there are many combinations that fulfill this set-aside requirement. Since the combination of very low or low-income persons must add up to 60 percent, this could be achieved with:

- 30% very low-income PLUS 30% low-income
- 45% very low-income PLUS 15% low-income
- 60% very low-income PLUS 0% low-income

In all these cases, at least 30% is designated for very low-income, which is fundamental to compliance. For this reason, you would not comply if 15 percent was spent on very low-income while 45 percent was spent on low-

income persons. Unlike the Homeownership set-aside and the Construction/Rehabilitation set-aside, compliance with the Income Set-aside is calculated based on the total of all sources of SHIP revenue, including carry forward funds and program income.

The income set-aside must be considered when screening new applicants. The SHIP program could not help a moderate-income applicant in a scenario where a local jurisdiction's funds are nearly depleted, but 60 percent of SHIP funds have not yet been spent on very low and low-income households.

After fulfilling the income set-aside and spending administrative funds, the remaining amount of the allocation may assist moderate income households. In addition, applicants at even higher incomes may be assisted with the remaining funds. A SHIP jurisdiction may request that the FHFC authorize a strategy to assistance households with income at 120 to 140 percent of the area median income (AMI).

There is not a "Set-Aside" requirement to assist a specific number of Extremely Low Income (ELI) households. They are part of the larger group of Very Low Income (VLI) SHIP recipients, and the Income Set-Aside requires at least 30 percent of all SHIP funds to be dedicated to VLI households. The SHIP tracking spreadsheet (discussed in the Annual Report Chapter) includes columns for collecting information about ELI households, as well as households with incomes from 120 to 140%.

### Special Needs Set-Aside

A minimum of 20 percent of the SHIP allocation (starting with the FY 13/14 allocation) must be used to serve persons with special needs as defined in § 420.0004, Florida Statutes. Section 420.9075(5) of the SHIP Statute addresses the special needs set-aside:

(d) Each local government must use a minimum of 20 percent of its local housing distribution to serve persons with special needs as defined in s. 420.0004, F.S. A local government must certify that it will meet this requirement through existing approved strategies

in the local housing assistance plan or submit a new local housing assistance plan strategy for this purpose to the corporation for approval to ensure that the plan meets this requirement. The first priority of these special needs funds must be to serve persons with developmental disabilities as defined in s. 393.063, with an emphasis on home modifications, including technological enhancements and devices which will allow homeowners to remain independent in their own homes and maintain their homeownership.

The first priority of this 20 percent set-aside is to serve homeowners with development disabilities by providing home modifications. Although there is a priority for homeowners with developmental disabilities, the fundamental requirement is to document that 20 percent of the allocation is spent providing rental or homeownership assistance to households that include one or more household members with special needs. Several types of special needs households are listed in section 420.0004 of the Florida Statutes:

- An adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition under s. 420.0004(7), Florida Statutes;
- A young adult formerly in foster care who is eligible for services under s. 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.

"Developmental Disabilities" and "Disabling Condition" are both central to this topic, and they are also defined in the Florida Statutes:

### Developmental Disabilities defined in s. 393.063, Florida Statutes

A disorder or syndrome that is attributable to retardation, cerebral palsy, autism, spina bifida, or Prader-Willi syndrome; that manifests before the age

## SPECIAL NEEDS EXERCISE:

Identify which of the following applicants are special needs.

**Applicant A:** An elderly applicant is in good health, mobile, capable of driving and living on her own at 68 without any independent living support.

**Applicant B:** A rehab applicant has a letter from the local Center for Independent Living offering him independent living support. His rehabilitation assistance will not include accessibility-related renovations.

**ANSWERS:** Applicant A is not special needs. Elderly individuals are not mentioned in the special needs definition. However, a frail elderly person is special needs if he or she has a disabling condition and receives independent living supports.

**Applicant B is special needs; any type of SHIP assistance received counts towards the 20% set-aside.**

of 18; and that constitutes a substantial handicap that can reasonably be expected to continue indefinitely.

### Disabling Condition defined in s. 420.0004(7), Florida Statutes

Disabling condition means a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, or the co-occurrence of two or more of these conditions, and a determination that the condition is:

- (a) Expected to be of long-continued and indefinite duration; and
- (b) Not expected to impair the ability of the person with special needs to live independently with appropriate supports.

## Methods of Achieving Compliance with the Special-Needs Set-Aside

### Using Targeted Strategies

Although some SHIP offices comply with the set-aside using the primary strategies in their LHAPs, others have adopted separate strategies targeted to special needs populations. Some strategies are designed to repair or construct group homes for individuals with developmental disabilities, wounded veterans, youth formerly in foster care, or other special needs groups.

### Supportive Housing

Most often, property management functions are completely separate from supportive services functions, so that participation in services is not a condition of tenancy. The support services received by individuals with developmental disabilities are essential to help them to live integrated and independently in the community.

### Homeless Assistance

Homeless individuals are not mentioned in the special needs definition, but some count as special needs applicants if they have a disabling condition or mental illness, are a survivor of domestic violence, or meet some other criterion in the definition. SHIP may assist homeless households with 'rent subsidies' through a rapid rehousing strategy. Some of this SHIP assistance will likely be provided to special needs households.

## Documenting Special Needs Status

SHIP staff must collect documentation to show that a household meets some part of the special needs definition. The document "Guidance about Special Needs Documentation" is included as Appendix 7 and summarized here. In many cases, SHIP staff may document a household's special needs status through a brief letter from an agency that provides support services to the special needs household member. This is expected to be a community service



provider or managing entity that is under contract with the Department of Children and Families or a Local Center for Independent Living (CIL). The letter may simply state that the agency provides the household member with services related to their special needs. In some cases, the household will be receiving financial assistance connected to their special needs. The financial assistance must be documented and counted when determining income eligibility, and this same documentation proves that the household is special needs.

### **Additional Information**

This subject is addressed in the Florida Housing Coalition's publication "Housing in Florida: A Resource Guide for Individuals with Developmental Disabilities" available on the FHC website. "Housing in Florida" features several examples of SHIP assisting persons with developmental disabilities.

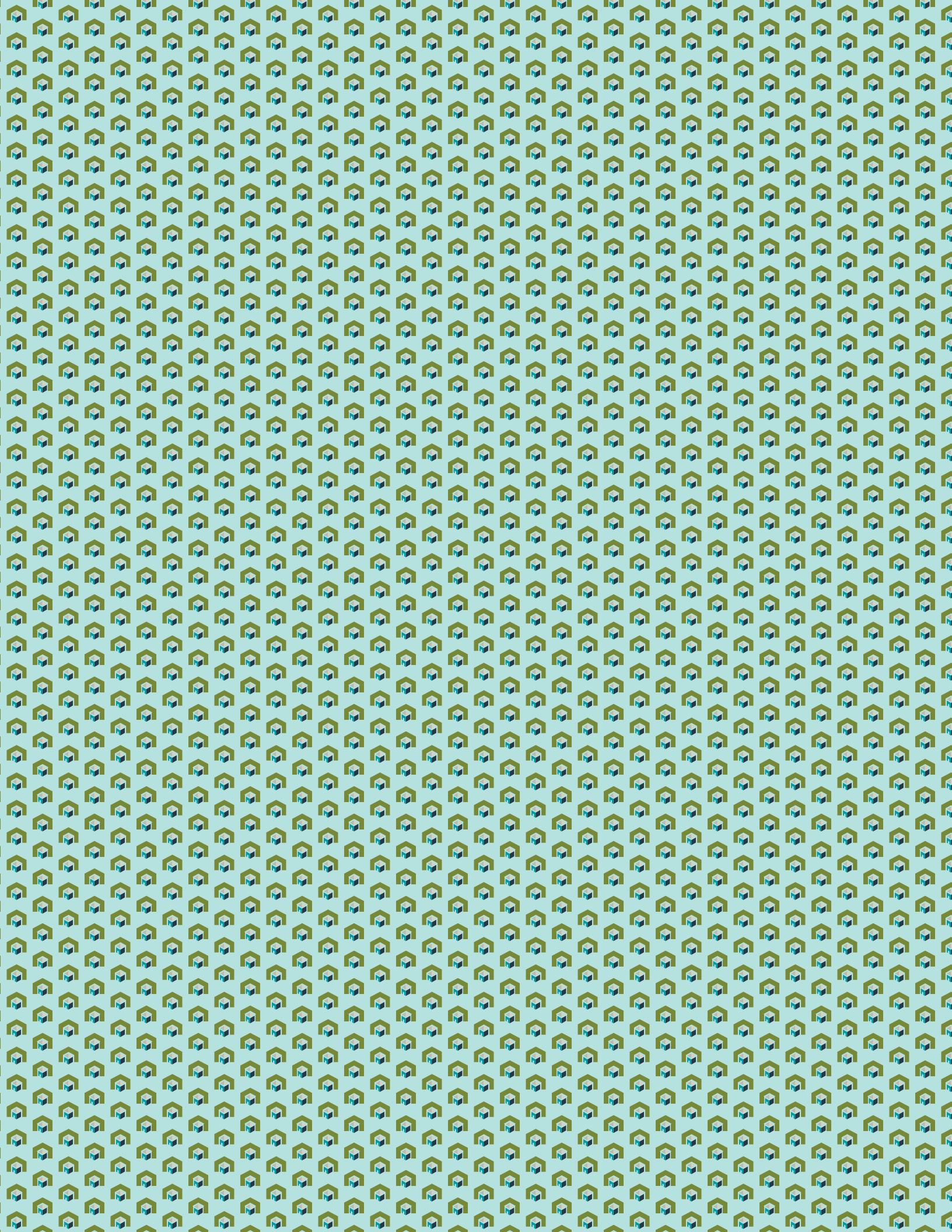




**SHIP**

housing a stronger Florida

# STEPS IN THE ASSISTANCE PROCESS



## CHAPTER FOUR:

# Steps in the Assistance Process

This chapter offers guidance related to some common types of SHIP assistance. It identifies decisions to be made and partners to work with along a chronological schedule of SHIP staff tasks. Rehabilitation and Purchase Assistance are the first two types of assistance included, since they are the most common. Additional guidance on these two housing strategies is included on the chapter on SHIP for Homeownership Housing.

## Steps in the SHIP Eligibility Determination Process

It is important to first address the steps of the process to determine eligibility since this always proceeds any SHIP assistance. These steps make up the ongoing activity that SHIP staff must undertake for each SHIP application regardless of the time of year when it is received.

**Pre-screening:** The process starts when potential applicants call or visit the SHIP office. Staff provides information about what assistance is available and assesses if SHIP can address a household's housing need. If so, staff completes a preliminary eligibility assessment, and may encourage an applicant to schedule an appointment. Alternatively, some visitors may be referred elsewhere. For example, renters may be referred to the public housing authority, the website [floridahousingsearch.org](http://floridahousingsearch.org), or the Continuum of Care entry point.

**Application:** Staff invites the applicant to the office to complete the application and collect information about the household members and sources of income and assets. The application must be signed by all adult household members. Staff must confirm that those signing understand that a SHIP file is a public record. Several documents commonly accompany an application, including a release of information form, a copy of a warranty deed, another proof of property ownership (for home repair), documentation of the number of dependents, and proof of hazard insurance (for home repair).

**Income Qualification:** Only households determined to be income eligible may receive SHIP assistance. Most often, SHIP staff use the income calculation process written in the HUD Handbook 4350.3.

Chapters 3 and 5 of the handbook address how to verify sources of income and assets and how to calculate household income estimated to be earned in the next 12 months. Staff should receive regular income training to help ensure ongoing familiarity with calculating housing income. These calculations must account for all sources received from outside the household, including income from assets. Staff must calculate the amount of each income source to the penny, without rounding any amounts.

**Certification:** After verifying that a household's income is at or below the levels on the income limits chart, SHIP staff and all adult household members will sign an income certification form. (aka RIC for Residential Income Certification). Copies of the Homeownership RIC and a RIC for rental assistance are available in Appendix 8.

This document becomes effective on the date when the last required signature is obtained. The form indicates that the applicant is eligible and allows for SHIP assistance to be provided within the next 12 months. The first page of the RIC contains a field where staff indicate which SHIP allocation paid for the assistance.

**Record SHIP Mortgage:** As a best practice, Staff should record the SHIP recapture agreement before providing home repair assistance. This agreement is typically a mortgage and note recorded against the property being assisted.

**Provide SHIP Assistance:** The steps in this process must be completed for each SHIP recipient. The amount of time required to complete assistance varies greatly from one strategy to the next. For example, it may take less than a week to provide rent deposit assistance to tenant applicants. Conversely, it may

take weeks for a contractor to complete repairs for a SHIP rehabilitation strategy applicant.

**File Close Out:** In the end, SHIP assistance is fully provided to each eligible household. Before a case is closed, a supervisor or other SHIP staff person should serve as a second set of eyes to confirm if all required documents are present and if all required signatures have been obtained. Use the file documents checklist in Appendix 9 to confirm that all required materials are present. Once a close out review is complete, the file is closed and this SHIP record is saved according to the SHIP record retention policy. The record retention requirements for the SHIP Program are outlined in the State of Florida General Records Schedule for State and Local Government agencies, which is available at the Florida Department of State’s website [www.dos.state.fl.us](http://www.dos.state.fl.us). Click on the link for “Library and Info. Services”. Keep SHIP files for five years after the loan has been released or satisfied, provided audits have been released for the SHIP distribution that funded the assistance. For example, an applicant is assisted with 11/12 funds in July 2011. These funds will be audited in 2014. However, the applicant has a SHIP assistance loan that is forgiven in 2021 at the end of 10 years. Retain the applicant’s file for an additional five years, until the year 2026.

## Residential Rehabilitation

### Steps in the Rehabilitation Process

1. Application is received
2. Applicant is income qualified
3. An award letter is issued
4. The inspector performs an inspection and develops a work write-up
5. The work write-up is approved by the homeowner
6. The work is out to bid
7. The work is awarded to the lowest bidder responsible and responsive bidder
8. Contracts are signed
9. Documents are recorded
10. Partial payments are issued

11. Final inspection is performed
12. All punch list items completed, releases and warranties are submitted
13. Final payment is issued
14. Project file is closed out

Details on some of the steps are included below.

### Conduct Initial Inspection

The initial property inspection is a very important step in the rehabilitation construction process. In the initial inspection, the rehabilitation specialist (local government’s designated construction expert) visits the property and identifies deficiencies to be corrected to bring the property into compliance with local rehabilitation standards and codes. Complete the following steps:

- Explain the steps of the inspection and construction process to the homeowner.
- Discuss owner, contractor, rehabilitation specialist, and housing administrator roles and responsibilities.
- Perform a thorough inspection of the exterior of the home.
- Perform a careful room-by-room inspection of the interior of the house.
- Once the inspections are completed, review the property inspection checklist and notes with the owner. Discuss and add any immediate concerns of the owner that were not included in the notes. Use all this information to develop the work write-up.

Every inspection should at a minimum cover the following items:

- Attic - Types and adequacy of insulation and ventilation, fire hazards, cause of delaminating roof sheathing, signs of leakage, code violations
- Interior Rooms – Check for damaged or cracked walls, floors, ceilings, trim, settlement problems (floors not level, sagging sections), electrical outlets in disrepair, inadequate heat source, inoperable fireplace, damaged windows; plumbing fixtures—low water pressure/flow, poor drainage,

leakage, improper venting, faulty shower lead pan, cracked tile joints

- Basement/Crawl Space - Foundation—settlement, cracked walls, deteriorated mortar joints, cause of dampness, need for dehumidifier, signs of water seepage, termite and rot, deterioration of wood-framing members, need for insulating and venting
- Roofs - Types of materials used on pitched and flat roofs, detecting problem conditions, life expectancy, control of moisture buildup, damaged fascia boards and overhang
- Roof-Mounted Structures and Projections - Types of Chimneys —, deterioration, leakage, faulty flashing; vent stacks—problem conditions, leakage; roof vents, hatches, and skylights; TV antennas—properly secured and grounded; gutters and downspout—types, leakage, problem conditions
- Paved Areas Around the Structure - Walks, steps, patios, and driveway—settlement and deterioration, hazardous conditions, drainage problems
- Walls, Windows and Doors - Types of walls (wood frame, veneer, masonry), types of exterior siding, problem conditions; types of windows (inoperable, broken glass, broken window, broken locks), doors (rotted, warped from water damage, broken locks, missing weather-stripping) storm windows (rotted, broken locks missing glass), screens (torn or missing), need for caulking
- Wood-Destroying Insects and Rot - Termites, carpenter ants, etc.
- Electrical System - Adequacy of inlet electrical service, grounding, circuit breakers versus fuses, problems with aluminum wiring, knob-and-tube wiring, low-voltage wiring, code violations
- Plumbing - Water supply, distribution, drainage system, lead inlet pipe (a potential health hazard), type of pipes—copper, brass, iron, or plastic, low water pressure/flow, outside faucets including backflow preventers, vented sink traps, cast iron pipes, septic systems, sewer connections, washer connection to sewer, well-pumping systems
- Heating System - Adequacy of capacity, proper oil burners, gas burners, electric heating unit
- Water Heaters - Adequate capacity, proper installation, life expectancy
- Air Conditioning - Adequate capacity, proper system operation, proper installation

### Prepare Work Write-up and Cost Estimate

A work write-up which provides a room-by-room detailed description of specific repairs and measurements should be prepared by the rehabilitation specialist. This write-up should be in conformance with locally adopted construction specifications. A cost estimate for each item on the work write-up is a necessity, although the cost estimate should never be given to contractors who wish to bid on the project. A number of automated computer programs have been developed for this task, although some communities have developed a satisfactory system using spread sheet software. The most critical aspect of this step is providing measurements and detail.

Staff must prioritize repairs. They can emphasize repairs that increase the useful life, safety, and energy efficiency of a building, including:

- Repair structural defects
- Upgrade fire egress, smoke detectors, GFCI outlets and fire ratings of finishes
- Address health hazards (lead, asbestos, mold)
- Repair the building envelope (roof repair/replacement, windows, doors)
- Add insulation, reducing air infiltration
- Upgrade electrical systems
- Replace deficient plumbing and mechanical components
- Replace inefficient equipment—old refrigerators, stoves, water heaters, heat and air units

### Work Write-up is Approved by the Homeowner

The work write-up is developed and agreed to by the homeowner in writing before the pre-bid meeting and walk-through with the owner, inspector, and contractors interested in bidding on the project. The

use of a well written, detailed work write-up is one of the most important tools of the rehabilitation program. A well written work write-up prevents confusion on the part of contractors regarding the quality of work to be performed, or the materials and methods for performing it. The use of standard measurements and products ensures consistency in the bidding process. The work write-up also provides the basis for estimating project costs. Good work write-up specifications always contain:

- Scope of work
- Estimated quantity of each product to be installed
- Location of installation
- Special conditions
- Installation methods
- Quality of products to be used

### Locate Contractors to Put Work Out for Bid

It is common for a local government to maintain a list of qualified contractors that are willing to bid on units as they become available throughout the year. The two main advantages of maintaining such a list over the customary request for bids are the ability to prequalify contractors and the time and money saved from advertising. The local government can find contractors by advertising in trade publications or posting fliers in the local building department. Interested contractors apply with the jurisdiction providing licenses, insurance and references, along with any partnership or sub-contractor information. This allows the jurisdiction time to review and verify insurance and licensing information with state or local building offices, uncover any complaints, fines or remedies and call all references. Using a list of prequalified contractors reduces instruction and advertising time. Contractors soon learn program requirements, offer construction solutions, and require fewer change orders making the entire process manageable for the Rehabilitation Specialist.

Advertise at least once a year for contractors and make flyers available throughout the year to encourage and allow participation by new contractors.

### Send Bid Package

Bid packages should be prepared and sent to participating

contractors a minimum of three weeks prior to the bid opening -- especially if a pre-bid walk through will be required. Contractors need time to obtain cost estimates from sub-contractors and prepare their estimates. Contractors should have all of the information they need to provide a valid cost estimate. Bidding instructions should be clearly outlined including whether the bid is sealed and when and where the bid should be submitted. Also explain what will disqualify a bidder. The bid should state the requirements for an acceptable bid so contractors do not waste their time bidding if they do not meet the minimum qualifications. A bid package should include the following:

- Complete bidding Instructions
- An invitation to bid
- A work write-up
- Any amendments to the work write up
- Address and description of the property
- A site plan and floor plan
- A bid sheet
- An anti-collusion affidavit
- Any certifications required by the purchasing department or program

Bid packages can be made available at an advertised location and time or sent directly to the prequalified contractors who have a history with the local program. The bid package should also include information on contractor licensure requirements, the work write-up, the local government contact for the project, and the time and date of the pre-bid walk-through conference.

### Conduct Pre-bid Conference and Walk-through with Contractors and Homeowner

Before the deadline for accepting bids, a walk-through of the unit should be conducted with the interested contractors and the homeowner. At this time, contractors can ask specific questions about the expected work, and make suggestions for improving or clarifying items on the work-write-up. The homeowner should be present, so that his concerns and expectations can be adequately addressed before work



commences and so that he is aware of and concurs with any proposed changes to the work write up.

### Make Adjustments to Work Write-up and Cost Estimate

Any adjustments to the work write-up that are agreed upon during the pre-bid walk-through should be detailed and amended on the original work write-up. It should be noted here that contractor/bidders who do not attend the pre-bid conference are unaware of these discussions and changes. For this reason, it is recommended that the pre-bid walk-through be mandatory. However, each contractor should be sent a copy of the revisions so specific details are not overlooked.

The cost of construction in different parts of the state of Florida can impact the activities staff undertakes, as different regions have different costs for the same work. In the more urban areas, such as South Florida, the cost of labor and materials can be double the costs in rural areas of the state. These costs must be considered as they impact the total project cost. Staff should consider the use of cost estimating software programs that can provide cost breakdowns for specific activities.

### Evaluate Bids

Most communities have established procedures for collecting bids and conducting bid openings. It is common to collect only sealed bids -- date/time-stamping the bid as it is submitted. The bids are then opened in a publicly noticed and recorded meeting, with the total bid amount read into the public record. Some communities have a less formal bid collection process, allowing housing staff to collect and open all the bids; an appointment is then scheduled with the homeowner to review the bids and select the contractor.

Normally, each bid is evaluated on its completeness and detail, quality of materials, and cost. It is a good idea to compare costs on each item in the work write-up rather than comparing only the total bid. An item by item comparison between all bids should be conducted to ensure that each bid uses comparable materials. If there are large discrepancies in cost for one or more items, this could indicate the possibility of a "low-ball" bid: the contractor may bid low, expecting to receive the award, and then make up

for the actual cost through change orders.

### Select Contractor

As mentioned previously, it is not a good practice to select the contractor solely on the basis of what he proposes the project will cost. It is better to have a number of criteria against which to measure the contractor. These may include past performance, ability to proceed, number of jobs he has in progress, reputation for timely completion of a project, willingness to work within the program constraints, familiarity with program parameters, and ability to understand and work with a low-income homeowner. It is preferable to have the homeowner express his preferences for a particular contractor during the selection process. Some programs require that contractor selection be the sole responsibility of the homeowner.

### Execute Contract Between Homeowner and Contractor

Once a contractor has been selected, a construction contract should be prepared. The construction contract is the primary agreement between the contractor and homeowner. It details the scope of work to be completed, the time frame for completion, how and if change orders will be allowed, items to be delivered such as a storage trailer, portable sanitation unit, and dumpster, what the payment schedule will be (partial payments or full payment upon completion), whether subcontractors will be allowed, and other requirements of the contractor. It should include a list of homeowner responsibilities, such as allowing the contractor the use of utilities and agreeing not to request or trade out for additional work items. A written agreement will also address defaults and provide for enforcement measures when non-compliance issues arise. Written agreements should be executed before providing funds or incurring expenses.

### Execute Security Agreement with Homeowner

To prevent an unauthorized sale or transfer of title while work is in progress, an agreement which secures the property during the rehabilitation process should be signed by the homeowner and duly executed by the local government. Typically, this agreement takes the form of a recorded security agreement on the property, such as a deferred payment loan, requiring that the amount of assistance be repaid to the local

government in instances where there is a sale or transfer of title, or the assisted family ceases to occupy the unit.

### Notice to Proceed to Contractor

The contractor should receive a notice from the local government or Chief Building Official which authorizes him to proceed with construction activity within typically 10-15 days. With the Notice to Proceed in place, the contractor may now pull permits, purchase materials, hire authorized subcontractors, and otherwise proceed with construction activities.

### Relocate Homeowner, if Necessary

In cases where there is substantial construction activity to be performed, or if the unit needs to be treated for termites, the contractor will most likely require that the homeowner temporarily relocate until the work is completed. It is usually not necessary to have the homeowner out of the home the entire time repairs are underway, only during the time when it would be hazardous for the homeowner to remain in the unit, or if the unit will be without electricity or water for a period of time. While relocation expenses can be counted as project soft costs and are eligible program expenses, it is more cost effective to have the homeowner stay with friends or relatives rather than pay for room and board. Sometimes it is effective to remind the homeowner that funds spent on relocation activity will reduce the amount of funds available for repairs. If there is no alternative, it is always better to temporarily relocate rather than risk the health and safety of the homeowner.

### Monitor Progress

While construction is underway, the rehabilitation specialist should conduct frequent inspections to ensure that the work is being performed in a satisfactory manner. This is also a good time to discuss potential problems with the homeowner or contractor which may lead to change orders or resolve any issues that the homeowner may have concerning the repairs or the contractor. If the contract stipulates partial draws upon completion of specific tasks, then an inspection to ensure that work has been completed should always be performed prior to processing the partial draw request.

### Conduct Final Inspection

When the contractor has sent notification that all repairs have been completed as noted in the scope of work, the rehabilitation specialist should conduct a final and thorough walk-through inspection of the unit to verify that all work has been completed. The homeowner should also be present at the final inspection in case he has issues or concerns that need attention. A “punch list,” which notes any deficiencies, should be prepared at this time as well.

### Obtain Release(s) from Contractor; Resolve Punch List Items

The contractor must provide proof that he has resolved all punch list items and provide signed release of lien statements. If punch list items cannot be resolved, then it is customary, as long as it is clearly stated in the construction contract, to withhold a portion of the contract amount until the contractor has satisfactorily corrected the punch list items.

### Obtain Statement of Owner Satisfaction from Homeowner

This is a very important step which is frequently omitted. It is at this point that the homeowner signs a statement which says he is satisfied with all repair work outlined in the contract and does not expect the local government or contractor to perform additional work. If the homeowner refuses to sign, the local housing administrator should mediate the outstanding issues with the contractor to the homeowner’s satisfaction. Usually, if an effort has been made throughout the rehabilitation process to maintain good communication between the contractor and homeowner, this does not become an issue.

### Obtain Warranties from Contractor

The contractor should always provide written warranties to the homeowner on newly installed products, such as roofing or appliances. Also, as a show of good faith to the program, the contractor should offer to warranty the workmanship for a reasonable period of time, usually 1 year.

### Disburse Funds to Contractor

It is very important that the contractor receive timely

payment for his services. Each local government has a unique system for disbursing funds to a contractor, but payment should never take more than 7-10 business days as the contractor must pay his suppliers. This may take extra planning and careful timing, but to keep the performing contractors happy and interested in continuing to participate in the local program, it's worth it.

### Obtain Homeowner Signatures on Final Security Agreement and File Lien

For assistance which is not given as a grant, there must be a security agreement which is properly signed and duly executed. In many cases, the final amount expended is different than the initial contract amount, due to change orders. In these cases, it is necessary to file a modification agreement. This agreement amends the initial security agreement with the correct and exact amount of assistance that was provided.

### Evaluate Contractor

Evaluation of the contractor's work performance is an important ongoing function of rehabilitation construction management. An evaluation should be performed by the rehabilitation specialist along with a separate evaluation by the homeowner. Retaining unprofessional contractors will rapidly tarnish the reputation of a rehabilitation program. These include contractors who do not produce quality work within the designated time frames, and/or who are insensitive to the needs of the program, the homeowner, the rehabilitation specialist, the housing administrator, or other local government officials involved with the process. It is necessary for a program to establish procedures for evaluating contractors to ensure that it has sufficient data upon which to base decisions on whether or not to retain contractors on its approved list.

### Purchase Assistance

A purchase assistance strategy is one of the many strategies carried out by local government under the LHAP. Much is involved in implementing a successful home buyer program. The major steps are included here.

Overview of the Purchase Assistance Process

1. Buyer attends a counseling class

2. Buyer gets pre-qualified for a first mortgage
3. Buyer applies for SHIP assistance
4. SHIP office confirms income eligibility
5. SHIP staff encumbers SHIP funds and sends Award Letter
6. Property inspection report submitted
7. SHIP staff reviews closing documents
8. Deliver check and closing documents for SHIP assistance to the closing
9. Recorded documents filed by SHIP office
10. SHIP staff updates SHIP tracking spreadsheet

Details on some of the steps are included below.

### Buyer Attends a Counseling Class

Although SHIP does not require participation in buyer education as a requirement to receive assistance, this is a very common local requirement found in many LHAPs. The details of the training vary from one SHIP community to another. Most commonly, they are 8 hours of training and address the following topics:

- Pros and cons of homeownership
- Overview of the home purchase process
- Housing affordability
- How lenders determine mortgage readiness
- SHIP Application requirements
- Importance of good credit
- Financing a home
- Shopping for a home
- Maintaining a home and finances

City or county SHIP staff may teach the class. Alternatively, they may recruit lenders, Realtors, inspectors, and other housing professionals to join them in teach, or they may contract out counseling services.

### Pre-qualified for a First Mortgage

Often, a potential buyer must first apply for first mortgage financing before applying for SHIP home buyer assistance.

Equipped with knowledge from the buyer's class about shopping for a mortgage, buyers apply to one or more lenders. Each lender will check the buyer's credit score and determine proximity to mortgage readiness. The lender issues a pre-qualification letter listing the amount of money the buyer may borrow.

### Buyer Applies for SHIP Purchase Assistance

In many SHIP offices, the lender's pre-qualification letter is the key for households to gain access SHIP assistance. Often, buyers must obtain the pre-qualification letter before filling out a SHIP purchase assistance application. This illustrates whether or not the household has sufficient financing in place to purchase a home in the local market. It is only at this point that SHIP staff document the applicant's income, assets and more to determine SHIP eligibility.

### Homebuyer Award Letter

Eligible applicants are issued award letters indicating that they will receive SHIP home buyer assistance. This letter indicates that the applicant is income eligible and may receive up to a specific award amount for down payment and closing costs. The letter should also state that "this preliminary award is contingent upon receiving a commitment from a first mortgage lender." Any other contingencies or requirements should be listed. Examples include additional training or counseling that must be completed, or the local requirement to obtain a home inspection. Finally, the letter should note that if "if the SHIP office learns of a change to your income before you are assisted, your annual income will be re-calculated to determine if you are still income eligible for assistance."

### SHIP Staff Reviews Closing Documents

SHIP staff add to their calendars the closing dates of all SHIP buyers. Shortly before each closing, the lender provides closing documents about costs that the seller and buyer must each pay. Staff review these details to confirm the accuracy of the SHIP assistance that will be provided at the closing. In some communities, SHIP staff attend the closing, while in others, SHIP staff provide the SHIP assistance check to the closing agent before the closing date.

### SHIP Staff Updates SHIP Tracking Spreadsheet

When the award letter is issued, SHIP staff add the eligible buyer's name on Form 1 of the tracking spreadsheet, along with the amount of money encumbered for the buyer's purchase assistance. After the closing, the spreadsheet is updated to show that encumbered funds are now expended. Staff indicate on Form 3 of the spreadsheet that this expense meets the homeownership set-aside. If the purchased home is newly constructed, staff also indicate that the expenses meet the construction/rehabilitation set-aside. Compliance is also met with an existing home is purchased with documented repairs from the seller, buyer, SHIP or some other source.

### Foreclosure Prevention SHIP Assistance

Local governments can offer foreclosure counseling even if they do not have a foreclosure prevention strategy. Foreclosure prevention counseling is similar to homebuyer counseling and does not count toward the set asides. If a SHIP office has no Foreclosure Prevention strategy, the LHAP Template addresses quite a lot of counseling types. Here is the text from Section I subsection K of the LHAP Template:

Support Services and Counseling: Support services are available from various sources. Available support services may include but are not limited to: Homeownership Counseling (Pre and Post), Credit Counseling, Tenant Counseling, Foreclosure Counseling and Transportation.

Local government will normally review the factors contributing to the foreclosure action such as loss of employment, loss of income due to illness, divorce. The homeowner will normally be required to demonstrate its ability to make future monthly payments.

Under a foreclosure prevention strategy funds are awarded to homeowners who are in arrears on their first mortgage. The purpose is to keep the property from going into foreclosure. Assistance can cover maintenance or association fees in arrears, special assessments, and legal fees to bring the mortgage current. Local government will normally require the owner who is assisted to show that they have the ability to continue to maintain their mortgage payments

after assistance is given. Many local government will also encourage homeowners to attend foreclosure counseling and establish a budget as part of the assistance provided. With this in mind, some of the major steps of SHIP foreclosure prevention assistance include:

- Applicant applies for SHIP
- SHIP office confirms income and strategy eligibility
- Encumber SHIP funds and send Award Letter
- Applicant attends a foreclosure prevention counseling class
- Provide lender with check for SHIP assistance to prevent foreclosure
- Update tracking chart and cloeout file

### The Application Process

The applicant should complete an application that provides enough information for the determination of income eligibility and any specific requirements related to the foreclosure prevention program. This strategy requires the local government to move fairly quickly through the eligibility process to ensure that foreclosure does not occur.

This activity is a homeownership activity that will count towards the homeownership set aside. It is important to have a an outreach system for clients that may face or are facing foreclosure. By developing partnerships with local counseling agencies, the local government can reach out to those that meet the program criteria. Local governments should develop partnerships with one or more counseling agencies to refer their clients. All applicants must be income qualified for assistance.

### Foreclosure Prevention Class

As a condition of assistance, applicants are required to attend a foreclosure prevention class. The pupose of this is to ensure that the applicant learns skills that will help them prevent forclosure in the future. In the class, the counselor will assess the client's mortgage situation, explain various workout options that may be available, provide budget counseling and develop a crisis

budget to present to the lender, assist with submitting a request for a loan modification if needed, facilitate with communication between the client and the lender, help the client understand the individual correspondence related to the mortgage, define mortgage terms and program guidelines as well as provide the client with additional resources and referrals. The cost of counseling is an eligible expense. Counseling classes for applicants in foreclosure may take weeks or several months. Local governments should require a certificate to document that an applicant attended the class.

### Identifying Participants

It may be difficult to identify individuals that need foreclosure assistance. One way to determine who to reach out to is to work closely with credit counseling agencies. Counsleing agencies may provide referrals on individuals who are behind on their payments and are looking for ways to bring their mortgages payments current.

### Terms

When assisting clients with foreclosure prevention, the best practice is to provide assistance as a grant. Households that are facing foreclosure may not agree to additional liens or debt against their property. The assistance is limited and the amount is normally just enough to keep the house from being sold.

Consider whether this should be limited to a one time grant. It is not good policy to continue to provide this type of assistance on an ongoing basis.

### SHIP Rental Assistance

Rental Development involves SHIP payment for new construction, rehabilitation, infrastructure, and impact fees for several rental units. By contrast, rental assistance involves help for one eligible rental tenant household. Assistance includes rent deposits, eviction prevention, and rent subsidies. No monitoring is required when providing individual rental assistance, while it is required for SHIP-funded rental development.

This chapter includes the steps of Rental Development and Rental Assistance. Many more details about this topic are

included in the chapter “Rental Housing Using SHIP”.

Steps involved with SHIP Rental Development:

- Identify an owner of rental property who wants rental rehabilitation assistance OR
- Identify a developer with land interested in SHIP assistance for new construction
- Document the sources and uses of funds for construction or repair
- Before providing SHIP, confirm that financing sources seem sufficient to complete the project
- Conduct an initial inspection of the land or rental property
- Sign a written agreement
- Monitor development and approve payments
- Complete project closeout
- Ensure initial occupancy compliance by tenants
- Monitor the development at least annually

It is important for a local government involved with rental development to understand the complexity of multifamily construction or rehabilitation projects. It is not enough to help fund the development of the units. It is also important to confirm that the developer 1) has organizational capacity to carry out the project; 2) is financially sound; 3) has firm commitments from all the funding sources to develop the project; 4) has knowledgeable staff and partners on their team that can assist not only through the development process but until project completion; 5) has some equity in the project; 6) can qualify tenants for income eligibility; 7) has property management experience; 8) has construction and development experience; and 9) can comply with long term affordability.

The SHIP staff must also have the capacity to provide development oversight and monitoring of these types of projects. These projects tend to take longer due to the pre-development process that includes land acquisition, due diligence such as environmental studies, zoning and permitting, site preparation and infrastructure, and construction. The local government must ensure that the funds encumbered for these developments be expended in a timely fashion in accordance with the SHIP rule.

### The Application Process

The process for selecting developers must be outlined in the LHAP. Most local governments will use the RFP process to select developers. The RFP process will help the local government obtain the best and most qualified candidates to carry out the development project.

The RFP must be clear on the short-term and long-term responsibilities tied to the activity. A project proforma, feasibility analysis, development team, market study, site control, project budget, sources and uses chart, timeline, property management, and fair housing plan can be requested as part of the RFP process.

The local government can use a scoring matrix to select the most qualified candidate. It is a good practice to select a group of professionals to review and score the applications. They can be the Affordable Housing Advisory committee (AHAC) members or a group of professionals from the local government or non-profit staff with experience in development to review the RFP and score them.

It is also possible to require each developer to make a presentation to the scoring committee providing a review of the proposed project and the details incorporated in the RFP.

There is normally an opportunity for developers to submit written questions to the local government in writing. These questions are posted on the local government website and shared with all of the sponsors that requested proposals. Proposals should have a deadline for submission. If submitted after the deadline, proposals should be rejected.

Once the proposals have been ranked and scored, the developer selected can be issued an award letter and all others should be notified of the winning RFP. The local government can then proceed to schedule a date to sign contracts.

### The Written Agreement

It is a good practice to include language in the agreement that requires that SHIP funds be the last funding source for payments to the developer. This can assist the local government in making sure that they can report the project completed shortly after the funds are spent.

Under the SHIP program, a project cannot be reported as completed until the eligible person occupies eligible housing. This include tenants occupying units in the development. Timing of funding is crucial when using SHIP funds for this type of strategy.

Local governments may also consider splitting funding for development within different fiscal years. Several completed units can be funded in one fiscal year and others can be funded in subsequent fiscal years so that funds do not have be reported as expended in one fiscal year. This will also help the local government with the limited funding allowed for non-owner-occupied developments.

The written agreement is a legally binding document that serves as the enforcement tool before, during, and after construction. It a key component that can be used by the local government to identify roles and responsibilities through the development process. The written agreement should address:

- Parties to the agreement
- Activity description
- Project location description
- Start and end date
- Budget
- Roles and responsibilities
- Funding sources
- Use of funds
- Timeline
- Project cost
- Payment procedures
- Terms of enforcement
- Contract amendments
- Default
- Inspections
- Marketing
- Beneficiaries
- Income targeting
- Affordability period
- Number of units
- Tenant rent and utility allowance
- Compliance
- Reporting
- Lease provisions if any
- Annual verification
- Property standards
- Use of Program income
- Record retention requirements
- Monitoring

The agreement must be reviewed by an attorney for legal sufficiency and form. It is important to include a mortgage, note, and restrictive covenants when assisting development that require long-term affordability.

The SHIP program rules at s. 420.975(i) require that “loans or grants for eligible rental housing constructed, rehabilitated, or otherwise assisted from the local housing assistance trust fund must be subject to recapture requirements as provided by the county or eligible municipality in its local housing assistance plan unless reserved for eligible persons for 15 years or the term of the assistance, whichever period is longer. 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.”

Those specific SHIP program requirements should be incorporated into the language of the written agreement. All agreement and loan documents should be recorded before the work begins.

### Construction Phase

The local government should ensure that the construction work is done in accordance with the project schedule and timeline. The local government must sign responsibility of the project oversight during construction to staff who can visit the site, check the work, and review and approve payment before they are made.

All payment should be paid in accordance with the payment schedule outlined in the written agreement. Payment should only be made once inspections have passed and proper paper work has been submitted.

When the project is completed, a final inspection and punch list shall be developed and inspected before final payment is made. All releases and warranties shall be provided before release of final payment.

### Tenant Selection and Project Occupancy

Occupancy should begin immediately following the issuance of a certification of completion. It is a best practice to have the tenants income qualified and ready to move in 3-6 months before project completion. All leases shall comply with state laws and lease provisions shall be included as required by the written agreement. Leases should cover a period of no less than 12 months and fees charged to tenants shall be necessary and reasonable.

The SHIP program does not require that rents be adjusted for utility allowances. However, if other funding sources are used, the strictest rule shall apply. The local government shall review initial tenant income files for compliance with the written agreement and required set asides. The local government should be prepared to provide training to management staff on how to properly document tenant income eligibility, approve the language in the written leases, and ensure that all advertising and tenant selection complies with federal, state, and local fair housing laws.

The SHIP program requires the rental development be monitored annually for no less than 15 years if more than \$10,000 of SHIP funds are spent on development. The local government should ensure that it has a plan in place to monitor the project on an annual basis for both tenant income eligibility and the physical condition of the units to ensure that they are decent, safe, and sanitary. Inspection of the units is not required but is considered a best practice.

### Local Government Responsibilities after Project Completion

Once the development is completed, the local government must provide the following information to the developer on an annual basis:

- Rent limits
- Income guidelines
- Maximum value limits
- Maximum subsidy limits

The local government should identify weaknesses in the organization during the annual monitoring visit and provide training as needed to staff members, consultants, or property management agents.

### Individual Rental Assistance

Individual rental assistance can include a strategy that provides utility and rent deposit assistance and no more than 3 months of rent. In 2016, the SHIP rule changed allowing ongoing rental assistance as follows: “A county or eligible municipality may not expend its portion of the local housing distribution to provide ongoing subsidies, except for: A rent subsidy program for very-low-income families with at least one person with special needs as defined in s. 420.0004 or one individual experiencing homelessness as defined in s. 420.621. The period of rental assistance may not exceed 12 -months for an eligible household.”

Steps involved with SHIP Rental Assistance to a single household are as follows:

- Tenant applicant applies for SHIP
- Staff confirms income eligibility
- Staff documents that the rental unit has a monthly rent that is affordable according to the annual SHIP rent limits chart
- Encumber SHIP funds and provide an Award Letter
- Provide a landlord with rental assistance on behalf of the applicant

Individual rental assistance is provided as a grant to the applicant and the maximum awards average between \$5,000 for a utility deposit program and \$10,000 for rental subsidies.

### Allowable Rents & Program Administration

For the rental subsidy program, an exception was allowed which states that when spending SHIP on rent subsidies, compliance is achieved if the rent does not surpass the 120 percent area median income amount on the rent limits chart, irrespective of the household income.



Communities may be hesitant to help place a very low-income household in a unit with rent at the 120% rent limit amount. However, the experience with other similar rent assistance programs (e.g., ESG for homeless households) is that once a family or individual is moved into a rental unit with short term assistance, they will make things happen to be able to sustain it - get a second job, get disability income for a family member, get a roommate, and so on. Many households in high rent communities already pay 50 percent of their income for rent; they have to make it work because there are no other options. While this isn't ideal, it's the best that can happen without sufficient affordable housing stock for ELI and VLI households. At least for homeless households, the research shows that getting them into a unit and providing short term assistance are the keys to enabling them to get other things in place to sustain. But if they are shut out altogether due to rent limits, they will remain homeless and unable to move toward self-sufficiency.

Under the rental subsidy program, it is customary to pay a service delivery fee for the organization to carry out the program. The fee must be reasonable and directly related to services provided. Second, the services provided must be limited in scope. While SHIP program dollars cannot support "case management" in the broad sense of that term (e.g., providing mental health and substance abuse counseling), SHIP funding may be used for "housing stability counseling." This includes staff time used for budgeting assistance, understanding the terms of the lease, and/or linking up the participant with community-based providers that could assist with disability income, employment, benefits, and other services that are directly related to housing stability for that participant. The housing stability counselor should use SHIP funding to leverage case management resources and other community-based assistance.

Because housing stability counseling is an allowable program cost for sub-recipients, and because such counseling may be an essential element of housing success, it is often best for SHIP communities to use sub-recipient organizations to administer the rental subsidy program. It is especially helpful if the sub-recipient administers similar rental assistance programs and works with similar populations in those programs.

It is highly recommended that the SHIP office consult closely with the local Homeless Continuum of Care (CoC)

to coordinate efforts, standards, and processes. In most communities, the CoC oversees a wide variety of funding streams aimed at eviction prevention and rapid rehousing. (Rapid Rehousing is the term in CoCs for programs that offer short-term financial assistance like deposits and rent subsidies, as well as 'light touch' case management or housing stability counseling.) The CoC programs might be funded by HUD CoC funds, the Emergency Solutions Grant (ESG), Supportive Services for Veterans Families (SSVF) funds, and private funding such as United Way.

Collaboration with the CoC is critically important to coordinate the SHIP rental assistance program with these other programs so that the programs are complementary, use similar processes, and have similar standards. It is for this reason that we recommend that the SHIP office utilize the CoC's Coordinated Entry system for referrals. It is further recommended that the SHIP office use a sub-recipient nonprofit organization that has experience in these types of programs.

Best practices in these types of programs call for some level of flexibility in determining the level and time period of assistance. While it may be straightforward to offer every household the same level of assistance (for instance, \$5,000 total or deposit plus three month's rent), households vary in terms of need.

As an example, staff may want to offer rent and utility deposit to all eligible households moving into a rental unit. But staff may want to gauge the rent subsidy based on the household's current income, such that they are required to pay 30% of their income towards the rent and the SHIP funding provides the rest of the rent as a subsidy. In this way, staff pay full rent for those with zero income and less for those who have income. Staff may also choose to gradually reduce the rent subsidy over time. For example, staff may pay the full rent for the first month, the second month pay 50% of the rent, the third month 25%, and then nothing.

Whatever the approach, the guidelines should be clearly written to those administering the program as well as to consumers. In addition, it is recommended that housing stability counseling be offered to tenants by the sub-recipient organization or a partner agency. This "case management light" should be focused on housing stability exclusively, rather than case management in the usual sense of the word, which tends to address many non-housing issues.

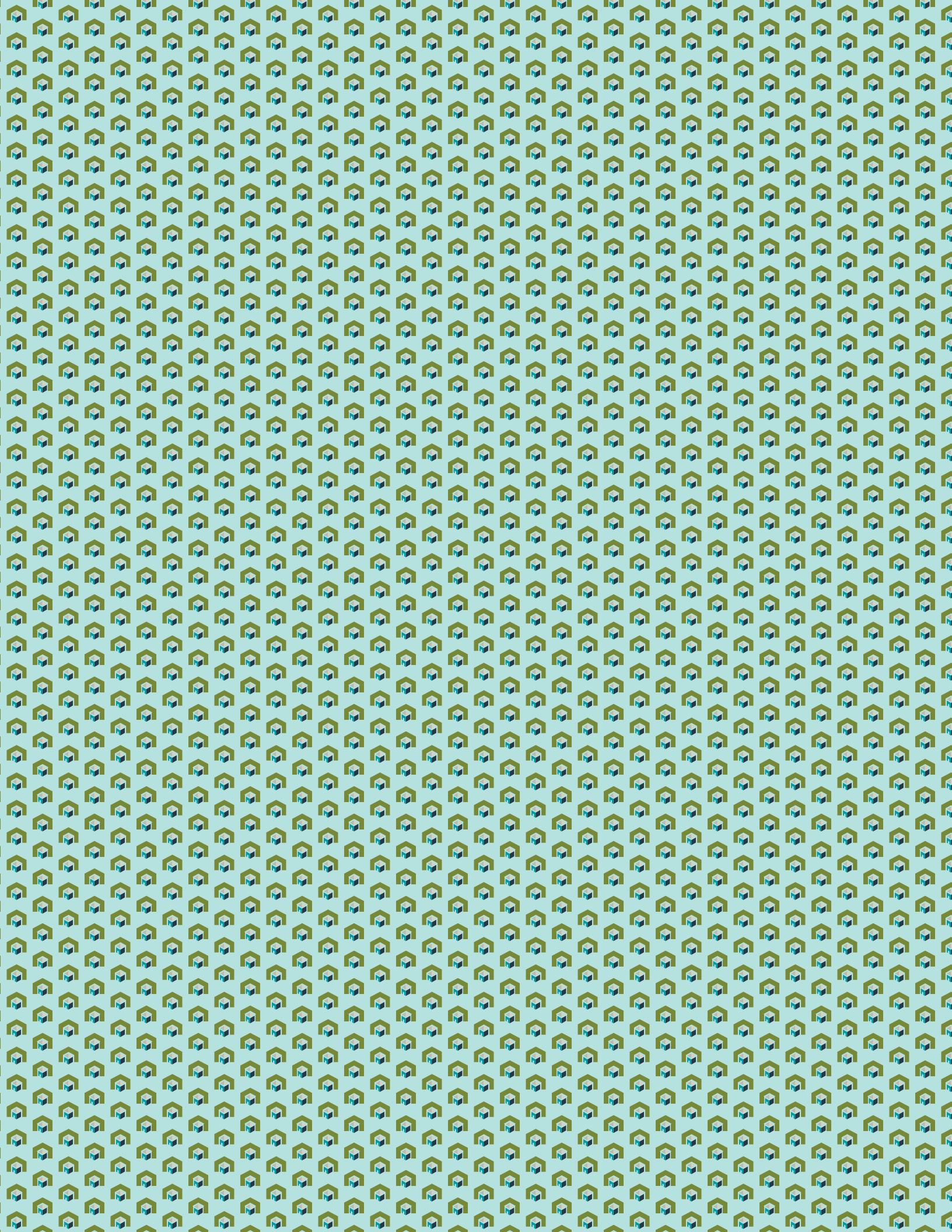




**SHIP**

housing a stronger Florida

# TIMELINE OF SHIP ACTIVITIES



## CHAPTER FIVE:

# Timeline of SHIP Activities

This chapter provides a chronological accounting of the variety of activities that SHIP staff must undertake to implement the program from month to month.

## First Things First

New SHIP administrators must update the SHIP contact person on Florida Housing Finance Corporation's website. Update contact information via the SHIP annual report website located at <https://apps.floridahousing.org/StandAlone/SHIPAnnualReporting/>.

The log in page has links to help in case of "Don't have an account?" or "Forgot your password?". For any further assistance, contact [Terry.Auringer@floridahousing.org](mailto:Terry.Auringer@floridahousing.org).

Once logged on, go to the "SHIP Contact Information" tab. Provide two types of contacts: 1) the staff person most directly responsible for creating the jurisdiction's annual reports and 2) the jurisdiction's main SHIP contact person. The latter name and phone number will be posted by FHFC on its SHIP contacts webpage.

## Activities Throughout the Year

It is important to first recognize that SHIP staff are engaged with the process of eligibility determination throughout the year. Details about eligibility determination are included in the chapter on the steps in the assistance process. These steps are the ongoing activity that SHIP staff must undertake for each SHIP application regardless of the time of year when it is received. This chapter is devoted to a variety of tasks and topics that must be addressed throughout the months of the year.

## January

### Update SHIP Program Information

A SHIP administrator's New Year's Resolutions should include updating program information by:

- Updating waiting lists: If a SHIP community expends all its funds and is awaiting new funding, staff may place additional applicants on a waiting list to establish the order of assistance once new funds are received. If this list contains the names of more than a dozen households who have been waiting for more than 6 months, staff should

periodically check in with them. Call, email, or write each listed household to confirm if each still needs assistance and to see if there have been any significant increases in household income which might exclude a household from income eligibility.

- Updating SHIP contact information: Log on to the Annual Report website to update the information on the "SHIP Contact Info" tab, which is next to the "Annual Reporting" tab. This is where to provide contact information, along with details about a city or county's SHIP strategies. The information is included in Florida Housing's statewide directory of SHIP programs, so information must stay current. The SHIP annual report website is located at <https://apps.floridahousing.org/StandAlone/Extranet/>.

## Update the LHAP Every Three Years

The Local Housing Assistance Plan (LHAP) must be reviewed and updated at least every three years. The chart on this page shows the schedule for when new LHAPs are due. The new plan is due on May 2nd of the year that a SHIP jurisdiction receives a distribution that is not covered by the current LHAP. However, start in January to ensure there is enough time to properly update the document. Read through the plan and make updates to best reflect the current needs of the community. Consider if the city or county's maximum purchase price or value is up to date and accurate. Examine the maximum amounts of assistance for each strategy and consider if these are still appropriate or should be changed. Evaluate the applicant selection process for each strategy and determine if it should be changed. Fill in the details of a housing delivery goals chart for each distribution to be covered by the new LHAP. Consult the chart from the last distribution to project goals under the new LHAP.

Chapter 2 includes more guidance on LHAP responsibilities. Beginning to update the plan in January will allow sufficient

time to involve local partners including lenders, real estate professionals, repair contractors, and subrecipients. Once a new plan has been drafted and broadly discussed, many communities first submit it for review by Florida Housing's LHAP review committee, rather than asking the city or county commission to adopt it by resolution. Florida Housing's staff often provide feedback and require changes to the plan, so it may be most time efficient to complete these revisions before presenting the document to the local governing board.

## February

### Confirm Receipt of Right of Rescission

This is an annual task that may be scheduled for any month of the year. The Right of Rescission under the Truth in Lending Act (TILA) applies to non-exempt credit transactions secured by the consumer's principal dwelling. The consumer is afforded a right to cancel the transaction until midnight of the third business day following "consummation" of the transaction or delivery of the required information and rescission forms. It is meant to give the borrower a "cooling off" period and time to review mortgage documents. Funding takes place after the three-day rescission period.

Review the sample Right of Rescission forms in Appendix 10. The local government is required to have a legal opinion that the ROR does not apply if the file fails to contain a ROR in the case of residential rehabilitation. This is to ensure compliance with the relevant federal mortgage lending rules and regulations.

### Monitor SHIP Sub Recipients

This is also an annual task that may be scheduled for any month of the year. The SHIP program requires that local governments monitor the subrecipients they contract with to implement SHIP assistance. Chapter 8 provides guidance on the review of systems, the compliance monitoring, and the programmatic review that SHIP staff must undertake. Keep a monitoring plan and the results of each annual monitoring visit in the SHIP office since these documents will be checked when the state SHIP monitor periodically completes a compliance review.

## March

### Begin the Triennial Housing Incentive Strategies Report

This is a task for once every three years and it is only

required of SHIP jurisdictions that receive an allocation of more than \$350,000. Each year, almost a third of SHIP Jurisdictions start their Affordable Housing Advisory Committee (AHAC) reports. Typically, a SHIP community works from March to December to create this report, which must be completed by the end of December before the community's LHAP is due on May 2nd.

The SHIP program mandates that all municipalities receiving SHIP funds establish local initiatives that foster affordable housing development. It is the AHAC committee's task to create a report on affordable housing incentive strategies. Regulatory incentives are a valuable tool for facilitating private sector development of affordable housing. It is the way for local government to create an environment that is favorable to development by the private sector. The incentive strategies proposed by an AHAC are designed to increase the likelihood that developers will build affordable housing in the community.

The first step is to assemble a committee and March is a good month to start. AHAC members should be appointed by the governing body of the local government, but do not have to be adopted by resolution. Representatives are to be selected from up to eleven categories representing a variety of community and industry perspectives including citizens engaged in residential home building, banking, employers, home building labor, and more.

More AHAC guidance is available in the Florida Housing Coalition's publication, "Affordable Housing Incentive Strategies: A Guidebook for Affordable Housing Advisory Committee Members and Local Government Staff" available at <http://www.flhousing.org/wp-content/uploads/2012/03/AHAC-Guidebook-2017.pdf>. SHIP staff always provide assistance to the committee, and this guide provides a report template staff can use to type up the committee's conclusions after a series of meetings over months. It also offers AHAC committee members a helpful orientation to their task with content to inform their decisions on each of eleven topics that the SHIP statute requires they specifically address in their report.

### Prepare for SHIP Compliance Monitoring

This is not an annual task and it may not necessarily occur

in March. FHFC schedules a visit from the SHIP monitor for each local SHIP office every two or three years. Staff who were not working in the SHIP office during the last monitoring visit may glean helpful background information by reviewing the report from the last visit. Staff may contact FHFC for a copy of this report if a copy is not in the office. The SHIP monitor reviews several elements of SHIP compliance, including:

- File Documentation
- Eligibility Determination
- Administrative Procedures
- Annual Report responsibilities
- Also, if applicable, monitoring Rental Housing and/or Subrecipients & Sponsors

Chapter 8 is SHIP Compliance Monitoring which includes more information to assist with staff preparations. In addition, review this 90-minute webinar on the subject: <https://vimeo.com/204250297>

## April

### Begin Using New Income Limits Chart

The SHIP income limits chart is used to determine if applicants are income eligible. The information on this chart is updated annually with data from HUD. Use the new income limits chart as soon as it is posted to the FHFC website, which is disseminated via email to all SHIP staff. The annual income data is assembled by HUD, which often posts it in March or April. Florida Housing's staff process and post this data on the FHFC website, [www.floridahousing.org](http://www.floridahousing.org), often within a week of HUD's posting. Staff place the income numbers into the familiar format of the SHIP income limits chart, identifying the maximum income amounts for households who are extremely low, very low, low income, moderate income and more.

The new income limits chart is relevant for those applicants who have not yet signed an income certification form, also called a Residential Income Certification (RIC). Use the new income limits chart no later than the date when it is posted to Florida Housing's website.

## Meet with Finance Department

This task may be scheduled for any month of the year. On a semi-annual basis, meet with staff from the city or county finance department.

Information submitted on a SHIP annual report is not verified by FHFC until compliance monitoring is conducted, which can sometimes occur a few years after reports are submitted. Therefore, regularly meeting with the finance department is an important responsibility of the local government SHIP administrator to verify that the information provided on the annual reports is accurate and properly reflects the local government's general ledger.

Before the meeting, identify amounts that are unencumbered, along with funds that are encumbered but have not been spent. These are the balance of funds remaining in the SHIP account. Compare this balance with the finance department's numbers from the general ledger. Also review all the recent expenses and revenue received in the last several months. For every SHIP check that is written, SHIP staff must notify the finance department regarding which SHIP allocation to use. Confirm during the meeting that each recent general ledger expense is associated with the correct SHIP allocation. Chapter 7 includes more guidance on tracking and annual reporting.

## May

### Submit Updated LHAP

This is a continuation of the LHAP task in January, and it is not an annual responsibility. Each year in May, an alternating portion of SHIP jurisdictions submit the final versions of their updated LHAPs. The SHIP statute states that these plans must be submitted by May 2nd. This date is shortly before SHIP communities receive the first disbursement of funds from the newest SHIP allocation in the early months of the new state fiscal year. May is set as the time to finalize the new LHAP so that it will be in place in time to begin using the newest allocation funds. If a community is delayed in submitting a finalized LHAP, receipt of its new allocation will be postponed until the new plan is submitted and accepted by Florida Housing.

### Assess the Maximum Sales Price

This is an annual task that is suggested for May. Since May is the month of the LHAP, it is a good time for staff to check the maximum sales price or value listed in the LHAP. This is the amount established in a local area that indicates the house sales price at and below which SHIP eligible homebuyers may find an adequate supply of homes to purchase. Since housing markets change, this limit should be re-examined annually. This is important to determine whether the amount listed as the “maximum sales price or value” in the local housing assistance plan (LHAP) adequately describes the cost of purchasing or owning a home in the local housing market.

The SHIP Statute requires jurisdictions to set an upper limit on the value of a home that will be considered “eligible housing” for purposes of SHIP assistance. A SHIP jurisdiction has the flexibility to justify its maximum purchase price or value based on one of three sources: a local study of sales price levels in the past 12 months; Florida Housing’s bond study, which reports recent price levels for Florida’s metropolitan statistical areas; or the U.S. Department of Treasury’s data, called the “safe harbor limits”, which are posted on Florida Housing’s website and updated every few years.

A community’s maximum sales price or value should be set at a realistic level to represent the sales price at which there are an adequate number of homes to buy. Affordable housing professionals do not have the power to control the sales price of homes. Housing prices are established by the interaction of buyers and sellers in the open market. For the most part, we rely on the private sector to build the single-family homes that low-income buyers will purchase with assistance. There must be an adequate supply of homes for these buyers to purchase and the actual price of available homes for sale must be considered when setting the maximum sales price or value. As housing prices rise or decrease, communities must increase or decrease their maximum sales prices. If they do not adjust this price to keep up with the market, SHIP eligible buyers will not be able to find any homes to purchase.

Note that the maximum sales price amount is generally very large and many would not consider it an affordable

price tag for housing. Since the market is not producing houses at a price that SHIP eligible buyers can afford, this is the reason SHIP subsidy is needed. It is the combination of a buyer’s first mortgage money and the subsidy that makes the equation of home purchase truly affordable. In areas where housing prices continue to outpace the annual increase in household incomes, it will take larger levels of subsidy to keep this equation affordable.

### June Meet the Expenditure Deadline

Each year, June 30th is the expenditure deadline for a SHIP allocation. SHIP funds must be expended within three years of the beginning of the state fiscal year they are named. Section 67-37.005(5)(c) of the SHIP Rule states this rule in a different way, noting that funds must be fully expended within 24 months of the end of the applicable state fiscal year. Here is an example for 18/19 funds: The state fiscal year started on July 1, 2018. Three years later is June 30, 2021 -- the expenditure deadline for this allocation.

To expend funds before this deadline, staff must work diligently for months beforehand. Compliance is often achieved as regular amounts of funds are expended steadily over one or two or more years. This June task is, therefore, the culmination of many previous occasions when staff have reviewed their SHIP office’s progress towards fully expending an allocation. Funds are typically encumbered for a project for weeks or months before they are fully expended. Three things must be achieved before SHIP funds may be considered expended:

- SHIP funds must have been spent to completely pay for assistance
- All vendors and contracts must be paid, and the project must be documented as complete
- An eligible household must be occupying the housing unit

On or before June 30, staff should contact Florida Housing if they discover that it is likely that some of an allocation will not be fully expended by the deadline. There are instances where a small amount can be carried forward. Staff may request an extension for the three-year expenditure deadline by emailing Terry Auringer ([terry.auringer@](mailto:terry.auringer@)



[floridahousing.org](http://floridahousing.org)). More guidance about requesting an extension and other guidance on tracking and annual reporting is included in Chapter 7 Annual Reports.

### Meet the Encumbrance Deadline

Each year, June 30th is also the encumbrance deadline for a SHIP allocation. SHIP funds must be encumbered within two years of the beginning of the state fiscal year they are named. To continue with the 18/19 example, these funds are encumbered before they are expended. The state fiscal year started on July 1, 2018 and June 30, 2020 is the encumbrance deadline for this allocation.

Typically, funds are encumbered when an applicant is determined to be eligible. The amount of funds committed to an applicant on the SHIP Award Letter is considered encumbered on the date of the letter. Staff should add this applicant's name and data on the tracking spreadsheet alongside the amount of money committed.

There is no extension available for the two-year encumbrance deadline. However, staff are still required to notify Florida Housing as soon as noncompliance with the encumbrance deadline is detected. Report the following details in an email to Robert Dearduff ([robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org)) and Terry Auringer ([terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org)):

- Amount currently unencumbered
- Amount anticipated to be encumbered before June 30
- A one sentence explanation for why funds were not encumbered in time (optional)
- Estimated date when all funds will be encumbered
- Briefly explain the plan to quickly encumber funds

Chapter 7 includes more guidance on the deadlines and other tracking and annual reporting topics.

### Turn in the Annual Audit

The annual audit is an independent review of a local government's general ledger, which provides a method to ensure that a community's SHIP annual reports of revenue and expenses ultimately reconcile with the jurisdiction's general ledger. The audit is sometimes

referred to as a Comprehensive Annual Financial Review (CAFR), and this written report must be provided by June 30th to the FHFC. Florida Housing's staff has provided the following guidance on what they specifically look for when reviewing CAFRs:

- Separately stated Trust Fund for SHIP
- "Findings" related to the Florida Single Audit Act (FSAA) (if applicable)
- Send the CAFR by emailing the report link or attached document(s) to Terry Auringer ([terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org)), rather than providing a paper copy

## July

### Advertise Availability of SHIP Funds

The state fiscal year begins in July. SHIP communities begin receiving disbursements months after the new state fiscal year begins. Section 420.9075(4)(b) of the SHIP statute requires advertising available SHIP Funds 30 days before taking applications. The Notice of Funding Availability (NOFA) should be advertised in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods. If funding is unavailable for a specific strategy due to a waiting list, no advertisement of that strategy is required. A SHIP office might have a waiting list for one strategy, but not another. In this case, the community must advertise the availability of funding for the strategy with no waiting list.

The SHIP Rule provides further guidance about advertisement. Section 67-37.005(3)(a) lists the three items that must be included in a NOFA:

- The projected amount of the allocation
- Both a beginning date and end date for the application period of the funds being advertised. The end date may be two or more years in the future.
- The local contact person, contact information, and details about where to apply

In addition to these three fundamentals, the SHIP Rule includes additional details that SHIP staff may consider adding to the advertisement:

- Estimated amount per strategy
- Income categories assisted
- Selection criteria
- Maximum housing value

Furthermore, consider advertising now for strategies that are currently not funded, in anticipation of funding them within the next year. A disaster mitigation strategy is the most common example. Such a strategy provides repair assistance in the aftermath of a natural disaster. If staff advertise now, even while the strategy is currently unfunded, a SHIP community will not have to comply with the 30-day advertising requirement at the time when a disaster strikes. A time in which a quick response is critical.

### August Begin Annual Reports

It is important to begin work on the annual reports at the end of July or beginning of August. The reports are due on September 15 each year regardless of whether a SHIP community's funds are properly expended and encumbered or out of compliance with the SHIP deadlines. Allow plenty of time to assemble the data and complete the reports. In August, focus on:

**Review Tracking Spreadsheets:** Each year, staff turns in a report for the close-out allocation along with two reports for the funds from interim years. Review the data in the spreadsheet for each of these allocations to confirm if all is accurate and updated:

- Confirm that all recent cases for which funds are encumbered or expended have been entered on one and only one spreadsheet;
- Check if demographic data has been entered for all cases where SHIP funds are expended; and
- Review the balance of the local SHIP trust fund to identify the amounts that are unencumbered or are encumbered but not yet spent on specific cases. Confirm if the same amount of unencumbered and encumbered funds is represented on the tracking spreadsheets.

### Research "Ongoing Review":

Each SHIP jurisdiction is required to provide oversight

of proposed new regulations in an effort to minimize additional development costs. By some estimates, regulatory requirements account for a large portion of total building costs. Each local community is challenged to think creatively about ways to reduce regulatory costs. The required "ongoing review" incentive strategy creates an awareness of the potential impact that proposed regulations can cause, as well as the economic impact of these decisions on affordable housing. This estimated impact must be tracked by SHIP staff and reported each year with the submission of the Annual Report. The chief elected official or designee must execute a certification confirming there is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption; the cumulative estimated cost per newly constructed housing per housing unit; and the estimated cost of these actions for each State fiscal year. They must also report the cumulative cost per rehabilitated housing unit from these local government actions.

### Research "Defaults and Foreclosure":

Form 4 of the annual report asks several questions about defaults and foreclosures of the first mortgage on the home of a household that has received SHIP purchase assistance. A default occurs when a homeowner falls behind on paying the first mortgage and some defaults later result in a foreclosure. Track default and foreclosure information by accounting for every instance when a former SHIP homebuyer informs SHIP staff that he or she has fallen late in payments for the first mortgage on the unit. The staff at a city or county legal department also receive such information, so SHIP staff should remain in touch with them to learn when they receive a "lis pendens" notification. The lis pendens marks the beginning of the legal foreclosure process.

### September Complete Annual Reports

Complete the fields on all three annual reports: Step by step instructions are provided in Chapter 7 Annual Reports. Next, make corrections based on any 'validation errors' identified on the "Review & Submit" tab. Once all is correct, press the 'Submit' button on this tab.

Make the annual reports available for public inspection

and comments: The SHIP Statute and Rule do not require scheduling a public meeting for this purpose. Staff often make the reports available for review at the SHIP office or the reference desk of the public library. Staff also provides the report to local partners such as lenders and contractors.

Certification signed by chief elected official: Complete the “SHIP Annual Report and Local Housing Incentives Certification” form in Appendix 11. This one-page certification must be completed and signed by the local government’s Chief Elected Official or Designee and must be sent within three working days after the electronic submittal of the annual report. The form must be witnessed and dated by two signatures or staff may “attest” the signature by using the seal for the city/county. Complete the submission of the reports by scan and emailing a PDF format of the certification to [terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org) by mid-September.

## October

### Meet with Finance Department

This task was introduced as an April task. It should be completed at least twice a year but may be scheduled for any month of the year. Strive to establish a consistent meeting that systematically works to reconcile expenses, encumbrances, and more. Include the same finance staff each time, and perhaps request that a certain finance staff person be designated as the SHIP liaison for purposes of these meetings and annual report tasks.

When communicating with finance department staff, be sensitive to the difference between the local government’s fiscal year and the state fiscal year referenced on SHIP annual reports. The local fiscal year begins in October while the state fiscal year begins in July. When staff collect data about SHIP revenue sources or administrative costs, these must be reported on the annual reports per the state fiscal year. Since information in the general ledger is recorded by local fiscal year, SHIP staff may ask for SHIP figures from July to September of one local fiscal year plus October to June of the next local fiscal year. The total of these figures represents the amount during the state fiscal year.

### Create a Tracking Spreadsheet for the Newest SHIP Allocation

Although the state fiscal year begins in July, the state housing trust fund does not typically begin receiving new funds in July. It is not the only trust fund or source funded from doc stamp revenue, nor is it in first place to receive funds. The first disbursement of SHIP funds may come in October or November. Once this is received, follow the guidance in Chapter 7 on the initial steps for setting up the spreadsheet.

## November

### Annual Monitoring of SHIP-assisted Rental Housing

This task may be scheduled for any month of the year. Monitoring is required for all rental development that involves more than \$10,000 of SHIP funding for new construction or rehabilitation. Such SHIP-assisted rental units must be monitored annually for at least 15 years. Chapter 10 addresses the details of this monitoring which involves a review of income qualification calculations and confirmation that rents are affordable. In preparing for annual monitoring, staff should review the monitoring plan established when SHIP funding was first provided. This document may be an exhibit in the contract between the SHIP office and the rental housing developer for the property that will be monitored. Send the property management staff plenty of notice about when the annual monitoring visit will be scheduled. It is likely that monitoring staff will need the property manager to send information about the tenants occupying the SHIP-assisted rental units prior to the meeting.

### Update Knowledge of Income Qualification

Answering questions from prospective applicants and determining the eligibility of current applicants are common activities for SHIP staff throughout the year. It is important to receive regular refresher training. Schedule annual refresher training for November or some other month. This is an activity for city or county SHIP staff, as well as staff from nonprofits and other agencies that work with them to implement SHIP. The training regime includes:

- Review the SHIP section of FHFC’s website, [www.floridahousing.org](http://www.floridahousing.org) for any program updates. In addition, read the SHIP program manual that is

also located on the website.

- View the SHIP section of the Florida Housing Coalition’s website, [www.flhousing.org](http://www.flhousing.org) to view a recording of the most updated 90-minute webinar on the income qualification process.
- Read through the SHIP Statute and Rule. These documents should be consulted throughout the year, but SHIP staff may benefit from an annual reading of SHIP definitions, uses of SHIP funds, program restrictions, and more.
- On an ongoing basis, staff may have eligibility related questions about specific applicants. Contact the Florida Housing Coalition at 800-677-4548 to receive assistance. For detailed assistance requests, the Florida Housing Coalition may be able to provide onsite training.

## December

### Complete the Triennial Housing Incentive Strategies Report

This is a continuation of the task introduced in March. It is a task for once every three years and it is only required of SHIP jurisdictions that receive an allocation of more than \$350,000. Each SHIP jurisdiction receiving more than this amount must complete a report on housing incentive strategies, also referred to as the AHAC Report. It must be completed by the end of December before the community’s LHAP is due on May 2nd. A chart with the LHAP deadlines for each SHIP community is posted above with the January tasks.

SHIP staff work earlier in the year to assemble a committee. Committee members must review at least eleven specific types of incentives -- a task that may require meetings each month or more for at least six months. The SHIP Statute requires that the AHAC report be finalized, reviewed, and voted at a public hearing that is properly advertised. This must be completed in time for the report to be provided to city or county commissioners by the end of December. A PDF of the completed report may be emailed to [terryauringer@floridahousing.org](mailto:terryauringer@floridahousing.org) at the same time it is provided to the commissioners. The report is not required to be presented as part of a commission meeting.

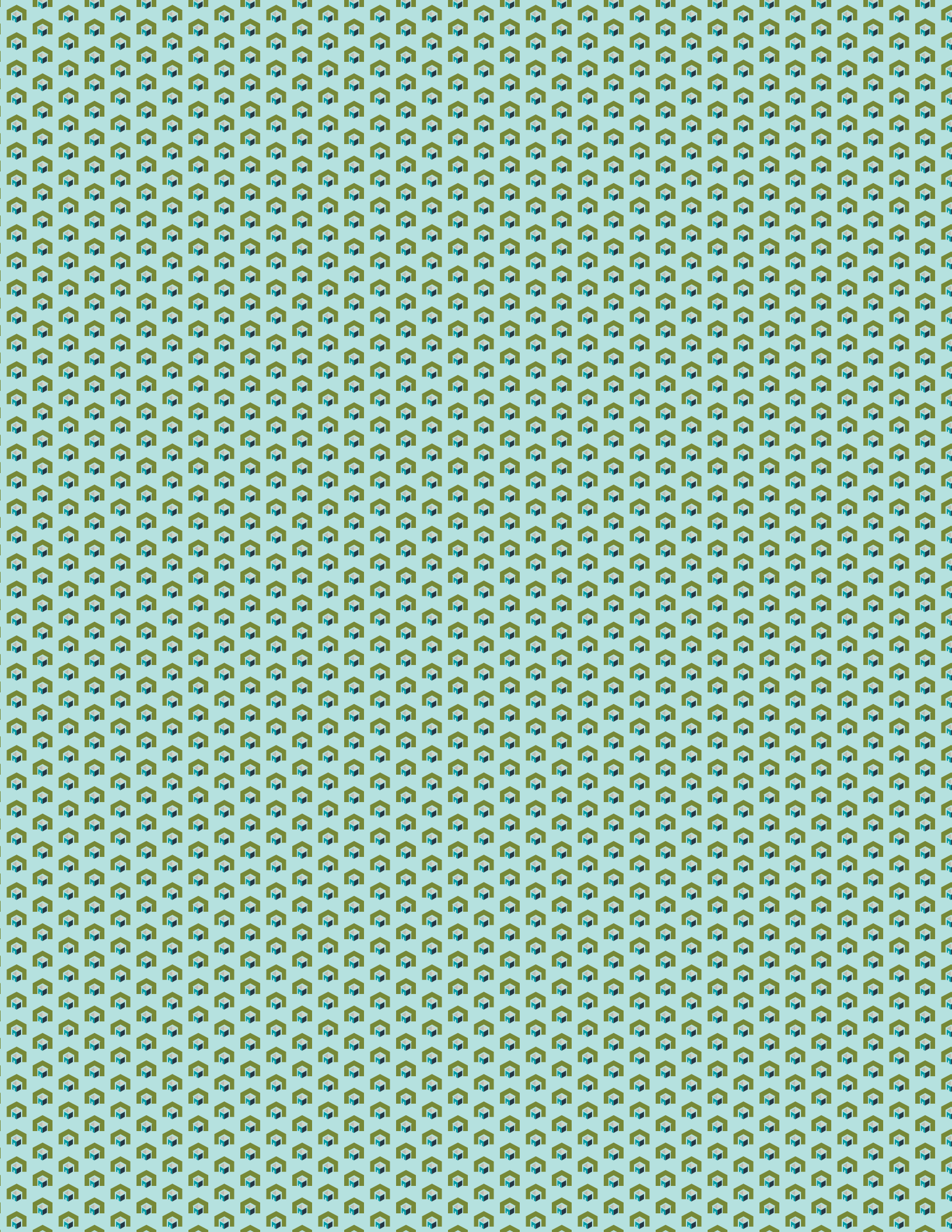
More guidance on AHAC responsibilities is available in the Florida Housing Coalition’s publication, “Affordable Housing Incentive Strategies: A Guidebook for Affordable Housing Advisory Committee Members and Local Government Staff.”

### Reassess Housing Strategies

Although an updated LHAP is due every three years, the process of examining what type of housing assistance to offer should be ongoing. Staff may choose December or another month for this task. Read through the current strategies in the LHAP and contemplate improvements while considering the current housing market. Cities and counties with active AHACs should involve committee members in this reassessment. In addition, involve local affordable housing advocates, lenders, contractors, and other professionals that regularly work with the SHIP office.



# SHIP FOR HOMEOWNERSHIP HOUSING ASSISTANCE



## CHAPTER SIX:

## SHIP for Homeownership Housing Assistance

**Homeownership: SHIP's Main Focus**

The Homeownership Set-Aside is a central requirement of SHIP – as described in detail in the Set-Asides Chapter. At least 65 percent of an allocation plus any recaptured funds must be expended on activities that are related to homeownership. By contrast, eviction prevention, repairs to a group home, and rent deposit assistance are examples of strategies that are not homeownership-related. They are addressed in the 'Rental Housing Using SHIP' chapter.

This chapter offers guidance on the most common homeownership assistance provided: purchase assistance and owner-occupied rehabilitation. This assistance either produces a new homeowner or helps an existing homeowner. The subject of manufactured housing is addressed first, since it can involve purchase or repair assistance. In addition, the chapter offers many topics to consider when running a successful home buyer assistance program and rehabilitation program.

**Guidance for Working on Manufactured Housing**

SHIP funds may be spent on manufactured housing – which includes mobile homes -- but there is a limit on the amount that may be expended. Since 2009, the SHIP definition of "eligible housing" has included

"manufactured housing constructed after June 1994 and installed in accordance with the installation standards for mobile or manufactured homes contained in rules of the Department of Highway Safety and Motor Vehicles, for home ownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program."

The limitation on mobile homes comes from section 420.9075(5)(c) of the SHIP Statute, which states that "[n]ot more than 20 percent of the funds made available in each county and eligible municipality from the local housing distribution may be used for manufactured housing."

Although no more than 20 percent of the local housing allocation may be spent in this way, all program income may be spent on mobile homes.

**Manufactured Housing Liens:** Most SHIP jurisdictions place liens on units that are assisted. A manufactured home may have a lien placed on it whether it is personal property or real property.

**Personal Property:** A manufactured home has a title under the Florida Department of Highway Safety and Motor Vehicles (DHSMV) system when it is personal property. The DHSMV system is administered by each county's tax collector's office. A unit has a title when it is located on leased land in a mobile home park or is on private land, but the home and land are owned under different names. If one places a lien on such a home, it is filed in the local county tax collector's office against the title. Such a lien will be inferior to any purchase liens on the home.

Administrators should monitor for one possible situation that could cause trouble: A manufactured home's title may be signed over many times from the person who first purchased it — much like the case with a car title. However, the title may never have been properly filed with the tax collector's office, title transfer fees may not have been paid, sales tax may be due, and/or the name of the person currently owning it may not be on the title. If this is the case, SHIP staff should carefully monitor such problems and take care before assisting the owner of a manufactured home unit.

**Real Property:** The owner of a manufactured home may transfer the home from personal property to real property. If the unit is on private land that the same person owns, he or she may "retire" the manufactured home's title with the tax collector's office by surrendering it to real estate. If this is done, the home would then be subject to real estate taxes as the unit would be inextricably bound to the land. If one places a lien on such a unit, it is filed with the Clerk of Court in the county land record.

**SHIP Recapture Agreement Considerations:** SHIP jurisdictions should consider how best to secure their SHIP assistance. Manufactured homes that have become real property can be restricted from moving away if there is a lien on the land holding the home in place. Some jurisdictions may consider this to be a more secure SHIP investment than placing a lien on the title of the manufactured home alone. SHIP administrators should also consider the option of assisting manufactured homes that are located on leased land owned by a nonprofit. Assistance to such units could be secured and monitored by the nonprofit.

**Finding Manufactured Housing Contractors:** SHIP contractors are utilized to make repairs to existing homes. In some communities, most of these regular repair contractors will not cross over to do this work on manufactured housing. Mobile homes require a totally different repair process with specialty parts not generally available. Thus, due to a possible increased amount needed for repairs, locating specialized contractors may be a challenge. In one community, the SHIP administrator had difficulties finding contractors even while searching a three-county area. Although the local building department printed a list of all types of contractors which the SHIP administrator contacted for referrals, the community still had difficulty finding willing and able contractors.

**Inspections:** Staff must first determine whether a unit was constructed pre- or post-1994. Staff must look at the warranty deed and title to learn these details. In addition, staff should search the unit for a data plate, which is often located in a closet or inside a kitchen cabinet door. It is an 8.5 by 11-inch piece of paper that includes the construction date along with a list of appliances, roof loading specifications, the wind zone that the home was built to, the engineering firm involved, the serial number, and more. Once SHIP repair work is completed on a manufactured unit, the city or county building departments will conduct a final inspection in the same manner as with a stick-built house.

### Guidance for Purchase Assistance Program Design

When designing the purchase assistance strategy, consider the housing market and the target households

to be served. In some parts of Florida, an existing home can sell for \$80,000. In South Florida, however, an affordable home will sell for over \$250,000. Further, local governments must consider income limits as well as maximum awards. The SHIP program allows local governments to provide assistance to households with incomes up to 140% of the area median income. If the local government strives to assist moderate-income households, it should utilize the purchase assistance strategy to meet its goals.

Consider the different types of loans available. Assistance can be provided as:

#### Direct Payment Loans at Various Terms

- Direct loans require the homebuyer to make monthly payments on the loan provided. Choosing this type of loan requires an analysis of the debt to income ratio and the owner's ability to make monthly payments. The SHIP office would need staff in place or hire a firm to do collections on loans. There must also be procedures in place if the client falls behind on their payments or defaults.

#### Deferred Payment Loans of Various Terms

- This is the most common type of subordinate assistance provided with SHIP funds. The local government does not require monthly payments but instead preserves the affordability of the property by requiring the buyer to remain in the home for the duration of an affordability period. The loan can be reduced over several years or the full amount can be due if the property is sold during the affordability period.

#### Combination Direct/Deferred Payment Loans

- Local governments may choose to combine direct loans for those that can afford monthly payments and deferred loans for low and very low-income applicants.

#### Grants

- There are few instances where FHFC will approve grants under a purchase assistance strategy. Grants are typically not done.



### SHIP Definition of Affordable

SHIP's definition of "affordable" is in the definition section of the SHIP Statute. It means that "monthly rents or monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households as indicated in subsection (19), subsection (20), or subsection (28)." The subsections referenced address the definitions of very low-income, low-income, and a moderate-income households. Each definition cites a percentage—80 percent in the case of low-income, for example—that represents the maximum percentage of the area median income that a household can earn and still qualify to be in that income category.

Now reconsider the definition of "affordable." When addressing a low-income household, for example, "affordable" means that housing costs do not exceed 30 percent of that amount which represents 80 percent of area median income. This definition is similar but distinct from another way that housing professionals commonly talk about the term "affordable". Housing professionals commonly talk about affordable housing as devoting up to 30 percent of a household's income to housing costs. Some might, for example, discuss the mortgage payment of a low-income family earning 60 percent of the area median income. If 60 percent of the monthly area median income is \$1,500, they will calculate that the monthly housing costs be no more than about \$450 for the family under consideration.

Using the SHIP definition of affordable, however, staff would conclude that an even higher housing cost is consistent with the definition in the statute. Considering the income of the same family making 60 percent of the area median income, staff using the SHIP definition would conclude that a housing cost of up to \$600 is affordable. Although the household in this example has income equivalent to 60 percent of the area median income, SHIP's definition of affordable housing for a low-income family means that housing costs do not exceed 30 percent of that amount which represents 80 percent of area median income. In this example, 80 percent of the monthly area median income is \$2,000 and 30 percent of this income is \$600.

### Affordability: Guidance from the Lender

The final part of the definition of "affordable" notes that "housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments more than the 30 percent benchmark." This indicates that a SHIP administrator may rely on the guidance of a mortgage officer who concludes that a specific buyer can afford monthly payments that are higher than 30 percent. After all, lenders are in the business of assessing risk on the loans they offer. It is conceivable that a lender could approve a mortgage payment representing 32 percent, 34 percent or maybe 36 percent of a buyer's monthly income; some buyers can demonstrate that they have consistently and successfully made high rent payments for years. They can now do the same with a mortgage.

SHIP staff must also assess risk, however. There is risk involved with simply relying on a first mortgage lender to tell the buyer what a truly affordable payment is. When the Florida Legislature modified the SHIP definition of "affordable" in 1994, there were few examples of lenders engaging in "predatory practices." It seemed more reasonable to solely rely on a lender's assessment of risk. In recent years, we began to be increasingly faced with lenders who provide unfavorable lending terms and conditions that can set up a buyer to fail.

### Affordability: The Role of Lenders Guidelines

Some SHIP offices have worked to protect the interests of SHIP-assisted homebuyers by establishing local "lenders guidelines." These guidelines define the terms of what would locally be considered an acceptable first mortgage for a SHIP-assisted buyer. The lenders guidelines in most communities set an upper limit for the front-end ratio -- the percentage of monthly income devoted to a mortgage payment. Guidelines may also set an upper limit for the mortgage interest rate and for the closing fees associated with the loan. In this way, lenders guidelines provide the protection needed to ensure that SHIP buyers do not over-commit themselves to mortgage payments. The guidelines supplement SHIP's definition of affordability to avoid the

need for SHIP administrators to rely on the assessment of lenders in each individual case. It is a good idea to involve the lenders in developing the guidelines for the purchase assistance program. Some examples are:

- 1% Origination maximum
- No Mortgage Broker Fees
- No Prepayment Penalty Loans
- Must be a 30 year fixed rate loan
- Combined Loan to Value cannot exceed \_\_\_\_%
- Hazard Insurance Hurricane Deductible of 2%

Consider the SHIP definition of “affordable” as a whole. What implications do these lessons about this definition have for purchase assistance work? On the positive side, housing administrators may have more flexibility than they may have originally thought to help applicants purchase houses. On the other hand, the definition could possibly set up homebuyers to fail by allowing them to take on unaffordable high mortgage payments. SHIP administrators reduce the risk of foreclosure by working with the buyer and the lender to discuss the reality of what maximum mortgage payment is affordable for each buyer. If desired, a local SHIP jurisdiction can add language to its local housing assistance plan stating the percentage of each specific household’s monthly income that housing costs cannot exceed. In addition, lenders guidelines can provide the formal written guidance that establishes the true definition of affordability for a specific community.

### Set-Aside Compliance

Purchase assistance is a popular strategy since it helps meet the homeownership set-asides. Local governments can choose to include rehabilitation as part of the purchase assistance program to also meet the rehabilitation set-asides. It is important to note that if the seller, buyer, or another funding source pays for improvements to the property twelve months before or twelve months after the rehabilitation, the total SHIP cost would count towards meeting the rehabilitation set-aside. All improvements whether performed by the SHIP staff or another funding source must be documented in the SHIP file. Staff should retain pictures, receipts, building inspections or

other documentation that will show that the work was completed with the 12-month window allowed.

The SHIP program does not specify minimum amounts or a dollar amount that must be spent on rehabilitation, but staff should consider the definition of “rehabilitation” in the SHIP rule. Under the rule, “Rehabilitation” means “repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space.” The documented improvements should meet this definition.

### Community Partners: Realtors

The SHIP program is intended to bring together partners. One of the key partners in a purchase assistance program is the Realtor. Realtors understand the housing market, know where the best deals are, understand affordability and financing, and can help SHIP buyers maneuver their way through the sales process. Some local governments create a list of Realtors who will work with their buyers through the purchase assistance. These Realtors will learn how the local SHIP program operates and will work with SHIP buyers through the entire process.

### Community Partners: Lenders

Another important partner in the purchase assistance program is the first mortgage lender. Lenders make it possible for a low income borrower to purchase a home with a small SHIP subsidy. In most cases, the first mortgage lender takes the most risk on the buyer. However, since most loans are sold on the secondary market (either by Fannie Mae, Freddie Mac, or by other investors), these lenders rarely hold these loans in their portfolio.

SHIP staff should work with lenders who understand affordable housing -- especially those who work to comply with the requirements of the Community Reinvestment Act. Staff should hold meetings with local lenders and provide information on SHIP guidelines. A good lender partner will help to ensure success in expending funds under this strategy.

To prevent predatory lending and to address affordability, many local governments develop lender guidelines that

must be followed by a first mortgage lender who wishes to provide first mortgage financing.

### Community Partners: Homebuyer Counselors

A key component of any purchase assistance program is homebuyer counseling. Local governments are encouraged by rule and statute to use SHIP funds to provide pre- and post- counseling for homebuyers. Since counseling is not considered a homeownership activity, the funds spent on counseling do not meet the homebuyer set-aside or any of the set-asides.

Although there is no requirement for recipients of SHIP-provided counseling to be income verified or program eligible, SHIP funded housing counseling—including stand-alone counseling and education activities that do not support a specific LHAP strategy—should generally focus on an audience that is predominantly moderate, low, or very low income.

Counseling can be performed in many ways. It can be provided in group classes and through one-on-one counseling and can offer both pre- and post-purchase guidance. Most local governments contract with a counseling agency to provide counseling under their purchase assistance programs.

Housing Counseling activities are reported in the annual report on Form 1 under “additional use of funds” in the section labelled “homeownership counseling”. In the LHAP, the use of counseling funds is not considered a strategy, but rather a support service. Local governments address counseling in Section I subsection K of the LHAP Template:

Support Services and Counseling: Support services are available from various sources. Available support services may include but are not limited to: Homeownership Counseling (Pre and Post), Credit Counseling, Tenant Counseling, Foreclosure Counseling and Transportation.

HUD Certified Counselors: SHIP administrators are encouraged to use HUD approved counseling agencies that have received training in pre- and post-purchase counseling. HUD recently announced new rules requiring certification

of counselors at HUD approved housing counseling agencies. This move recognizes the important role that housing counseling plays in many successful affordable housing initiatives. HUD’s announcement is expected to have a significant impact on the housing counseling industry since many of the organizations providing counseling are HUD approved housing counseling agencies.

HUD supports housing activities that offer assistance on a variety of housing topics. For example, many benefit from pre-purchase classes that inform buyers receiving down payment assistance. Others receive budget and credit counseling. In addition, renters occasionally need help with topics like renter’s insurance coverages, details of a lease, and avoidance of eviction. Another type of counseling is focused on general financial management, which is beneficial for renters, buyers, and all households assisted by SHIP funds.

The Florida Housing Coalition provides housing counseling training through Catalyst workshops and webinars, and most recently through funding from the National Association for Latino Community Asset Builders (NALCAB). The Coalition is currently helping a housing nonprofit establish housing counseling as an additional community service and apply to be a HUD approved housing counseling agency.

### Maximum Value Limits

The SHIP Statute requires jurisdictions to set an upper limit on the value of a home that will be considered “eligible housing” for purposes of SHIP assistance. This requirement is outlined in section 420.9075(4)(f) of the SHIP Statute: “The sales price or value of new or existing eligible housing may not exceed 90 percent of the average area purchase price in the statistical area in which the eligible housing is located. Such average area purchase price may be that calculated for any 12-month period beginning not earlier than the fourth calendar year prior to the year in which the award occurs or as otherwise established by the United States Department of the Treasury.” The SHIP Rule further addresses this topic in section 67-37.007(11): “The local government at its discretion may set the sales price or value below the

90 percent benchmark.” A SHIP jurisdiction, therefore, has the flexibility to a lower maximum value limit or it can use the Treasury limits or the Housing Finance Authority (HFA) limits. The Treasury limits, the most common limits used by local governments, are published every year on the FHFC website.

A community’s maximum sales price or value should be set at a realistic level to represent the sales price at which there are an adequate number of homes to buy. Affordable housing professionals do not have the power to control the sales price of homes—housing prices are established by the interaction of buyers and sellers in the open market. For the most part, we rely on the private sector to build the single-family houses that low-income buyers will purchase with assistance. There must be an adequate supply of homes for these buyers to purchase, and so the actual price of available homes for sale must be considered when setting the maximum sales price or value. As housing prices rise, communities must increase their maximum sales prices. If they do not raise this price to keep up with the market, SHIP eligible buyers will not be able to find any homes to purchase. The market is not producing houses at a price that SHIP eligible buyers can afford. This is why the SHIP subsidy is needed. It is the combination of a buyer’s first mortgage money and this subsidy that makes the equation of home purchase truly affordable. As housing prices continue to outpace the annual increase in household incomes, it will take larger levels of subsidy to keep this equation affordable. Call the Florida Housing Coalition for additional assistance on considering the level at which to set the community’s maximum sales price or value.

## More Policy Considerations

### No First Time Homebuyers Policy

The SHIP program does not require that buyers be first-time homebuyers. However many local governments choose to limit their assistance to first-time homebuyers. The SHIP Statute and Rule do not define “first-time homebuyer” and this is not a fundamental requirement of the SHIP program. However, local governments have the flexibility to establish a first-time buyer policy and a definition to be created locally.

The Federal Mortgage Revenue Bond program defines a first-time homebuyer as someone who has not owned a

home for the last three years. This definition can be used as a guide. Several programs also include displaced homemakers or individuals that are divorced as eligible first-time buyers. The HOME program defines a displaced homebuyer as an adult that has not worked full time, full year in the labor force for several years, but has, during such years, worked primarily without remuneration to care for the home and family, and who is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment. Many communities have targeted mobile homes for replacement and allow assistance to mobile home owners under their definition of first-time homebuyer.

### Co-Borrower vs. Co-Signer

There is nothing in the SHIP statute or rule that prohibits co-signers. It is not uncommon for SHIP-assisted buyers to have co-signers. Co-signers are not household members, so their income will not be counted in household income when determining income eligibility. There is one exception: the co-signer’s income must be counted if he or she is the spouse of the applicant. In all other cases, staff should document that the co-signer maintains a separate residence. Another important issue must be considered. Staff should check who owns the home once it is purchased. Naturally, the co-signer’s name and signature will be included on the first mortgage, since the co-signer is assuring the first mortgage provider that he or she will assume mortgage payments if the applicant fails to stay current on the mortgage. However, the co-signer should not be included on the title to the house. Ownership of the house must be fully in the SHIP applicant’s name.

### Waiver of Intangible Tax

Documentary stamp and intangible taxes are a part of home purchase closing. The documentary stamp tax must be paid on SHIP second mortgages. However, intangible taxes do not have to be paid on SHIP second mortgages. The statutory basis for this is outlined in Chapters 199 and 201, F.S. Section 199.183(1), F.S., addresses the intangible tax. It states that “intangible personal property owned by this state or any of its political subdivisions or municipalities shall be exempt from taxation under this chapter.” Regarding SHIP transactions, conversations with the Florida Department of Revenue have confirmed that SHIP

funds are the property of the state's municipalities and are considered to be "intangible personal property" as discussed in this statute. Therefore, SHIP second (or third) mortgages are exempt from intangible taxation. Section 201.08(1), F.S., addresses the documentary stamp tax. The State requires that all notes or mortgages be subject to this tax and that the Florida Legislature must explicitly state if a certain type of transaction is exempt from the tax. The Legislature has not provided an exemption for SHIP transactions.

### Community Land Trusts

Community land trusts (CLTs) are nonprofit organizations developed by communities or public entities to create and preserve long-term, affordable housing for low- to moderate-income residents. More and more local governments are turning to community land trusts to keep housing affordable for the long term. Under this type of ownership, a CLT purchases the underlying land, transfers the title of the home and other structural improvements to an income-eligible homebuyer, and leases the underlying land to the homebuyer utilizing a 99-year ground lease – the functional equivalent of ownership in Florida.

The CLT ground lease will contain a resale provision requiring that the home be sold to a new income-eligible buyer at an affordable price. The restricted resale price mandated by the ground lease will commonly include whatever monies the homeowner paid in equity at closing, the principal payments made on the mortgage, and limit the appreciation to one quarter of what the appreciation would have been for fee simple ownership. This removes the home from the speculative market and ensures the home will be affordable in perpetuity.

CLTs are great vehicles by which to preserve a local government's SHIP funds. Because CLT homes are affordable in perpetuity due to their resale restrictions, they are a one-time investment of SHIP dollars. Under the normal economic environment of rising prices, the SHIP monies recovered from a loan made five to ten years earlier are typically not enough to get a similarly situated income-eligible family into homeownership, as the gap between the family income and the cost of the house will now be greater. In this normal environment, the local government would have

to spend more of its funds to make homeownership available to the next homebuyer. By using SHIP to support CLT homeownership, however, the local government subsidy is retained in the home and continues to be affordable to a similarly situated income-eligible family regardless of the rise in home prices.

A growing number of local governments recognize the important role CLTs can play as stewards of community resources. CLTs can provide services which would otherwise fall upon the local government to perform. In return, local governments can support CLT activities by providing construction financing, down payment assistance, and rehabilitation assistance to buyers of CLT homes through SHIP, by providing land on which the housing can be built, and by providing ongoing administrative support. By using SHIP monies to further write down the purchase price of a CLT home, the cost of the home is significantly reduced, creating an affordable opportunity for homeownership for the first family who purchases and for each family that purchases thereafter. Local government support will greatly enhance the initial and long-term affordability for its residents as CLTs provide an essential service in meeting present and future community housing needs.

Further, by virtue of retaining ownership in the land and by virtue of the CLT's stewardship role, the risk for foreclosure of a CLT home is substantially less than that of fee simple ownership. Under the CLT ground lease, the CLT shall have a right to cure any default on a mortgage on the Homeowner's behalf. Thus, if the homebuyer fails to pay on a loan, the CLT has the capacity to step in and cure the default. In a study by the Lincoln Institute, it was found that during the Financial Crisis at the end of 2009, only 0.56 percent of CLT mortgages were in the foreclosure process compared to 3.31 percent of prime loans granted by Mortgage Bankers Association (MBA) affiliates. MBA loans were 8.2 times more likely to be in the process of foreclosure than CLT mortgages. This can be traced to the CLTs stewardship role. CLTs also engage their homebuyers with pre- and post-counseling assistance to ensure that the homes are affordable in perpetuity. This facet can assure local governments that their investment will not be risky or unwise.

A CLT can serve a single neighborhood, an entire county, and a particular geographical area or region. In Florida, it is important to be mindful of the variety of submarkets -- each with unique economic conditions and political climates. By tailoring the end product, resale provisions, and caps on appreciation and equity sharing arrangements, the CLT can adapt to the local market. This is an overall benefit of the CLT.

Each CLT - given its own goals and local circumstances - designs its own resale formula to set the maximum prices to which homebuyers can sell their homes. Most local groups starting CLT programs spend a good deal of time examining the various possibilities before deciding on a formula that is right for them.

Most importantly, CLTs are wealth-building tools for low- to moderate-income persons who may not have had the opportunity to previously own a home. CLT homes provide a chance to build substantial assets through affordable monthly payments. Thus, local government support of CLT homes can leave a positive mark on communities for years to come.

### Guidance for Home Rehabilitation

Housing rehabilitation is perhaps one of the most difficult activities to undertake in any affordable housing program. The combination of issues related to financial assistance to eligible individuals, working with contractors, specifying quality rehabilitation on poorly constructed homes, and balancing the needs and expectations of homeowners may lead to problems. Many of the guidelines will help to alleviate and avoid some problems that may and do occur during the rehabilitation process.

Information provided in this document is not intended to replace local rehabilitation procedures but may be used to complement existing policies and procedures.

### Program Design

The first step in the process of identifying staff's rehabilitation activities is to consider program design. Under the umbrella of owner occupied residential rehabilitation programs, local governments can carry out emergency repair programs, accessibility and disaster mitigation programs, energy-efficiency improvement

programs, and general residential rehabilitation and reconstruction programs. Local governments should consider several factors when deciding which rehabilitation activities will be incorporated into the LHAP. These include local needs, age of housing stock, location, types of units, construction cost, funding sources, and staff capacity. Review the sample Rehabilitation Strategy in Appendix 6. In addition, download the Florida Housing Coalition's "Residential Rehabilitation Guide" to assist local governments in designing and implementing their rehabilitation programs at: <http://www.flhousing.org/wp-content/uploads/2012/03/Residential-Rehab-Guide-2017.pdf>.

**Local Needs:** To determine the type of rehabilitation activities the local government should undertake, the local government should review housing data. Staff should consider the age of the community's housing stock, the location of the units within the city or county, type of units and construction type, housing conditions, and the needs of residents.

Before designing its program, the local government should review documents such as the Comprehensive Plan housing element and the Consolidated Plan which address housing needs and goals. It is also useful to use resources such as the Shimberg Center for Housing studies, Census Data, and local studies developed by the local government planning department or the Community Reinvestment Area staff. Staff should also review the number and types of citations that are issued by code enforcement.

Staff should also consider what percentage of the housing stock is made up of owner-occupied homes and how many properties are occupied by seniors or those with disabilities. The cost of construction and limited contractors may have an impact on the activities the local government can undertake. Communities with an older housing stock may need to invest a larger amount of funds to repair or rebuild properties and bring them up to current codes. In regards to location of housing units, properties located in coastal areas have different needs than those located in Central or North Florida. Mitigation efforts and the strengthening of these properties should be a priority. Communities that have many mobile homes may need a program design that

provides replacement mobile homes or is able to rehabilitate eligible mobile homes. Here are resources to help staff identify the local housing market:

- Shimberg Center for Housing Studies, University of Florida <http://www.shimberg.ufl.edu/>
- U.S. Census Bureau (American Community Survey and Decennial Census) <http://factfinder.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t>
- U.S. Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS) <https://www.huduser.gov/portal/datasets/cp.html>
- Consolidated Plans submitted to HUD by local government recipients of Community Planning & Development (CPD) grants, including the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME) funds <https://www.hudexchange.info/consolidated-plan/con-plans-aaps-capers/>

To obtain detailed local data on interior and exterior problems with the local housing stock, it may be necessary to conduct windshield surveys, review code enforcement data, administer surveys to very low-, low- and moderate-income homeowners, or work with a research institution to analyze American Housing Survey microdata for the area.

### Program Staff

The local government must also consider staffing concerns. The number of employees available to implement the rehabilitation program and their housing experience are influential factors in deciding the type of assistance that will be provided in a community. If the program has one or two staff members, the local government should consider limiting the activities authorized by the LHAP.

SHIP administrators should consider the use of qualified non-profit or for-profit organizations as “Sub recipients” to assist in carrying out day-to-day operations or a specific aspect of program administration, such as inspections and work write-ups. When using Sub recipients to carry out all or portions of the repair program, follow the selection

process outlined in the LHAP in accordance with local procurement policies and procedures. Staff should execute written agreements with these agencies and monitor them on a regular basis to ensure compliance.

Alternatively, staff members from other local government departments, such as the Building Department, may assist with inspections and work write-ups. The duties of staff from other departments will be negotiated and should be clearly outlined in a Memorandum of Understanding or Agreement between the two departments.

Local government should think about the language needs of applicants when identifying staff. Many residents in the community may have Limited English Proficiency (LEP). LEP persons are those whose proficiency in speaking, reading, writing, or understanding English, as a result of national origin, is such that it would deny or limit their meaningful access to programs and services provided by the local government if language assistance were not provided. President Bill Clinton issued Executive Order 13166, signed on August 11, 2000, which directed all federal agencies, including the Department of Housing and Urban Development (HUD), to work to ensure that programs receiving federal financial assistance provide meaningful access to LEP persons. If a community has developed a plan to comply with this requirement under its federal programs, staff can consider applying these same requirements under the SHIP program as a best practice. It is helpful to determine the largest language-minority population that the local government serves and develop a plan to translate publications or hire a translator to ensure that the applicants understand the specific requirements of the program. Language barriers can create confusion and misunderstandings which will often lead to disputes. The basic requirements of two key staff positions are described below. Additional details about the duties of rehabilitation program staff should be detailed in a Policies and Procedures manual.

**Intake Counselor:** One essential SHIP staffer is the intake counselor. This person responds to telephone inquiries from members of the public who are interested in rehabilitation assistance, reviews applications for rehabilitation

assistance, and may also be responsible for maintaining the waiting list. Each rehabilitation strategy should have its own waiting list. The system for recording calls and telephone applications should include mechanisms to avoid human error by the intake counselor. The best practice is to serve applicants on a first-qualified, first-served basis, rather than a first-come, first-served basis.

The pre-screening process is important. The intake counselor should ask questions about the household's program eligibility, unit eligibility, and income eligibility. For example, the intake counselor should obtain information from each client on the location of the property to be rehabilitated, the type of property (single-family, duplex, etc.), the condition of the property, household size, household income, and other client needs (e.g. for wheelchair accessibility retrofits).

An applicant who is determined to be eligible on a preliminary basis will then be placed on the waiting list for the appropriate rehabilitation program. The intake counselor must keep records of waiting lists even after all clients have been assisted to document that the waiting list existed and that the clients were served. The waiting list should also document when the client was assisted or disqualified and removed from the list.

The intake counselor will then contact the applicant and will set up an appointment to meet with the applicant to review the application and all supporting documentation. The intake counselor should date-stamp all documents received, including the initial application. When reviewing a client's application for eligibility, the intake counselor is responsible for asking clarifying questions about the information provided, requesting any necessary documentation from the client, and obtaining third-party verifications, as detailed in the applicable Policies and Procedures manual.

**Housing Inspector:** A housing inspector is responsible for determining what repairs the home needs and if those repairs qualify under the program guidelines. A good housing inspector is crucial to the rehabilitation program, and must be able to:

- Balance the relationship between the local

government, the homeowner and the contractor

- Provide clear work specifications to contractors as a means to reduce the likelihood of change orders
- Ensure that the work is of good quality and in accordance with the specifications
- Ensure that disputes about the quality of work or unforeseen obstacles to project completion are resolved in a manner that is fair to all parties
- Evaluate the need for change orders to the work scope

A SHIP administrator should review the experience and education of candidates for the Housing Inspector position. Inspectors should be familiar with the Florida Building Code as well as local codes that impact the repairs that will be performed in the program. They should be familiar with inspection techniques and inspection and cost estimating software programs; be able to read plans and drawings of the work to be performed; have knowledge of structural, mechanical, electrical and plumbing components; and have sufficient knowledge of labor and material costs in the area to provide a good cost estimate for the work to be performed. Inspectors should also have good communication and listening skills with the ability to be tactful, yet firm. Finally, inspectors should have good writing skills, good computer skills, and should be safe drivers.

Once an inspector is hired, their duties and responsibilities should be clear. The inspector should be able to provide clear and well-written rehabilitation standards, work write-ups, and other specifications which help to reduce change orders and improve the quality of work performed by Contractors that participate in the programs. Specific duties include:

- Conducting the initial property inspection
- Developing the work write-up and specifications
- Conducting the pre-bid walkthrough
- Providing project oversight
- Conducting required inspections for approval of draw requests
- Approving payments
- Maintaining communication between all parties



- Preparing and approving change orders
- Ensuring that inspections have passed
- Preparing the punch list
- Approving final payment
- Following up on warranty issues

Inspectors should be provided with continuous training opportunities and the tools needed to perform their work. Inspectors should receive continuous support from the housing program’s clerical staff. The SHIP administrator should solicit feedback on the inspector’s performance from homeowners and contractors who participate in the rehabilitation programs and the inspector should be rewarded for good performance.

Rather than hiring an “in-house” inspector, the local government SHIP administrator may prefer to contract with a third-party firm to conduct inspections or may develop an interdepartmental agreement with another local government department (e.g. the Building Department) to jointly fund the salaries of qualified inspectors. For more information on staffing decisions for rehabilitation inspectors, please visit the following link for a recording of an online training provided by the Florida Housing Coalition: <https://vimeo.com/142914189>

### Funding Sources

Another factor to consider when determining the type of rehabilitation programs the local government will administer is the availability of funding sources other than SHIP. Cities and counties with federal grants, such as CDBG and HOME, have more resources available for the administration of their programs and the type of activities they can carry out. When combining multiple funding sources governed by different sets of requirements to carry out a single activity, the most stringent requirements should be followed. For local governments that administer multiple funding sources for rehabilitation, it is far more feasible to support expensive activities such as reconstruction. Using SHIP funds to leverage other funding sources is encouraged and will assist local governments in expending SHIP rehabilitation funds in a timely manner.

### Pitfalls to Avoid

Below is a list of the most common pitfalls to avoid in the rehabilitation program process:

#### Contractor-Related Pitfalls

- Awarding work to inexperienced contractors
- Awarding too many jobs to one contractor
- Accepting bids that are too low and not within 10% or 15% of the in-house estimate
- Accepting poor workmanship by the contractor
- Allowing installation of cheap materials
- Allowing unjustified delays
- No penalties for contractors that fail to comply with the terms of the warranty

#### Homeowner Pitfalls

- Allowing homeowners to give the inspector a “wish list” of work they want performed on the home
- Not ensuring that the homeowner provides access to property during construction
- Not requiring homeowners to store/protect personal property
- Not requiring homeowner to relocate when extensive or hazardous work will occur
- Allowing the homeowner to be in charge of the project
- Allowing the contractor to perform work outside the scope of work
- Allowing homeowners to keep coming back to the SHIP program for additional work not covered by warranties after the case is closed

All of these items can be addressed with clear Rehabilitation Program policies and procedures. Early in the process, SHIP program staff should discuss these policies and procedures with the homeowner and contractor and should incorporate the program rules into the written agreements with a process for enforcement.

## Elements of Rehabilitation

### Mitigation Improvements

Local governments should consider disaster mitigation and retrofit devices as part of the rehabilitation process. The local government should consider replacing roof sheathing and covering; installing secondary water barriers, hurricane straps or clips, and impact-resistant windows and door opening protection; bracing gable end walls; anchoring walls and floors to the foundation; and strengthening roof deck attachments using nails, among other mitigation improvements.

For additional information on mitigation programs, please visit the Florida Division of Emergency Management's Mitigation webpage: <https://www.floridadisaster.org/dem/mitigation/>

### Rehabilitation Standards and Specifications

Rehabilitation standards provide a minimum performance standard for a rehabilitation program. The standard is a guide used to determine which specifications should be applied in different situations to uniformly produce decent, safe, and durable homes. It may include cost-effective elements of "green" rehabilitation, universal design, and mitigation improvements. Any rehabilitation standards must be consistent with the Florida Building Code, local building code requirements, and the LHAP. The links below provide sample home rehabilitation standards that may be modified for use by the local government.

- <https://www.hudexchange.info/resource/744/sample-nsp-singlefamily-housing-rehabilitation-standard/>
- <https://www.enterprisecommunity.org/resources/example-design-standard-single-family-rehabilitation-13619>

Specifications provide specific guidance on the quality of the rehabilitation products to be used, and where and how they will be installed. In order to have fair bids, maintain consistency in the quality of work to be performed, and help to reduce change orders, the local government must provide clear and concise work specifications for its rehabilitation program. The link below provides a sample rehabilitation specification.

- <https://www.hudexchange.info/resource/744/sample-nsp-singlefamily-housing-rehabilitation-specifications-including-green-specs/>

### Green Building

Local governments are required by SHIP Rule and Statute to incorporate current and emerging green building and design techniques into the housing strategies of their Local Housing Assistance Plans, promoting both sustainability and greater affordability (see § 420.9075(3)(d), F.S.). These green building elements should include energy and water efficiency improvements, as well as measures to improve indoor air quality. A blower door test is strongly recommended during the initial inspection to identify air leaks in the building envelope.

The Florida Green Building Coalition (FGBC) provides certification standards for existing buildings at the following link: <http://floridagreenbuilding.org/homes> (download the most recent [Checklist and Reference Guide](#))

Even if FGBC certification is not sought for a rehabilitated home, the FGBC provides a list of green building activities that may easily be incorporated into the scope of work for a rehabilitation project.

### Universal Design and Visitability

In many cases, SHIP rehabilitation programs provide assistance to elders and people with disabilities who need retrofits to make their homes accessible. In general, it is good practice to incorporate accessibility features in the scope of work for a rehabilitation project whenever possible. For example, if the scope of work includes modifications to interior doorways, it may be appropriate to widen the doorways to accommodate current or future wheelchair-bound inhabitants.

Accessibility improvements should be guided by Universal Design and Visitability standards. Florida Housing describes Universal Design as any component of a dwelling unit that may be used by everyone regardless of their level of ability. Universal design features are generally standard building products or features that have been designed or placed differently and/or selected for ease of use or access. For example, standard electrical receptacles may be placed higher than usual above the floor, standard but wider doors may be selected, and steps at entrances may

be eliminated to make housing more universally usable.

The approach of visitability incorporates some specific Universal Design (UD) features that allow mobility-impaired or wheelchair-bound persons to safely and easily enter a dwelling unit, access and use one bathroom, and visit the common spaces of the dwelling unit. However, UD is broader than visitability, encouraging housing designers to think of all of the types of people who may be residents throughout the life of the property, such as elderly or disabled people. UD allows current residents to remain in their homes as they age or experience decreased mobility, rather than being forced to move as more accessibility features become necessary to maintain independence.

The following links provide sample Universal Design specifications:

- [https://www.floridahousing.org/FH-ImageWebDocs/UniversalApps/2011/RelatedReferences/Universal%20Design%20and%20Visitability%20Manual\\_Final\\_11\\_03\\_2010.pdf](https://www.floridahousing.org/FH-ImageWebDocs/UniversalApps/2011/RelatedReferences/Universal%20Design%20and%20Visitability%20Manual_Final_11_03_2010.pdf)
- <https://www.enterprisecommunity.org/solutions-and-innovation/green-communities/tools-and-services/construction-specifications>

## Additional Policy Considerations

### Right of Rescission

The Right of Rescission under the Truth in Lending Act (TILA) applies to non-exempt credit transactions secured by the consumer's principal dwelling. The consumer is afforded a right to cancel the transaction until midnight of the third business day following "consummation" of the transaction or delivery of the required information and rescission forms together with the requisite disclosures under TILA, whichever is later. It is meant to give the borrower a "cooling off" period and time to review mortgage documents. Funding takes place after the three-day rescission period. The Right of Rescission applies only to refinance transactions on a property that is used as the borrower's primary residence and does not apply to a purchase transaction or to property that is being used for investment purposes or as a second home.

Evidence of right of rescission and truth-in-lending disclosures were not observed in the files selected for review. The

Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act) created the Consumer Financial Protection Bureau (CFPB) to protect American consumers from unfair, deceptive, and discriminatory practices when purchasing financial services and products. In particular, the CFPB has the authority to monitor and enforce compliance with federal mortgage lending laws and regulations. In November 2013, the CFPB issued a final rule amending TILA and Real Estate Settlement Procedures Act (RESPA) to integrate several mortgage loan disclosures. The TILA-RESPA Integrated Disclosure Rule is commonly known as the TRID rule. On July 21, 2015, the CFPB issued a final rule establishing October 3, 2015, as the new effective date for implementation of TRID and the new disclosure forms. Increased government regulation of the mortgage industry and harsh penalties for non-compliance make it imperative that all lending entities understand and comply with the laws.

We recommend that the County/City seek legal advice to ensure compliance with the relevant federal mortgage lending rules and regulations.

### Special Considerations for Special Needs Applicants

The SHIP program requires that no less than 20% of distribution dollars be used to assist special needs clients. Additionally, the first priority of this 20 percent is to serve homeowners with developmental disabilities by providing home modifications, including technological enhancements and devices which will allow homeowners to remain independent in their own homes and maintain their homeownership.

Below are the definitions for both "person with special needs" and "disabling condition".

F.S. § 420.0004(13): "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 s. [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.

F.S. § 420.0004(7): “Disabling condition” means a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, or the co-occurrence of two or more of these conditions, and a determination that the condition is:

- (a). Expected to be of long-continued and indefinite duration; and
- (b). Not expected to impair the ability of the person with special needs to live independently with appropriate supports.

When conducting inspections, the inspector should ensure that all modifications and repairs include work that will allow the individual with special needs to live independently and remain in their home. The American with Disabilities Act provides design standards and modifications that can be used when developing work write-ups and specifications that will address the needs of these applicants. For additional information go to: <http://www.ada.gov/>

### Conflict of Interest

Local governments should ensure that there are no conflicts of interest in their programs. Most conflict of interest rules are established by local governments to ensure that there is no personal benefit or gain by staff, owners, or contractors in relation to the activities carried out under these programs. A conflict of interest may also arise if an applicant for assistance is related by family or has business ties to any employee, officer, elected or appointed official or agent of a unit of government who exercises any functions or responsibilities with respect to the program.

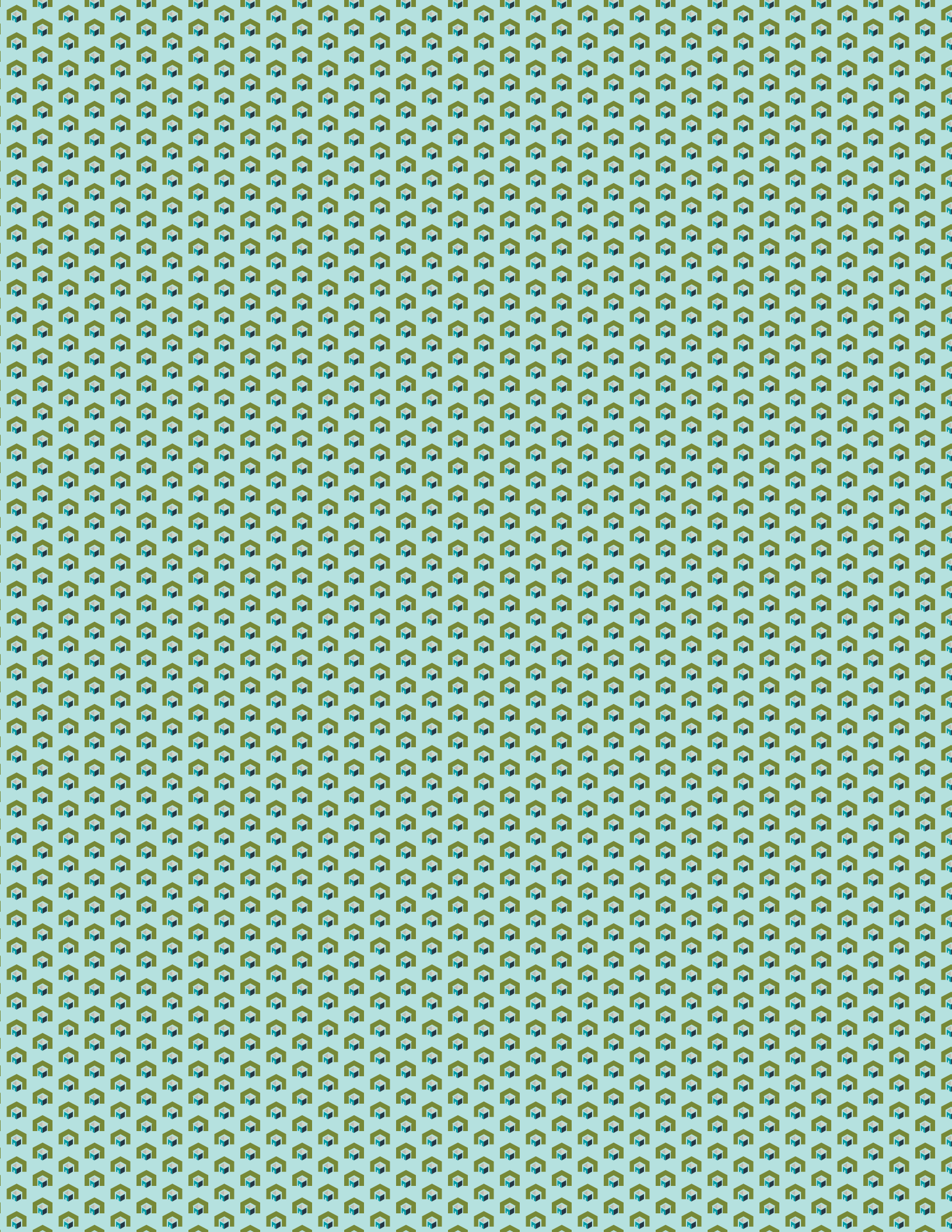
The owner and contractor applications may ask questions related to potential conflicts of interest. All potential conflicts of interest should be disclosed before assistance is provided. Check with the City/County/Agency attorney to determine the conflict of interest laws that apply. It is a best practice to have the owner sign a “Conflict of Interest Disclosure” as part of the application process.



**SHIP**

housing a stronger Florida

# RENTAL HOUSING USING SHIP



## CHAPTER SEVEN:

# Rental Housing Using SHIP

**Rental Development OR Rental Assistance?** Rental development involves SHIP payments for new construction, rehabilitation, infrastructure, and impact fees for several rental units. By contrast, rental assistance involves help for an eligible tenant household. Rental assistance includes rent deposits, eviction prevention, and rent subsidies.

## Rental Assistance Guidance

### Limitations on the Amount of SHIP funds for Rental Assistance

The amount of SHIP funds that may be provided for rental assistance for tenant households is limited by the set-aside requirements. Specifically, such assistance must comply with the construction/rehabilitation set-aside, because it is the most restrictive set-aside. 75 percent of the allocation is reserved for new construction and rehabilitation activities, and another 10 percent is typically reserved for administration, leaving 15 percent remaining for rental assistance. Up to 15 percent of the allocation, plus all program income, may pay for rent assistance.

- 100% Allocation
- 75% Construction/Rehabilitation Set-Aside
- 10% Administration

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

### Types of Rental Assistance

**Rent Deposit:** SHIP may provide a rent deposit, including first and last month's rent, a security deposit, and utility deposits. Such assistance is often provided as a grant.

**Eviction Prevention:** Eviction prevention assistance is available to households who are already residing in rental housing but require SHIP to help pay past due rent and avoid eviction. Communities offering this assistance often specify that it is available only for households that can document their ability to continue to maintain their rent payments after assistance is provided.

**Rent Subsidies:** This assistance is limited to very low-income households with household members who are homeless or have at least one member who meets the definition of special needs. Assistance may include deposits and payment of rent for up to 12 consecutive months. When provided to homeless households, this type of

assistance is sometimes referred to as rapid rehousing. SHIP rent subsidy assistance may only be spent on rentals charging monthly rent that is at or below the amount on the rent limits chart. For rent subsidies, compliance is achieved if the rent does not surpass the 120% AMI amount on the rent limits chart, irrespective of household income.

**Disaster Assistance:** A SHIP disaster strategy may provide temporary rent assistance. SHIP pays for displaced households to stay at hotels or rental units with month to month leases. This temporary relocation is only for applicants who cannot stay in their normal housing because it is disaster-damaged and uninhabitable. Confirm this by inspecting the housing unit upfront and by determining whether the applicant is income eligible for SHIP.

### Review of Rental Assistance Strategies

Sample rental assistance strategies are included in Appendix 6. Some highlights from the three rental assistance strategies are:

**Terms:** All rental assistance in these samples are provided as a grant. This is a local decision.

**Selecting a Sponsor:** The eviction prevention and rent deposit strategies may be implemented by city or county staff. In some areas, it is most efficient to involve the agency that operates the local Continuum of Care Coordinated Entry system. Even if local government staff implement the program, it is likely that applicants will be referred by local service providers, including the regional 2-1-1 Hotline, homeless assistance providers, social service agencies, and Veterans Affairs offices.

**Income Level Assisted:** Rent Subsidies for VLI only.

**Additional Requirement:** Although it is not required by SHIP Statute or Rule, the rent deposit strategy sets a

standard for the physical condition of rental units: “The rental unit must meet Housing Quality Standards as defined in 24 CFR 982.401.”

**Similarities:** None of the strategies assist Moderate income households, an income group that is more often provided with purchase assistance. Although rent deposits are included as a stand-alone strategy, the Rent Subsidies strategy also involves paying deposits.

### Rental Development Guidance Limitations on the Amount of SHIP Funds for Rental Development

The amount of SHIP funding that may be provided for rental development is limited by the set-aside requirements. Specifically, such assistance does not comply with the homeownership set-aside. However, it does comply with the construction/rehabilitation set-aside and therefore, funding for rental development is not as limited as rental assistance. 65 percent of the SHIP allocation is reserved for homeownership activities, and another 10 percent is commonly reserved for administration, leaving 25 percent remaining for rental development. Up to 25 percent of the allocation, plus all program income, may pay for rental development.

- 100% Allocation
- 65% Homeownership Set-Aside
- 10% Administration

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25% Allocation Available for Rental new construction or rehabilitation PLUS all Program Income

### Types of Rental Development

**Rental New Construction:** Construction of rental housing often comes with a large price tag. Therefore, SHIP funds are rarely the sole source of financing. In many cases, SHIP does not finance a majority of the construction costs, and other sources of subsidy including HOME, SAIL, and Housing Credits are also used for development. When SHIP pays for only a portion of construction costs, SHIP staff usually create a SHIP rental agreement that indicates that only a portion of the total units constructed are SHIP-assisted. Any rental development that receives more than \$10,000 of SHIP funding must be monitored for no less than 15 years.

The rental construction process can last for months, and timing is an important factor. SHIP funds must be expended

three years from the time when they were first received. Local governments must not encumber SHIP funds for rental development without reviewing a detailed project schedule that indicates that the project will be completed and occupied within three years of the commitment. For rental construction projects, SHIP funds cannot be considered expended until the SHIP rental unit has been fully constructed and occupied by a SHIP eligible tenant.

**Rental Rehabilitation:** SHIP may be used to repair rental housing as long as a SHIP community has adopted a rental rehabilitation strategy in its LHAP. It is rare for SHIP to pay for repairs on only one rental unit; instead SHIP staff commonly enact an agreement with a rental property owner to repair all or several rental units in an apartment complex. Common repairs include roof replacement, plumbing, air conditioning maintenance or replacement, electrical repairs, and measures to make units more accessible to residents with disabilities.

Some types of repair, such as repairs to the roof or common areas, will benefit all residents. If SHIP pays the entire costs of these repairs, then all residents must be determined to be SHIP income eligible. Alternatively, if SHIP pays for only a portion of the costs, then a proportionate number of residents are required to be certified as income eligible.

A sample SHIP rental agreement and sample rental mortgage note are included in Appendix 12. Once staff completes construction on SHIP-assisted rental properties, report to the FHFC the amount of rent for each bedroom size per unit by rental strategy. This data is included on the second page of the SHIP annual report (discussed in Chapter 7).

### Review of Rental Development Strategy

**Maximum award:** This award text for this strategy is unique among the SHIP strategies supplied in the Appendix because two types of maximums are provided. The strategy states:

\$5,000 maximum per rental unit

Project maximum:

- \$75,000 for developments over 50 units
- \$150,000 for developments with 50 units or less that include Special Needs units.



First, the strategy addresses the per unit rental maximum award. The sample strategy has a relatively low maximum, meaning that many units will be assisted if any significant amount of SHIP money is invested in this strategy.

The Project maximum is addressed second. This is a separate type of maximum award, indicating the top levels of SHIP involved with rental development in a rental property.

**Loan Terms:** SHIP funds spent on rental development cannot be provided as a grant. Instead, for a period of at least 15 years, a recorded SHIP lien on a rental property will ensure that SHIP income eligible households occupy units that charge an affordable rent.

**Affordability Period:** Although the SHIP statute includes a 15-year minimum affordability period for projects with over \$10,000 of SHIP assistance, a best practice is to extend affordability for an even longer period of time to preserve affordability. For example, FHFC requires a 50-year affordability period for tax credit projects and the HOME program requires a 20-year affordability period for new construction of rental housing.

**Selecting a Sponsor:** Section 420.9075 of the SHIP Statute defines a Sponsor as

“a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons to partially assist in the acquisition, construction, rehabilitation, or financing of eligible housing or to provide the cost of tenant or ownership qualifications.” Consider using the selection criteria provided in the sample strategy at a minimum.

### **Right of First Refusal required for SHIP-Assisted Rental Housing:**

The SHIP program includes a provision to help ensure the long-term affordability of rental units that receive SHIP assistance. The provision is located in Section 420.9075(5)(i) and states:

(i)...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.

This language should be included in the written agreement with the developer.

### **Monitoring SHIP-funded Rental Development**

Monitoring is required for all SHIP rental development. No monitoring is required when providing rental assistance to an individual tenant household. The SHIP monitoring requirements for rental development are included in the SHIP Rule:

Rental units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund must be monitored annually by the local government, or to the extent another government entity or Corporation program provides periodic monitoring. The local government may rely on that entity’s monitoring for 15 years or the term of assistance, whichever is longer, for compliance with tenant income and affordability requirements, except as referenced in Section 420.9075(4)(e), F.S. 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. 67-37.007(11), F.A.C.

An exception is stated in section 420.9075(4)(e) of the SHIP Statue, which indicates that no monitoring is needed when rental developments receive small amounts of SHIP assistance: “Any loan or grant in the original amount of \$10,000 or less shall not be subject to these annual monitoring and determination of tenant eligibility requirements.” This \$10,000 counts the total SHIP funds awarded for multiple units in a development.

The passage above from the SHIP Rule includes a time saving measure that might pertain to some SHIP-assisted properties. If the rental development project also includes SAIL, Tax Credits or FHFC bonds, SHIP staff may rely on the periodic monitoring information collected by the FHFC’s

contracted monitors for those programs. In cases where the data collected by the FHFC's contracted monitors does not cover all the elements of compliance with the SHIP rental agreement, SHIP staff will have to collect the additional data. Monitor each rental property for 1) income eligibility, 2) rent limits for affordability requirements and 3) the property's physical condition.

**INCOME ELIGIBILITY:** Each time staff monitor rental property they must confirm that the tenants living in SHIP-assisted rental units are still income eligible. Staff should review the written agreement between the city or county and the property owner. The agreement will indicate if all or a portion of the rental units in a multi-family property must be occupied by SHIP-eligible tenants. It may also reserve some or all the SHIP-assisted units for very low or low-income households. The agreement will also likely require the property managers of the SHIP-assisted units to complete annual recertifications of income eligibility. Once a year staff must review and confirm if the number and income level of SHIP tenants comply with the requirements of the agreement.

The SHIP statute addresses the possible situation when a household's income increases during the affordability period. While occupying the rental unit, a very low, low, or moderate-income household's annual income may increase to an amount not to exceed 140 percent of 50, 80 or 120 percent of the area's median income adjusted for family size. In such a case, the household will still be considered part of the same income category. For example, if a unit is designated as low-income unit, and the maximum allowable income for that family size is \$55,000. The household income could increase to \$77,000 and the family would remain income eligible as a low-income household under the SHIP program rules.

Example:

\$55,000 = 80% AMI

\$77,000 = 140% of 80% AMI ( $55,000 \times 1.4$ )

The SHIP program allows tenant income to increase up to 140%

**AFFORDABILITY REQUIREMENT:** After confirming that a tenant is income eligible, staff must review whether the tenant's monthly rent is set at an affordable level. The FHFC annually posts a rent limits chart to its website. Using the area median rent for a county or metropolitan statistical area, the

chart lists rent information that staff may use to confirm affordable rents for SHIP households at 50, 80, or 120 percent of the area median income. Staff should document each tenant's monthly rent and confirm that it complies with the rent limits chart.

**PHYSICAL CONDITION:** While this is not required by the SHIP statute, conducting an annual physical inspection is a recommended best practice. Check the exterior of all properties and the interior of sample units to assess each building's physical condition and ensure that property standards are maintained. Issues of disrepair or deferred maintenance should be addressed with the property owner and a plan of action should be developed. If the agreement with the property owner requires ongoing property and liability insurance coverage, ask to see current policies.

Once staff completes construction on SHIP-assisted rental properties, report to the Florida Housing Finance Corporation the amount of rent for each bedroom size per unit by rental strategy. This data is included on the second page of the SHIP annual report. During annual monitoring visits, staff will also collect information about rent amounts along with many more details during rental monitoring. All monitoring records should be completed and filed for future reference. Staff may be asked to provide them during a future visit from the SHIP monitor.

### Compliance for Small Rental Properties

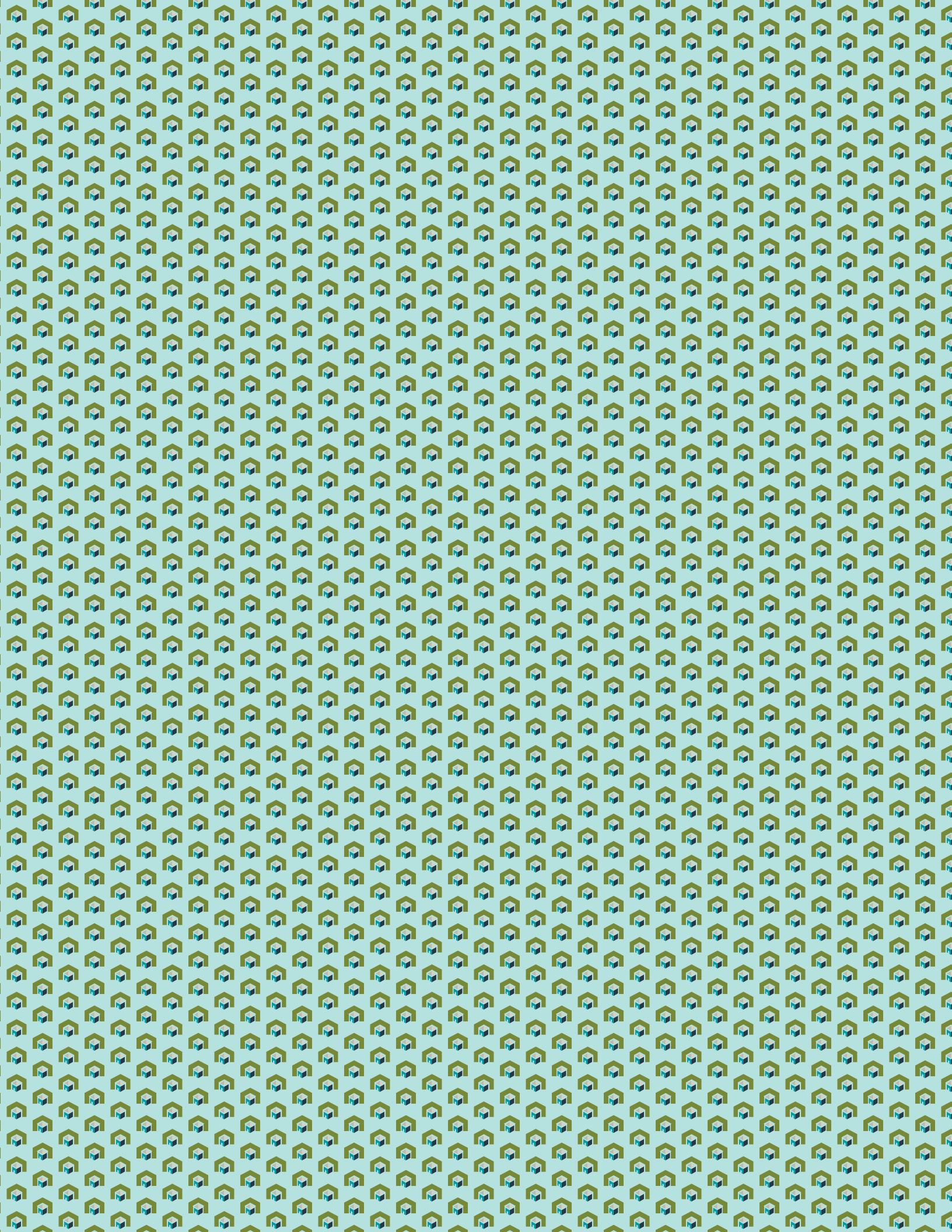
SHIP sometimes pays for the new construction or repair of small group homes or other rental initiatives comprised of fewer than 10 units. SHIP Technical Bulletin 2017-02 addresses this topic. Entitled "Income Compliance on Small Rental Properties", the bulletin confirms that such rental development is subject to rental monitoring. It must be monitored for at least 15 years unless monitoring is conducted by other funding sources and data from the report may be used in place of SHIP staff conducting a monitoring visit. Monitoring is required even if the property is owned by a sponsor or sub recipient partner. The technical bulletin emphasizes that in such a case a SHIP rental agreement must be executed that details all the responsibilities of the sponsor or sub recipient. Local government SHIP staff cannot delegate the responsibility of performing a monitoring visit on the sponsors or sub recipients themselves.



**SHIP**

housing a stronger Florida

# TRACKING AND ANNUAL REPORTING



## CHAPTER EIGHT:

# Tracking and Annual Reporting

Submitting annual reports of SHIP program progress is an essential element of program administration. In order to receive future funding, all jurisdictions must annually report on local affordable housing program expenditures, leveraging, beneficiary demographics and more. Since 2006, this reporting has been completed online with Florida Housing’s annual reporting website.

When SHIP staff discuss ‘the Annual Report’, they actually speak about three reports that are due each year. The main report is for the close-out year, along with two reports for interim year allocations. The annual reports demonstrate to the Florida Legislature and the Florida Housing Finance Corporation that SHIP funds are:

- **Spent to assist eligible households:** A list of assisted households is included in the report, describing the households with several demographics.
- **Spent in compliance with the Set-aside Requirements:** Plan to spend enough on very low income, special needs, homeownership activities, and more. A SHIP jurisdiction will not receive additional funding until annual reports show compliance with the set-asides for eligible households.
- **Spent before the Expenditure and Encumbrance Deadlines:** A SHIP jurisdiction has three years to fully expend funds; this is the expenditure deadline. In addition, staff must commit allocation funds within two years of receiving them -- the encumbrance deadline. For most jurisdictions, it is not difficult to spend funds in this three-year timeframe. A SHIP jurisdiction will not receive additional funding until annual reports show that deadlines have been met.

Even if staff have fully complied in all these ways, a SHIP jurisdiction will not receive additional funding until annual reports are completed, submitted and approved. They are required by the SHIP statute to be submitted no later than September 15th each year. Annual reports must be submitted through the web based portal by local governments at <https://apps.floridahousing.org/StandAlone/Extranet/>. This web-based system will not allow a local government

to submit a report with errors or that is incomplete, so staff should start the reports early to ensure they are complete by September 15th.

## Key Concepts for Tracking and Reporting

- Three years to spend SHIP
- Trust Fund contain money from multiple allocations
- Each year submit three annual reports for three distributions
- Generally, “First received, First expended”
- Pay recipient’s assistance from only one SHIP allocation
- Request an expenditure deadline extension (if applicable)

**Three years to spend SHIP:** From the beginning of a new fiscal year, SHIP staff have three years to expend the allocation for that fiscal year. Furthermore, these funds must be fully committed to eligible assistance projects within two years of the start of the fiscal year. These deadlines are required by the SHIP statute.

**Money from multiple allocations:** The relatively long timeframe for spending SHIP means that the SHIP bank account—called the local housing trust fund—may contain money from multiple fiscal years. A SHIP community’s account might contain a small amount of funds from the close out allocation, which must be expended in less than a year. The account might also contain the funds from the most recently received allocation. Since they are most recently received, these funds are likely unencumbered. Furthermore, the SHIP account might also contain funds that must be expended in less than two years. Since all these funds are together in one account, it is important to properly track them with separate spreadsheets for each allocation.

Three Reports: Each year, submit three annual reports for three distributions. The main report is for the close-out year, along with two reports for interim year allocations.

**“First received, First expended”:** This general accounting principle applies to SHIP as well. Communities with an established intake process may have no difficulty committing and then expending funds well before the end of three years. There are occasions when money is spent ‘out of order’. For example, in some cases, funds that must be expended two years from now are used before funds that must be expended in less than a year. This is often the result of set-aside limitations. A more recent allocation may be committed to a moderate-income case, for example, to reserve older funds for a very low-income case that complies with the income set-aside. Another example: there are several reasons why the most recently received SHIP funds may be committed to a rental project instead of funds that must be expended very soon. First, such a project requires a long timeframe before completion, which might take more than two years. Also, only a limited amount of an allocation may be devoted to rental assistance. Staff must commit newer funds if they have ‘maxed out’ the amount of older SHIP allocations devoted to rental housing.

**Assistance from only one allocation:** Local governments should to pay for a recipient’s total assistance from only one SHIP allocation. There are occasions when the final dollars from the close out allocation are insufficient to pay for the assistance for the next applicant in line. Do not pay for this applicant’s assistance from a patchwork of different allocations—for example, the final \$550 from 18/19 plus another \$20,000 from 19/20. In this case, the \$550 will be included as the carry forward on the annual report (explained below) and the entire case should be funded from the 19/20 allocation. If the carry forward figure is an amount that is sufficient to fully pay for assistance to one more household, it must. That is not the case in this example, however. Note: this is a best practice, not a strict statutory requirement. There may be rare cases in which one household’s assistance is financed from two allocations.

**Requesting an expenditure deadline extension:** There is no available extension for the annual report, which must be turned in on or before September 15th. If nothing else, on September 15th staff must turn in a report that illustrates that the jurisdiction has not yet finished expending funds. Furthermore, there is no extension available for the two-year encumbrance deadline. Instead, staff may request an extension for the three-year expenditure deadline. Do this only in cases in which funds from the close out distribution—more than the small amount for carry forward—are not spent in time for deadline compliance despite staff’s documented attempts to comply with the expenditure deadline.

Staff should request an expenditure deadline extension from Florida Housing as soon they discover impending noncompliance. Before the June 30 deadline a written request must be directed to SHIP staff member Terry Auringer ([terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org)). The request should include:

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

**More about the Encumbrance Deadline:** While there is no extension available for the two-year encumbrance deadline, staff are still required to notify Florida Housing as soon as noncompliance with the deadline is detected.

Write up the following details in your email to Robert Dearduff ([robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org)) and Terry Auringer ([terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org)):

- Amount currently unencumbered:
- Amount anticipated to be encumbered before June 30:
- An explanation for why funds were not encumbered in time:
- Estimated date when all funds will be encumbered:
- Briefly explain the plan to do something differently and quickly to encumber funds:

## SHIP Tracking

### Overview of Tracking

The SHIP Rule requires that each SHIP jurisdiction “develop a tracking system to ensure that the local housing distribution funds disbursed from the local housing assistance trust fund are at all times expended in accordance with the set-aside requirements.” A community that does not properly track SHIP funds will be determined to be in non-compliance with SHIP requirements.

The key to creating timely and accurate annual reports is maintaining an accurate SHIP tracking system. The SHIP administrator in each jurisdiction is required by the SHIP Rule to maintain a tracking system (Rule 67-37.019, FAC). Staff cannot simply rely on data provided by the finance department. Although they maintain detailed records of SHIP expenditures, finance department staff may not track SHIP encumbrances—and they almost certainly do not track demographic data or compliance with SHIP set-asides. It is essential for SHIP staff to track this information on a very regular basis.

Each allocation is tracked on a separate spreadsheet using the general accounting rule of “First Dollar In, First Dollar Out”. The SHIP program requires that all funds be spent within three years of their initial receipt. Exceptions to this expenditure deadline are very limited. Many communities have LHAPs that continue paying for the same strategies from one distribution to another. In these instances, SHIP

administrators should consider spending all of the money from a distribution before moving on to subsequent years' distributions.

There is no one standard method that must be used to track SHIP. Staff are simply required to create a method of tracking that is separate from a city or county's finance department record in the General Ledger. The guide references one method of tracking: the Florida Housing Coalition's Excel-based SHIP tracking spreadsheet. It is used in many SHIP communities and serves as one example of a single file that tracks all data required in the SHIP annual report. This helps staff document that annual reports reconcile with the general ledger.

### Guidance on Tracking Data

There is much to track. The allocation, other revenue sources, deadlines, encumbrances and expenditures, leveraging, set-aside compliance, and demographics must all be systematically tracked throughout the year. Here is guidance about tracking each of these categories of data:

### Track SHIP Revenue

Some of the primary data to track is revenue and expenses. Revenue is the first topic addressed here.

- **The Allocation** is often the largest source of SHIP funds. Staff are required to track allocation funds, regardless of whether they administer SHIP programs, or whether funds administered under an agreement by a sub-recipient or a sponsor-developer.
- **Program income** from loan repayments, reimbursements, foreclosure, other re-payments, and interest earned by the trust account. Tracking guidance is included below.
- **Recaptured funds** may be the least common source of SHIP revenue. These are funds from a specific and infrequent type repayment when funds were not used for assistance to an eligible applicant or unit. Such repayments are usually received from a sponsor when there is a default on the terms of a grant award or loan award.

### Track Deadlines

This guidance addresses the tracking of expended funds. This is a two-step process since funds are often first encumbered and then only officially and fully expended weeks or months later. Tracking this data requires paying attention to SHIP deadlines. SHIP funds must be encumbered within two years of the beginning of an allocation's state fiscal year and must be fully expended by the end of three years.

- **Encumbrances:** Often, staff tracks funds that are encumbered by adding to the SHIP tracking spreadsheet on the day when an applicant receives an award letter. Add the name, income category and amount of funds dedicated to an eligible applicant on Form 1 of the tracking spreadsheet.
- **Expenditures:** SHIP funds are only fully expended once the assistance project is fully complete, all costs have been paid for, and an eligible household is occupying the SHIP-assisted housing. Once SHIP funds are expended, the tracking spreadsheet should be updated.
- **Cancelled Cases:** Occasionally, an encumbered case 'falls through' and never receives assistance. The SHIP file of such an applicant should be retained, and the applicant's name—which was once listed on the tracking spreadsheet alongside an amount of encumbered SHIP funds—should be kept on the spreadsheet. The encumbered amount should be deleted and staff should add the date when the case fell through.

### Track Set-Asides

- Throughout the year, staff must measure incremental progress in attaining compliance with the set-asides. A separate chapter in this guide addresses the details of these fundamental program requirements.
- Track compliance with the homeownership set-aside, the construction/rehabilitation set-aside, the income set-aside, the special needs set-aside, and the limitations on assisting manufactured housing. Specifically, track income, special needs and manufactured housing details on Form 1 of the

tracking spreadsheet. Form 3 contains columns for collecting details about the homeownership set-aside and the construction/rehabilitation set-aside.

- After tracking an allocation of SHIP funds for months and possibly over a year, SHIP staff will find that the tracking spreadsheet is a helpful tool for showing what more must be done to comply. The bottom of the summary tab tallies the percentage of funds that comply with each set-aside and compares these figures to the amounts needed to fully comply.

### Track Leveraging

The SHIP annual report not only asks about how SHIP funds are expended, it also requires data about other funding sources that were paired with SHIP to complete assistance to each household. Tracking leveraged funds is very important since it demonstrates that SHIP sometimes does not work alone in assisting a household. In past years, SHIP offices have been able to boast that SHIP attracts other funding and that for every dollar of SHIP assistance, a city or county leverages five or six dollars of additional housing assistance financing.

- **Public Funds:** On Form 3, report the amount that each household received from public funds beyond SHIP including CDBG, HOME, NSP, and more. On some occasions, a SHIP assisted homebuyer may have a first mortgage provided by USDA Rural Development, which is another type of public funds.
- **Private Funds:** The most common source of private funds is the first mortgage money that a SHIP assisted homebuyer receives from a lender. For most buyers, the first mortgage is the largest source of funds that help with a purchase and these funds must be reported.
- **Owner Contribution:** It is not a requirement of SHIP assistance, but sometimes leveraged funds include money contributed by the SHIP applicant directly. This is most common in cases where a city or county establishes a local policy to require a home repair applicant to pay for the first repairs on the home.



## Track Demographics

The SHIP annual report must include some details of the characteristics of the households assisted. For each household, SHIP staff must report on:

- **Income category:** It is essential to first confirm the amount of income received by each eligible household. SHIP may assist households in the very low income, low income, and moderate-income households. In addition, on a case by case basis Florida Housing may permit a SHIP office to also serve households with incomes between 120 to 140 percent of the area median income.
- **Age:** Record the age of the head of household.
- **Family Size:** Count the number of household members since this is required to determine if a household is income eligible based on household size. Report this in the categories of either 1-person household, 2-4 people in the household or 5+ people.
- **Race:** It is possible that more than one race may be represented in a household, so report the race of the head of household.

## Instructions for Using the SHIP Tracking Spreadsheet

The tracking spreadsheet includes fields and columns for the collection of each type of data that is required to complete the SHIP annual report. The sample SHIP tracking spreadsheet in Appendix 14 was created by the Florida Housing Coalition. An electronic version may be downloaded from the References tab of the annual report website or may be requested at [info@flhousing.org](mailto:info@flhousing.org). Each SHIP allocation is tracked on a separate spreadsheet.

Tracking and reporting is not an activity to undertake once a year as September 15th nears. Instead, staff must add data to the spreadsheets regularly throughout the year. Each time SHIP funds are encumbered or expended, staff must update a spreadsheet to maintain a current status of the program.

The spreadsheets contain a large number of protected cells that do not allow data to be entered. Instead, they contain formulas that calculate compliance and more. Staff

are encouraged to keep the spreadsheets protected, but on occasion, staff may wish to expand columns or make other adjustments. To unprotect the spreadsheet, use the password “ship” in lower case letters. After making modifications, staff should re-protect the spreadsheet and use the same password.

There are several recent updates to the tracking spreadsheets based on updates or changes to the SHIP statute and rule. The spreadsheet includes:

- The amount of funds expended on households documented to contain one or members with Special Needs.
- A feature to help ensure that no more than 20 percent of an allocation is spent on Manufactured Housing, also known as mobile homes.
- A table on the summary page to track the number of individuals who benefit from SHIP Housing Counseling expenditures. This includes a field for the total number who attend counseling classes/sessions and another field that identifies households to receive housing counseling and also go on to receive SHIP assistance from a strategy in the LHAP.
- Detail about the sources of Program Income, including foreclosure, refinance and sale of property.
- The amounts of administrative expenses categorized by funds spent by the local government and those spent by sub-recipient agencies.
- Tracking of funds devoted to Extremely Low Income (ELI) households, along with households earning between 120 to 140 percent of the area median income. The spreadsheet reviews the activities for ELI and Very Low-Income households together to track compliance with the Income Set-aside, all in the category of Very Low Income.

## Summary Page of Tracking Spreadsheet:

### Initial Steps for Setting Up the Spreadsheet

- In Cell S2, enter the first year of the fiscal year funds that will be tracked. For example, for 2018/2019, enter 2018.

- In Cell AB2, enter the name of the city or county.
- Use Cells A8 through A17 to add the names of SHIP strategies
- In Cell C26, enter the amount of the annual SHIP allocation, also called the State Distribution.
- In Cell C29, enter the amount of unencumbered funds from the previous allocation that are being carried over to this spreadsheet. SHIP allows an allocation to be expended over three years, so it is possible that the previous allocation may not be mostly spend at the time when this new allocation spreadsheet is set up. The amount of the carry forward should be added at whatever time the previous allocation is expended.
- In Cell C30, enter the amount of any disaster funds received. This is an uncommon source of funds. A SHIP community might apply for disaster funds in the months after a disaster. They are tracked alongside the allocation for the state fiscal year in which they were received.

administrative expenses within the Rule (see 67-37.007 “Uses of and Restrictions upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans”). Generally speaking, administrative costs may include salaries and benefits for housing personnel, training and travel related expenses for increasing the capacity of the local program staff, and office expenses and overhead that are directly related to operating the local housing program.

Monitor to avoid exceeding the maximum administrative amounts that the SHIP Statute addresses: “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(17), 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.” Spend this portion of program income on the same type of administrative expenses that may be paid for with the 10 percent administrative budget: salary, travel, advertising, and much more. The remainder of the program income must be dedicated to paying for SHIP assistance to applicants using the strategies in the LHAP.

**Summary Page Data to Track Over Time**

Encumbered Funds:

Use Cells T8 through T17 to add the amount of encumbered money for each strategy that complies with the homeownership set-aside. Similarly use Cells U8 through U17 to add the amount of encumbered money that comply with the construction/rehabilitation set-aside. These numbers will need to be deleted once encumbered funds eventually become expended funds.

Administrative expenses

In Cell D19, enter the amount of SHIP administrative expenses. The SHIP program has defined eligible

Track Unencumbered Funds

Some of the most important amounts on the summary page are in cells C33, C35 and C36. Cell C33 is the total SHIP revenue. Compare this amount to the numbers in cells C35 and C36 that show expended and encumbered funds. Track the amount of unencumbered funds by subtracting C35 and C36 from C33. Tracking unencumbered funds is important since SHIP staff must plan to encumber (if not expend) all funds within two years of receiving them.

**Bottom of Summary Page of the SHIP Tracking Spreadsheet**

<b>Types of Interest Earned</b>	
<b>Program Income</b>	
Loan Repayments	
Related to Refinance	
Recycled Funds	
Other	
<b>TOTAL Program Incom</b>	<b>\$0.00</b>

<b>Recaptured Funds</b>

### Track Program Income Revenue

Use Cells C40 through C44 to track the amount of program income revenue from several sources. Since most SHIP funds are used for loans rather than grants, nearly all SHIP offices have program income in addition the SHIP allocation from the state. The most common forms of program income are bank interest and loan repayments, although guidance is provided for tracking all sources. No matter the source, SHIP staff should track program income revenue, and it should always be deposited in the SHIP local housing trust fund rather than contained in a separate account.

Program income funds received today are logged with the current state fiscal year's funds. Therefore, a repayment received in December of 2018 is recorded as program income revenue on the 18/19 tracking spreadsheet. The expenditure deadline for this revenue is the same as for the SHIP allocation with which it is associated. Let the Finance Department know the types of revenues and program income the SHIP program might periodically receive so that finance staff may set up the accounts needed for reporting.

Below is guidance on tracking specific sources of program income:

**Bank Interest (Cell C40):** This is one of the most common sources of program income. It is a source for program income in every jurisdiction, since the SHIP local housing trust fund is an interest-bearing account. Ask the finance department for a report of bank interest revenue accrued from July 1st of one year to June 30th of the next.

**Deferred Loan Repayment (Cell C41):** This program income is received when a SHIP lien is triggered during the sale of a home or when a homeowner refinanced. Tracking the proceeds from the sale of a home is generally easy since SHIP and all lien holders are contacted during this transaction. Confirm if the SHIP office is contacted directly, or if SHIP staff must ask for notification from the finance department or City/County attorney's office.

**Refinancing or Foreclosure (Cell C42):** Sometimes a SHIP recipient repays funds when refinancing. On rarer occasions, the SHIP may receive repayment from the proceeds

of a foreclosure sale. For both instances, use the same process as for tracking Deferred Loan Repayment. Make note if a foreclosure occurs since the SHIP annual report provides a separate category to report program income from foreclosure repayments. Even if no proceeds are received during a foreclosure, properly track all incidents in which SHIP assisted homeowners are in default on their first mortgages or have lost their homes to foreclosure. SHIP jurisdictions are required to annually report the foreclosure and default rate by income category.

**Direct Loan Repayment (also Cell C41):** Here are two divergent examples of program income received from direct loans.

1. Some SHIP jurisdictions provide assistance to recipients with the agreement that they will repay with affordable monthly payments.
2. For some large-scale development projects, SHIP funds are provided for upfront financing at the beginning of the project. The developer agrees to repay after a short number of years, perhaps once additional financing is processed and available.

It does not matter when the SHIP assistance was originally provided. In both instances, track these repayments on the spreadsheet for the current state fiscal year.

### Track Recaptured Funds

Use Cell E43 to enter the amount of recaptured funds. All the SHIP-related repayments that a SHIP office may receive are categorized as program income with one exception. Recaptured funds are a specific and infrequent type repayment when funds were not used for assistance to an eligible household or an eligible unit. Such repayments are usually received from a sponsor when there is a default on the terms of a grant award or loan award.

**Example of Recaptured Funds:** Two years ago, the SHIP office provided a developer with \$100,000 to purchase land for a project to build rental housing for elderly households. The other sources of housing subsidy in this project never materialized. The developer was applying for housing credits, but the application was unsuccessful in two

application cycles. The project was abandoned due to lack of funding. The land was sold, and the SHIP local housing trust funds was reimbursed. In this case, SHIP was spent on eligible expenses, but housing was never developed as a result. Since no housing was produced or assisted, the repaid SHIP funds are recaptured funds.

Properly tracking recaptured funds is most important because of the single most significant difference between Program Income and Recaptured Funds. A small portion of Program Income may be expended on additional administrative expenses—above and beyond a jurisdiction’s 10 percent administrative budget—but no Recaptured Funds may be used for this purpose.

**Track Set-Aside Compliance**

The requirements of the set-asides are described in Chapter 3. The tracking spreadsheet helps staff monitor progress towards set-aside compliance. Often, this progress is tracked over months or years until finally enough funds are expended in a certain way to document full compliance with a set-aside.

- For the Homeownership set-aside, review the funds in Cell N28 and the percentage in Cell O28.

At least 65 percent is required for compliance.

- For the Construction/Rehabilitation set-aside, review the funds in Cell N29 and the percentage in Cell O29. At least 75 percent is required for compliance.
- Regarding the Income set-aside, track amounts spent on Very Low-income Households by reviewing the funds in Cell N30 and the percentage in Cell O30. At least 30 percent is required for compliance.
- Also, regarding the Income set-aside, track amounts spent on Low-income Households by reviewing the funds in Cell N31 and the percentage in Cell 31. To achieve compliance, the amount spent on Very Low and Low-income must be at least 60 percent. After confirming that sufficient funds will be spent on Very Low and Low, staff may use the remainder of an allocation on households who are moderate income or who have incomes between 120-140 percent of the area median income.
- For the Special Needs set-aside, review the funds in Cell N35 and the percentage in Cell O35. At

**Bottom of Summary Page of the SHIP Tracking Spreadsheet**

**Compliance With Minimum Statutory Set-asides**

	Target	%	Actual	%
<b>65% Home Ownership requirement:</b>	<b>\$641,951.70</b>	65%	<b>\$1,221,187.93</b>	123.65%
<b>75% Construction requirement:</b>	<b>\$740,713.50</b>	75%	<b>\$1,122,412.20</b>	113.65%
<b>At least 30% Very Low Income:</b>	<b>\$313,235.50</b>	30%	<b>\$480,514.61</b>	46.02%
<b>At least 30% Low Income:</b>	<b>\$313,235.50</b>	30%	<b>\$348,781.38</b>	33.40%
<b>80% to 140% AMI:</b>	<b>\$417,647.33</b>	40%	<b>\$473,177.91</b>	45.32%
Moderate Income:			\$188,024.39	18.01%
120% to 140% AMI:			\$285,153.52	27.31%
<b>At least 20% Special Needs:</b>	<b>\$197,523.60</b>	20%	<b>\$0.00</b>	0.00%

**Up to 20% for Manufactured Housing:**

	<b>\$0.00</b>	0.00%
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least 20 percent is required for compliance.

- Use Cell N37 to track funds expended on mobile homes, no more than 20 percent of the SHIP allocation may be spent on them.

**Track Housing Counseling**

- Use Cell D22 to track funds expended on housing counseling. Regardless of what type of housing counseling SHIP pays for, it is always recorded on the Summary Page. The most common type of SHIP-funded counseling is a class that provides home buyer education or guidance for homeowners who receive rehabilitation assistance. Housing counseling expenses do not comply with any of the set-asides. For this reason, no housing counseling expenses should be included on Form 1 with the SHIP assistance provided to specific households.
- Use Cell B24 to track the number of households who receive counseling and also receive SHIP assistance from a strategy. This is typically an applicant who attended a home buyer education class and then received SHIP purchase assistance.
- Use Cell B25 to track the number of households who receive counseling but no additional SHIP assistance. There are several who do not go on to receive SHIP assistance after receiving counseling, including those who attend a home buyer class but do not go on to receive SHIP purchase assistance.

Housing counseling does not have to be tied to a LHAP strategy. For example, a SHIP community could offer a foreclosure prevention education class even if its LHAP does not include a foreclosure prevention strategy.

**Track Leveraged Funds**

The 'Recap of Funding Sources' table shows the amount of SHIP money expended, along with the other funds spent to provide housing assistance. This data shows how SHIP leverages other funding to assist recipients -- an important strength of the program.

- Public Funds are displayed in Cell S29. This represents the amount spent from sources of federal or state government housing assistance, like CDBG or HOME.
- Private Funds are displayed in Cell S30. This typically represents the amounts of the first mortgages of SHIP-assisted home buyers.
- Owner Contributions are displayed in Cell S31. The SHIP program does not require households applying for assistance to contribute some of their own funds towards their housing assistance. However, some SHIP communities may add a local policy on this subject to their LHAPs. Some, for example, require a homeowner to pay for the first \$500 or \$1,000 of home repairs before receiving SHIP-funded rehabilitation. Similarly, some LHAPs indicate that a home buyer must contribute funds

**Form 1 of the SHIP Tracking Spreadsheet**

Local Government:  
 State Fiscal Year Ending:  
 Strategy # and Name:  
 Maximum Award per Unit:

**SHIP Tracking Spreadsheet - Form 1**

Project No. and/or Recipient Name	SHIP Funds - Unencumbered, Encumbered/Committed & Expended Balances																
	Amount Encumbered/Committed <small>(See Note 1)</small>	Date Funds Encumb/Committed <small>Month/Day/Year</small>	Income Level							Application Fell Thru	1st Draw	2nd Draw	Final Draw	Final Disburse. Date	Total SHIP Funds Fully Expended as of F.D.D. <small>(See Note 2)</small>	Running Balance	
			ELI	VL	L	Mod	120-140	Total	Total Funds Available for Strategy?							Set me!	
																Remain. Bal.	\$0.00
																Remain. Bal.	\$0.00
																Remain. Bal.	\$0.00
																Remain. Bal.	\$0.00
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																Remain. Bal.	\$0.00
																Remain. Bal.	\$0.00

towards the purchase of a home to receive SHIP purchase assistance.

### Form 1 of Tracking Spreadsheet

Use Form 1 to track the assistance provided to individual households from LHAP-approved strategies. Entering data on Form 1 is a two-step process. After determining an applicant's eligibility, staff provide an award letter that commits SHIP funds specifically to this applicant. This is when staff should first enter information about the applicant onto the tracking spreadsheet, along with the amount of the SHIP commitment. It is only later, however, that staff start expending these SHIP funds. At this time, update the spreadsheet to show that funds that had been committed for the applicant are now officially expended.

The top of the form shows the name of the first strategy on Row 4. This is the strategy name that was initially entered on the Summary Page when the spreadsheet was set up. About 40 rows are included for each strategy on Form 1. Use these rows to enter the details of each recipient's assistance.

#### Set Up Form 1

In Cell C5, enter the maximum award amount for this strategy, as stated in the LHAP. For some LHAP strategies, households at different income levels may receive different maximum amounts. In such a case, list the largest maximum award for the strategy. Scroll down through Form 1 to identify the cell for the award amount of each additional strategy being tracked. Enter the proper maximum award amount for each of them.

#### First, list Households with Encumbered Funds

The tracking process starts when a SHIP applicant is determined to be income eligible and is sent a letter of commitment that encumbers SHIP funds to help the applicant. On that day, locate the next available blank row under a strategy and enter the applicant's name in column A. Also enter the amount of encumbered funds in column B and the date of the letter of commitment in column C. Finally, use columns D through H to indicate the income category to which the applicant belongs. Type a number 1 in the appropriate column to show the applicant is extremely low-income (ELI), very low-income

(VLI), low-income, moderate-income, or a household with an income of 120-140 percent.

#### Later, enter Expended Funds

If there is only one SHIP payment that fully aids the household, enter the expended amount in column M, along with the date of the expenditure in column N. If there are two or three SHIP payments before work is complete, these may each be separately entered in columns K, L, and M. The spreadsheet will only interpret that these SHIP funds are expended once an amount is entered in column M for the 'final draw'.

In many cases, funds are encumbered for a household, but it is only weeks or months later when the applicant's assistance is fully complete. Three things must be achieved before SHIP funds may be considered expended:

- SHIP funds must have been spent to completely pay for assistance
- All vendors and contracts must be paid, and the project must be documented as complete
- An eligible household must be occupying the housing unit

In the case of a home buyer, for example, a SHIP check for closing costs and down payment assistance must be delivered to the home purchase closing. All inspections must be complete and paid for and the SHIP funds and other sources must pay all the costs for which the buyer is responsible. Finally, the buyer must move in and occupy the newly purchased home.

The case of a rehabilitation recipient is different. Typically, SHIP may pay two or three draws to a contractor over the course of several weeks before the entire repair project is complete. These payments may be listed in columns K, L, and M. SHIP funds will only be considered expended once a final inspection is completed and a final SHIP draw is spent.

#### Track Special Needs:

If an application qualifies as a special needs household, use column AS to indicate the category of special needs—

as defined in the Florida Statutes—that the household belongs to. More guidance on this topic is included in Chapter 3 “Set-Aside Requirements”. Clicking on a cell in column AS pulls up a menu from which staff may select the most appropriate category from this list:

- Receiving Veterans Disability Benefits
- Receiving Supplemental Security Income
- Receiving Social Security Disability Income
- Survivor of Domestic Violence
- Youth Aging out of Foster Care
- Person with Disabling Condition
- Developmental Disabilities

**Track Manufactured Housing**

The tracking spreadsheet helps monitor expenses for manufactured housing, also known as mobile homes. Section 420.9075(5)(c) of the SHIP Statute places a limit on the amount of SHIP that may be expended in this way: “Not more than 20 percent of the funds made available in each county and eligible municipality from the local housing distribution may be used for manufactured housing.”

Use column AU to track this. Enter the amount of SHIP spent to repair or purchase a mobile home. More guidance on this topic is included in Chapter 3 “Set-Aside Requirements”.

**Form 2 of Tracking Spreadsheet**

Form 2 primarily tracks the demographic characteristics of households receiving SHIP.

**Address of Property**

Enter the address of a property that is receiving home repair. For those receiving purchase or rental assistance, enter the address for the dwelling into which they will move. Always add a complete address with zip code.

**Age**

Type a number 1 in the appropriate column to identify the age of the head of the household.

**Family Size**

Type a number 1 in the appropriate column to indicate the number of household members.

**Race**

Type a number 1 in the appropriate column to show the race of the head of the household.

**Special Needs**

Staff may use the columns in this section to identify some characteristics of a household. However, some of the characteristics listed here—including farm worker and homeless—are not included in the statutory definition of special needs. Staff may enter data in this section but must also add data to column AS of Form 1 if a household meets a special needs category included in the Florida Statutes. More guidance on this topic is included in Chapter 3 “Set-Aside Requirements”.

**Form 3 of Tracking Spreadsheet**

Fill out Form 3 once a household has been fully assisted by SHIP and funds are expended.

**Form 2 of the SHIP Tracking Spreadsheet**

Local Government: ✓  
 State Fiscal Year: ✓  
 Strategy # and Name : ✓

**SHIP Tracking Spreadsheet - Form 2**

Project No. and/or Recipient Name	Address of Property	County / Municipality	Uninc.	Income Level							Age (Head of Household)				Family Size			Race										
				Yes	No	ELI	VL	L	Mo	140	Total	0-25	26-40	41-61	62+	1 person	2-4 people	5+ people	White	Black	Hispanic	Asian	Amer. Indian	Other				

### SHIP Loan Amount and SHIP Grant Amount

SHIP assistance is often not provided as a grant with no strings attached. Instead, it is typically offered as a deferred payment loan or a forgivable loan and a lien is placed on the assisted property. In such a case, enter the amount of the SHIP loan in column H.

Some communities might offer assistance as a grant, although this is usually done if assistance is a small amount, often less than \$10,000. Enter the amount of the SHIP loan in column I.

Finally, some assistance is provided as a combination of loan and grant. Most typically, a majority might be offered as a loan, with an amount less than \$5,000 offered as a grant. In such a case, enter the proper amounts in columns H and I.

### Public Funds

This section, along with private funds and owner contribution, track funds that are leveraged with SHIP. This data demonstrates that SHIP sometimes does not work alone in assisting a household. In column K, add the amount that each household received from public funds beyond SHIP, including CDBG, HOME, NSP, and more. On some occasions, a SHIP assisted homebuyer may have a first mortgage provided by USDA Rural Development, which is another type of public funds.

### Private Funds

In column L, add private funds, which is most commonly the first mortgage money that a SHIP assisted homebuyer receives from a lender.

### Owner Contribution

If an applicant pays for some part of the housing assistance, add this in column M. This is most common in cases where a city or county establishes a local policy to require a home repair applicant to pay for the first repairs on a home.

### Set-aside Compliance

Form 3 tracks data about two main set-aside requirements.

If a household's assistance complies with the Home Ownership set-aside, type a number 1 in the 'Yes' column (column O).

If a household's assistance complies with the Construction/Rehabilitation set-aside, type the amount of SHIP expended in column R.

### Sales Price or Value

Staff must ensure that a household only receives SHIP assistance if the value of the home does not exceed the 'maximum purchase price' listed on the Housing Delivery Goals Chart of the LHAP. SHIP offers a variety of assistance so the SHIP statute provides guidance of how to calculate a home's value for each type of assistance. This is included in SHIP's definition of 'sales price or value':

"Sales price" or "value" means, in the case of acquisition of an existing or newly constructed unit, the amount on the executed sales contract.

For eligible persons who are building a unit on land that they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of the date construction is to commence. The sales price of any unit must include the value of the land in order to qualify as eligible housing as defined in subsection (8).

In the case of rehabilitation or emergency repair of an existing unit that does not create additional living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser.

In the case of rehabilitation of an existing unit that includes the addition of new living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser, plus the cost of the improvements in either case.



### Reconcile with the Finance Department

SHIP administrators are required to regularly reconcile their tracking system with the local finance department's general ledger. Information submitted on a SHIP annual report is not verified by FHFC until compliance monitoring is conducted, which can sometimes occur a few years after reports are submitted. Therefore, it is the responsibility of the local government SHIP administrator to verify that the information provided on the reports is accurate and has been reconciled to the SHIP tracking and the general ledger.

Plan to meet with staff from the city or county finance department on at least a semi-annual basis. Before the meeting, identify amounts that are unencumbered, along with funds that are encumbered but have not been spent. These are the balance of funds remaining in the SHIP account. Compare this balance with the finance department's numbers from the general ledger. Also review all the recent expenses in the last several months, as well as occasions when revenue was received.

This reconciling process helps to document compliance with the Florida Single Audit Act (FSAA), which directs auditors to "determine whether required reports include all activity in the reporting period." The State Projects Compliance Supplement outlines several suggested audit procedures that an auditor can use to determine whether or not the SHIP reports contain all required activity (and reconcile to the general ledger), including the following: "Select a sample of reports and test specified line items for accuracy and completeness." (from State Projects Compliance Supplement Part 3, Section H. "Reporting").

Work with the finance department to ensure the SHIP jurisdiction's compliance with the FSAA. Consider suggesting a system to communicate to the finance department whether an expense should be charged to the 18/19 SHIP distribution, for example, or to the 19/20 distribution.

### Re-assign Funds to Achieve Compliance

If staff become lax with tracking, they may discover when they create the close out annual report some non-

compliance with one or more of the set-asides or deadlines. For example, a jurisdiction might have expended all funds but only dedicated 70 percent—less than the minimum 75 percent required—to the construction/rehabilitation set-aside. The most straight forward solution is often to re-assign assistance expenses between SHIP distributions.

In the case stated above, all close out year funds have been expended. It is very likely that a significant amount of the jurisdiction's next distribution may also be expended. Identify one or two households assisted with next distribution that comply with the construction/rehab set-aside. After confirming that the LHAP(s) that governs these two SHIP allocations permit funds to be spent in the way desired, re-assign these expenses to the spreadsheet tracking for the close out allocation. Similarly, re-assign one or two close out year cases of set-aside non-compliant assistance to the spreadsheet for the next distribution. Determine if this exchange has resulted in enough expenses that comply with the set-aside, and re-assign additional 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, staff 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 a case is more complicated, call the Florida Housing Coalition for additional guidance to re-assign funds and cure set-aside noncompliance.

### Annual Reports

Start working on SHIP annual reports in July and August, since they are due September 15th each year, regardless of whether a SHIP community's funds are expended, encumbered, or out of compliance with the SHIP deadlines. Some who are new to completing these

reports are surprised at the amount of research involved. Allow plenty of time for this work.

**Annual Report Process**

Here is an overview of the reporting process, with guidance provided on the following pages:

- Submit annual reports through the web-based portal. A separate annual report must be completed for the close out fiscal year and two interim fiscal years.
- Start early, especially considering that this web-based reporting system will not allow local governments to submit a report with errors or that is incomplete.
- Add information to all forms on the report and then make corrections based on any ‘validation errors’ identified on the “Review & Submit” tab. Once all is correct, press the ‘Submit’ button on this tab.

Along with completing the reports, send an annual report Certification Form (located under the “References” tab of the report website and in Appendix 11. The certification

must be signed by a jurisdiction’s chief elected official. A scan must be sent within three working days after the electronic submittal of the annual report, and the original should be kept in the SHIP office files.

**Another report: The Annual Audit:** After completing the SHIP annual report, staff must focus on another report that comes after the end of the local fiscal year in September. The annual audit is an independent review of a local government’s general ledger, which provides a method to ensure that a community’s SHIP annual reports of revenue and expenses ultimately reconcile with the jurisdiction’s general ledger. The audit is sometimes referred to as a Comprehensive Annual Financial Review (CAFR), and this written report must be provided by June 30th to the FHFC. Florida Housing’s staff has provided the following guidance on what they specifically look for when reviewing CAFRs:

- Separately stated Trust Fund for SHIP
- “Findings” related to the Florida Single Audit Act (FSAA) (if applicable) for the SHIP program, which is referred to as CSFA #40.901 in the Catalog of State Financial Assistance

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[Click here for a printer-friendly copy of Form 1](#)

**SHIP Distribution Summary** Rule Update!

**Homeownership**

Code(s)	Strategies	Expended Amount	Units	Encumbered Amount	Units	Unencumbered Amount	Units
1	Down Payment Assistance	170,691.22	18				
3	owner occupied rehabilitation	212,889.00	15	47,783.92	3		
<b>Homeownership Totals:</b>		<b>383,580.22</b>	<b>33</b>	<b>47,783.92</b>	<b>3</b>		

**Rentals**

Code(s)	Strategies	Expended Amount	Units	Encumbered Amount	Units	Unencumbered Amount	Units
12	Special Needs Rehabilitation	72,196.65	20	7,803.35	2		
13	Rental Deposit Program	69,271.00	72				
18	Eviction Prevention	24,900.22	13				
<b>Rental Totals:</b>		<b>166,367.87</b>	<b>105</b>	<b>7,803.35</b>	<b>2</b>		

<b>SubTotals:</b>	<b>549,948.09</b>	<b>138</b>	<b>55,587.27</b>	<b>5</b>
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- Send the CAFR by emailing the report link or attached document(s), rather than providing a paper copy. Florida Housing will only accept an electronic copy.

### Access the Annual Report website

The SHIP annual report website is located at: <https://apps.floridahousing.org/StandAlone/Extranet/>.

The log in page has links to help in case of “Forgot your password?”. For any further assistance, contact [terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org).

Upon gaining access to the website, update the information on the “SHIP Contact Info” tab, which is next to the “Annual Reporting” tab. This is where to provide contact information, along with details about a city or county’s SHIP strategies. The information is included in Florida Housing’s statewide directory of SHIP programs, so information must stay current. Also update the “User Administrative” tab, which is where staff indicate who has access to the annual reports and who has administrative authority.

### FORM 1: SHIP Distribution Summary

On Form 1, enter data related to the distribution of funds, a breakdown of strategies, other uses of funds and revenue sources.

### Homeownership and Rental Strategy CHARTS:

Enter the name of each strategy identified in the approved LHAP. Also add a strategy code by referencing the chart of codes provided to the left of the chart. The list of strategy codes is also in Appendix 15. First, create a row on which to enter a strategy. Press the Page Icon to create a row, then press the Pencil icon to enter the name of the strategy. Press the disk-shaped icon to save the entry. For each strategy, report funds as expended, encumbered, and/or unencumbered in columns A-C.

**Column A:** Enter the total amount of SHIP Funds expended by June 30 for each

strategy, and the total number of housing units assisted. All funds must be shown as expended on a closeout year annual report.

**Column B:** For interim year reports, enter the total amount of encumbered SHIP funds that are committed by June 30 for each strategy to assist eligible recipients. The annual report for the fiscal year of funds that was received two years prior—called the Interim 1 report—should show that funds are fully encumbered (if not expended) by June 30.

**Column C:** The Interim 2 report may include amounts in Column C. Enter the amount of unencumbered SHIP funds for each strategy. Estimate the number of units that will eventually be assisted, based in part on the maximum award amount included in the LHAP.

### Additional Use of Funds CHART:

**Administrative:** Enter the amount of SHIP funds designated for Administration which were Expended (Column A), Encumbered (Column B), and/or Unencumbered

(Column C) by June 30. The total of these three columns represents the SHIP administrative budget, which may be up to but cannot exceed 10 percent of the state annual distribution.

**Homeownership Counseling:** Enter the amount of SHIP Funds for Home Ownership Counseling which were Expended by June 30 (Column A) or are Encumbered or Unencumbered (Columns B&C). All counseling funds must be reported in this chart. Amounts should not be included in the strategy amounts in the chart above, even if funds assisted specific households that are receiving SHIP assistance from one of the strategies. Counseling funds are reported separately since this activity does not comply with any of the set-aside requirements.

**Admin from Disaster Funds:** If applicable, add Admin from Disaster funds, which cannot exceed 10 percent of the disaster distribution.

**Admin from Program Income:** Enter the amount of program income funds designated for administration that were Expended (Column A), Encumbered (Column B), and/or Unencumbered (Column C) by June 30. The program income may pay for the same administrative costs that are covered by the SHIP

administrative budget: salary, travel, advertising, and much more. The remainder of the program income must be dedicated to paying for SHIP assistance to applicants, using the strategies in the LHAP.

The amount of program income for administration is limited by section 420.9075 (7) of the SHIP Statute:

- **5 percent of program income for Counties that are not a small county** as defined in s. 120.52(19). “Small county” means any county that has an un-incarcerated population of 75,000 or less according to the most recent decennial census.
- **10 percent of program income for small counties and eligible municipalities** that receive a local housing distribution of up to \$350,000.

**Total Revenue CHART:**

**State Annual Distribution:** For convenience, the Year to Date Disbursement for each fiscal year is included in this field.

**Program Income:** Enter the total amount of program income revenue, subdivided by:

**Program Income (Interest):** This is the interest earned on the bank account that contains the local housing distribution and other SHIP funds deposited into the local housing assistance trust fund.

**Program Income (Payments):** These are loan repayments, which may be part of a monthly agreement to repay assistance, related to refinancing or foreclosure, or may be repayments from the sale of a property.

**Recaptured Funds:** Enter the total amount of any recaptured funds. This includes funds that are recouped by a county or eligible municipality in accordance with the recapture provisions of its local housing assistance plan pursuant to Section 420.9075(5)(j), Florida Statutes, from eligible sponsors who default on the terms of a grant or loan award. An example of recaptured funds is provided above in the section about tracking recaptured funds.

**Disaster Funds (if Applicable):** Florida Housing automatically populates this field with the amount of funds which were received for a governmentally declared disaster during the fiscal year of the report.

Bottom of Form 1 of the SHIP Annual Report

Additional Use of Funds			
Use	Expended	Encumbered	Unencumbered
Administrative	32,624.67	31,852.41	
Homeownership Counseling			
Admin From Program Income			
Admin From Disaster Funds			
<b>Totals:</b>	<b>582,572.76 138</b>	<b>87,439.68 5</b>	<b>0.00</b>

**Total Revenue (Actual and/or Anticipated) for Local SHIP Trust Fund** ?

Source of Funds	Amount
State Annual Distribution <b>Rule Update!</b>	619,637.00
Program Income (Interest)	6,376.13
Program Income (Payments)	
Recaptured Funds	43,891.50
Disaster Funds	
Other Funds	
Carryover funds from previous year	107.81
<b>Total:</b>	<b>670,012.44</b>

\* Carry Forward to Next Year: 0.00

**NOTE:** This carry forward amount will only be accurate when all revenue amounts and all expended, encumbered and unencumbered amounts have been added to Form 1

**Carryover Funds from Previous Year:**

The annual report website automatically enters the amount which was carried forward from the previous year if applicable. Carry forward of funds can only be recorded in a Close Out Fiscal Year when the amount of funds remaining is insufficient to assist one unit.

**Carry Forward to Next Year:**

The amount of funds to be carried forward to next year is automatically entered at the bottom of Form 1. The carry forward is an amount of funding remaining that is insufficient to assist one unit. This small amount is a source of revenue on the annual report for the next SHIP distribution. Most commonly, the carry forward is a small, positive number that shows that revenue just slightly exceed expenses. The opposite is also allowable; the carry forward may be a small negative number if expenses slightly exceed revenue. Finally, the carry forward might be zero in uncommon cases in which expenses exactly equal revenue.

The online reporting system will automatically identify the unencumbered funds on a close out annual report as the carry forward amount. In order for the system to successfully accomplish this automated task, do not report these remaining unencumbered funds in the unencumbered column of Form 1. A close out annual report should not have any dollar amounts reported in the encumbered or unencumbered columns.

Many close out fiscal year reports have a carry forward. A report for an interim year may also include carry forward funds, but only if funds have been fully expended and the remaining funds are insufficient to fund a single unit. In such a case, the interim report would be considered a close-out report.

**FORM 2: Rents and Compliance Summary**

Form 2 serves as a back-up to Form 1. Click the ‘Save Changes’ button on the upper right corner periodically while entering data on this form.

Rental Unit Information CHART: If the LHAP contains rental strategies, list them here. Enter the rents for each bedroom size per unit (if applicable) and by rental strategy. If rents vary for the same size unit, enter the greatest amount.

If SHIP was expended on rental housing, it must comply with the rent limits. Therefore, click the radio button for the option “The amount of rent charged for a rental unit based on the unit size complies with the Rent Limits posted on the Florida Housing website (Rent Limits page).”

If no SHIP was expended on rental, choose the option “No rental strategies are in use”.

More information on this topic is provided in the “Rental Housing Using SHIP” chapter.

Fill in all the fields on this chart for Efficiency, 1 Bedroom, 2

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### Rents and Compliance Summary

☐ Rental Unit Information

Description	Eff.	1 Bed	2 Bed	3 Bed	4 Bed

New Information Required!

The amount of rent charged for a rental unit based on the unit size complies with the Rent Limits posted on the Florida Housing website ([Rent Limits page](#)).
   
**Or:**
 No rental strategies are in use.

Bedroom, etc. If any fields are left blank, the rental description will not be saved. If some of the unit mix data does not apply, enter 0.00 in the non-applicable field.

**Recap of Funding Sources for Units Produced ("Leveraging") CHART:**

**Public Funds:** Enter the total amount of public funds leveraged with SHIP dollars expended through June 30 in Column B. Do not include SHIP funds.

**Private Funds:** Enter the amount of private funds expended through June 30 in Column B. This is the total of all the first mortgages of home buyers.

**Owner Contribution:** If applicable, enter in Column B the amount of the households' contribution for purchase assistance, rehabilitation, or another type of assistance.

**SHIP Program Compliance Summary - Home Ownership/Construction/Rehab CHART:**

This reports the amount of funds that comply with two set-asides. The amounts entered may equal the funds that are expended, encumbered or unencumbered but soon to be spent in compliance with the Home Ownership set-aside and with the Construction/Rehabilitation set-aside. Expenses for administration and counseling fees are not included in these set-aside compliance calculations.

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### Rents and Compliance Summary

- Rental Unit Information
- Recap of Funding Sources for Units Produced ("Leveraging")

Source of Funds Produced through June 30th for Units	Amount of Funds Expended to Date	% of Total Value
SHIP Funds Expended	549,948.09	100.00%
Public Moneys Expended		
Private Funds Expended		
Owner Contribution		
<b>Total Value of All Units</b>	<b>549,948.09</b>	<b>100.00%</b>

Form 2 of the SHIP Annual Report

- SHIP Program Compliance Summary - Home Ownership/Construction/Rehab

Compliance Category	SHIP Funds	Trust Funds	% of Trust Fund	FL Statute Minimum %
Homeownership		663,528.50	0.00%	65%
Construction / Rehabilitation		663,528.50	0.00%	75%

- Program Compliance - Income Set-Asides

Income Category	SHIP Funds Expended	SHIP Funds Encumbered	SHIP Funds Unencumbered	Total of SHIP Funds	Total Available Funds % (based on 670,012.44 Total)
Extremely Low				0.00	0.00%
Very Low				0.00	0.00%
Low				0.00	0.00%
Moderate				0.00	0.00%
Over 120%-140%				0.00	0.00%
<b>Totals</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>

**Program Compliance - Income Set-Asides**

**Column A:** Enter the amount of funds expended as of June 30 for each income category. The Close Out Fiscal Year annual report must show that funds are expended. The total amounts should equal the total amount of funds expended on Form 1.

**Column B:** Enter the amount of encumbered funds as of June 30 for each income category. The Interim 1 annual report must show that funds are expended or encumbered. The total amounts should equal the total amount of funds encumbered on Form 1.

**Column C:** Enter the amount of unencumbered funds as of June 30 that are planned to soon be spent for each income category. Unencumbered funds may be listed on an Interim 2 annual report.

**Program Funding for Expended Funds Only CHART**

**Column A:** Enter the total expended dollar amount of all SHIP mortgages, direct loans and deferred payment loans for each income category.

**Column B:** Enter the units for which funds were expended for SHIP mortgages, direct loans and deferred payment loans for each income category.

**Column C:** Enter the total expended dollar amount of SHIP grants awarded for each income category. Do not include a grant amount that is also included in a loan

amount for the same unit.

**Column D:** Enter the total number of units for which funds were expended for SHIP grants awarded for each income category. Do not include a grant amount that is also included in a loan amount for the same unit.

**FORM 3: Household Characteristics**

On Form 3, add demographic data for households assisted. The number of households added here must equal the total units on Forms 1 and 2.

The information on Form 3 includes only funds expended

**Form 3 of the SHIP Annual Report**

Number of Households/Units Produced

Strategy	List Unincorporated and Each Municipality	ELI	VLI	Low	Mod	Over 120%-140%	Total
							0
Totals:							0
Totals from Form 2		0	0	0	0	0	0

Characteristics/Age (Head of Household)

Description	List Unincorporated and Each Municipality	0-25	26-40	41-61	62+	Total
						0
Totals:						0
Total from Form 2						0

Family Size

Description	List Unincorporated and Each Municipality	1 Person	2-4 People	5+ People	Total
					0
Totals:					0
Total from Form 2					0

Race (Head of Household)

Description	List Unincorporated and Each Municipality	White	Black	Hispanic	Asian	Amer-Indian	Other	Total
Totals:								

and units completed. Do not include encumbered or unencumbered funds or pending units.

**Number of Households/Units Produced:** Click on the Page Icon to create a row. Add rows for each of the strategies. Enter the number of units produced under each income category for each strategy.

**Characteristics/Age (Head of Household):** Enter the number of units completed based on the age of the head of household.

**Family Size:** Enter the number of units produced or assisted based on family size.

**Race (Head of Household):** Enter the number of units produced based on the race of the head of household.

**Demographics (Any Member of Household):** Enter the number of units produced based on any household members with special needs by category. Note: it is not here but on Form 5 that staff enter data to report compliance with the special needs set-aside.

**Special Target Groups:** Click on the Page Icon to create a row. Enter a strategy name and enter the special targeted group for which SHIP funds were prioritized. There is also a column that contain a blank title, which may be used to type in an additional type of target group when applicable. Also enter the amount expended on the target group and the units produced.

**FORM 4**

There are a variety of fields on Form 4. The online reporting system only requires a jurisdiction to complete the data for Form 4 once, when creating the close-out annual report. Only one Form 4 field must be completed for the Interim year reports: "Expended Funds".

**Incentive Strategies:**

Provide the most updated information about how these incentive strategies are implemented. Commonly, jurisdictions write very little here beyond "strategy is fully implemented." Reference the most recent LHAP for this section about incentive strategies. If the newest LHAP is more than one year old, check the jurisdiction's reports from last year to see how this field was completed.

- A. Provide the name of the incentive or incentive strategy(s).
- B. Provide the adopting ordinance, resolution number or identify the local policy
- C. Implementation schedule: provide an implementation date.
- D. Has the strategy been implemented: If not, list steps that will be taken to ensure implementation. Include time lines for action to occur.
- E. Strategy Status: Write detail about if this incentive is functioning as intended. For example, if the incentive stated affordable housing permits would be expedited, and take no more than three days, is this actually occurring? If not, list steps that will be taken to ensure compliance.

**Form 3 of the SHIP Annual Report**

**Demographics (Any Member of Household)**

Description	List Unincorporated and Each Municipality	Farm Worker	Devel. Disabled	Homeless	Elderly	Other (Define)	Other(Define)	Total
								0
Totals:								0

**Special Target Groups for Funds Expended (i.e. teachers, nurses, law enforcement, fire fighters, etc.) Set Aside**

Description	Special Target Group	Expended Funds	Total # of Expended Units



### Support Services:

Provide a concise narrative description of the support services available to affordable housing residents. This may be an opportunity to describe the work of local partners. Providing home buyer education classes is an example of a support service available to potential homebuyers in a community. Since SHIP homebuyer assistance is common in many SHIP offices, this is a commonly listed support service. Here are examples of the text that staff have included to describe support services:

- The Housing Office maintains an up-to-date listing of all subsidized apartments in the area, providing address, telephone number, and vacancy rates.
- SHIP staff actively seek, create, and maintain partnerships with for and non-profit providers of affordable housing. Some partnerships include Volunteers of America, the local Public Housing Authority, and the local Habitat for Humanity affiliate.
- An on-going partnership with the Rural Development (RD) Office of USDA is maintained to provide outreach, leveraging, and direct services to persons seeking affordable housing or repairs to affordable housing.

### Other Accomplishments:

Include information about affordable housing accomplishments in the community. Write about difficult but successful cases of assistance. Staff may scan and send newspaper clippings or thank you notes from recipients.

### Availability for Public Inspection and Comments:

Describe how the Annual Report was made available for public inspection and comments. The SHIP Statute and Rule do not require scheduling a public meeting for this purpose. Staff will typically write that the completed annual report was made available for review at the SHIP office or the reference desk of the public library. Staff might also provide the report to local partners like lenders and contractors. It is not common for SHIP staff to receive many public comments. Scan and email copies of all comments that are received and provide the local government's response.

### Homeownership Default/Foreclosure:

**Default:** This field only requires information about defaults of the first mortgage on the home of a household that has received SHIP purchase assistance. Do not collect information about defaults of SHIP liens. Instead, a default occurs when a homeowner falls behind on paying the

#### Top of Form 4 of the SHIP Annual Report

**☐ Status of Incentive Strategies**

Please provide information on the implementation status of Incentive Strategies in your Local Housing Incentive Plan. **Note:** Please list each incentive individually on its own line in the box below:

Incentive Strategy:

Adopting Ordinance or Resolution Number or identify local policy:

Implementation Schedule (Date):

Has the plan or strategy been implemented? If no, describe the steps that will be taken to implement the plan:

Status of Strategy - (is the strategy functioning as intended, i.e. are the time frames being met, etc.):

first mortgage. Track this information throughout the year by maintaining a list whenever a former SHIP homebuyer informs staff that that he or she has fallen late in payments for the first mortgage on the unit. Alternatively, the city or county legal department may receive a “lis pendens” notification that marks the beginning of the legal foreclosure process.

Count cases that are in default, even if the homeowners quickly resolve their problems, pay arrears, and have no future problems. Such cases were truly in default at one point during the past year. If the first mortgage lender agrees to modify the first mortgage loan but will not dismiss or release a Lis Pendens until the terms of the modification have been met, this is counted as a default. If a foreclosure has been stayed by bankruptcy, count as a default.

**Foreclosure:** A foreclosure occurs when a homeowner goes through the legal process and loses his or her house to foreclosure. Not all of those who are in default will eventually foreclose.

Track those who are in default over several months to learn if any recipients lost their homes to foreclosure. It is possible that a person may fall into default more than once in the 12-month period being reported. Such a case should only be counted as one default during the period. It is also possible that this household might also default at some time in the next 12 months. If so, count and report this household’s default in the next Annual Report submitted a year from now. Similarly, a household might count as a default in one 12-month period and count as a foreclosure in the next 12-month period.

**“Life to Date” questions:** The “life to date” question is asked twice. The first “life to date” question is asking for the number of foreclosures experienced by individuals who have ever received SHIP assistance from the jurisdiction. Divide the total number of SHIP purchase assistance loans provided over the life of the SHIP program by the number of SHIP Foreclosed Loans Life-to-date. The second “life to date” question is asking for the number of those receiving SHIP who have defaulted on the first mortgages of their properties. It also involves dividing by the total number of SHIP purchase assistance loans; divide this by the number

of SHIP buyers who have ever defaulted. For those communities that have not tracked program information to be able to answer these life to date questions, staff should attempt to estimate the numbers from previous years or review the numbers from past annual reports on file. In cases where no past data can be estimated or reviewed, staff may have to report the number of foreclosures and defaults for the current close out report as the life to date figures and then put measures in place to ensure that the information will be collected moving forward.

### Welfare to Work Programs:

The SHIP Statute states that any groups applying to become subrecipients or sponsors working with SHIP will receive priority if they employ personnel from welfare to work programs. Typically, staff enter ‘Not applicable’ in this field, since this is uncommon.

### Strategies and Production Costs:

In this chart, add the average assistance amount for each type of assistance offered. Click the icon to create a row and begin typing data. For each strategy listed, divide the total amount spent on the strategy by the number of units produced. For example, \$100,000 spent on purchase assistance, divided by 10 assisted buyers equals an average award of \$10,000 for purchase assistance, which should be added in this chart.

### Expended Funds:

This is a list of recipients for whom assistance is complete and funds are fully expended. This data must be provided for each strategy, including first and last names, street address and city, zip codes, and amounts expended for each fiscal year reporting to Florida Housing.

Click the icon to create a row and begin typing data. As an alternative, import the data from a spreadsheet with the same headings and columns for strategy, recipient name, street address, city, zip code, and amount expended. When importing, select and copy all rows and columns of data from the spreadsheet. Press the “Import” button and paste this data in the window that appears to its left. Press the “Import Data Now” button to complete the task.

Occasionally, the Review Tab may state that there is an error involving this field: “There are no “Expended Funds” records for the “Homebuyer Assistance” strategy listed under the Distributed Funds’ “Home Ownership” section on Form 1.” The web annual report is programmed to total up the expended funds for each strategy listed on the ‘Expended Funds’ chart. The error in this case is caused by a difference in the strategy names lists on Forms 1 and 4. For example, staff might list “Homebuyer Assistance” on Form 1 but write “Purchase Assistance” on Form 4. The same error results from a typo, like adding “Homebuyer Assistance” on Form 1 and “Hombuyer Assistance” on Form 4. To correct this error, confirm that the name of each strategy is identical on Forms 1 and 4. Pay attention to capitalization and spaces, since these also make a difference.

Another Review Tab error for this field states: “The total number of units does not match the total number of expended units on form 1”. The error is caused when staff erroneously check the “Unit Counted” box for each household listed on Form 4. Checking each box instructs the web annual report to not count the unit receiving expended funds. According to the instructions, do not check the “Unit Counted” box unless the household and the unit received assistance from multiple strategies. Checking the “Unit Counted” column indicates that this unit has been assisted by two strategies funded by this SHIP distribution. The expenditure for the less amount should have the “unit counted” box check, to avoid double counting the assisted household. Similarly, check the “unit counted” box if the house was also assisted with funds from another fiscal year. In both cases, the expended funds will still be included in the total. In the comment box on the Submit tab, staff may indicate the fiscal year where the unit (the larger amount) was counted.

#### Administrative expenses:

This field collects details on how much SHIP administrative money was spent on costs for the local government. The total must equal the amount listed on Form 1. Also state the amount paid to a subrecipient/consultant in this area. These two amounts must total to equal the amount on Form 1. Count only the administrative expenses paid with the 10 percent administrative budget. Do not include administrative expenses paid with program income. Also,

do not count any program dollars for ‘service delivery fees’ paid to a sub recipient to implement one or more of SHIP strategies.

#### Sub Recipients and Consultants:

A sub recipient is a person or non-state organization that is compensated with SHIP funds to provide administration of a portion of the SHIP program, and it is tasked to complete a majority of what is needed to administer one or more SHIP strategies.

By contrast, a title company, a loan servicer, and a nonprofit that offers pre-purchase classes to purchase assistance applicants are not sub recipients. They should more appropriately be considered vendors providing assistance to the staff who are implementing a SHIP strategy. All are involved with aspects of the purchase assistance strategy, but none implement most of this strategy. They do not identify buyers, help complete applications, calculate and document eligibility, and many other administrative tasks. Similarly, for a rehabilitation strategy, rehab contractors and paint testing professionals are not sub recipients that complete a majority of SHIP administrative tasks.

#### Program Income:

Form 1 contains fields that distinguish between program income from repayments or from interest earned. On this Form 4 chart, however, staff must further detail the categories of program income collected. Review the summary tab of the tracking spreadsheet, which includes program income categories for:

**Loan Repayment** — This is the type of repayment in which a SHIP recipient has agreed to pay back a portion of SHIP each month until fully repaid.

**Refinance** — This is a common source of program income, since SHIP funds must be repaid before a first mortgage may be refinanced.

**Foreclosure** — On rarer occasions, SHIP may receive repayments from the proceeds of a foreclosure sale.

**Sale of Property** — A recipient repays any unforgiven portion of SHIP assistance before selling a home.

**Interest Earned** — All SHIP communities must deposit SHIP funds in an interest-generating bank account.

### Explanation of Recaptured Funds:

Recaptured funds are a specific and infrequent type of repayment when funds were not used for assistance to an eligible household for an eligible activity. Such repayments are usually received from a sponsor when there is a default on the terms of a grant award or loan award. The tracking spreadsheet instructions contain an example of recaptured funds.

### Rental Developments:

If SHIP funds have been expended for the repair or construction of rental units, enter details on this chart. Include the development name, the property owner, and the address including city and zip code. Indicate how much SHIP money was expended and how many units were SHIP-assisted, which may be an amount that is less than the total number of units in the rental property. Finally, enter the name of the organization that monitors this rental development, as required for at least 15 years. This is typically the local government SHIP office.

### Single Family Area Purchase Price:

Form 3 of the tracking spreadsheet contains column U, where staff should enter the sales price for each house that was purchased with SHIP assistance. Calculate the average purchase price by adding up all these sales prices and dividing by the number of purchased houses.

If no SHIP funds have been expended on home purchase, mark the “Not Applicable” check box.

## FORM 5: Special Needs Breakdown by Strategy

On the first chart, “SHIP Expended and Encumbered for Special Needs Applicants”, add data about funds expended or encumbered for special needs households for each relevant SHIP strategy.

On the second chart, “Special Needs Category Breakdown by Strategy”, include more detail about the SHIP recipients reported in the first chart. Use the pull-down menu to select the special needs category (as described in the statutory definition of special needs) that describes each special needs household assisted. This chart might include multiple rows for each strategy listed on the first chart. For

example, it might list three rows for the rehabilitation strategy, to show that:

- 2 recipients are “Receiving Social Security Disability Insurance” and received a total of \$55,000 of expended funds.
- 1 recipient has “Developmental Disabilities” and \$20,000 is encumbered for the household
- 3 recipients are “Receiving Social Security Disability Insurance” and received a total of \$75,000 of expended funds.

On this form, also include efforts to reduce homelessness. Staff may use the text that is included in the local government’s LHAP on this topic. This response could include any of the following activities that staff have been or will soon begin doing:

- Include among community partners the lead agencies of local homeless assistance continuums of care. Stay in touch with them regularly to know how many shelter beds are available. Provide referrals to nearby emergency shelter housing for those who are homeless or at risk of homelessness. State that “SHIP staff stays updated about funding sources to pay past due rents and move-in assistance. The SHIP office works hand in hand with the lead agency of local homeless assistance continuum of care so that housing programs are complementary and not duplicative or working at cross-purposes.”
- If the local government has sources other than SHIP addressing homelessness (including ESG or CDBG), note how SHIP staff can make referrals internally to other departments in their local government. Also note: “Staff is mindful when giving advice about housing for homeless individuals to inquire if the person served in the military, as there is a whole set of additional resources for veterans.”
- Indicate if there is a SHIP strategy to provide rent deposits or eviction prevention assistance, since such assistance may help households recover from homelessness or avoid becoming homeless.

- For those who are looking for affordable rental housing, refer to the website [floridahousingsearch.org](http://floridahousingsearch.org) or the corresponding call center phone number 1 (877) 428-8844. Note that staff provide this guidance.
- Almost every SHIP jurisdiction offers owner-occupied rehabilitation, and it is also acceptable to write about how this strategy helps keep homeowners in structurally secure homes. This reduces their risk of becoming homeless.

### Review Tab

This tab may contain a list of validation errors based on the information that staff has entered. There are a variety of possible errors that may be detected:

- On some occasions, there may be a discrepancy between Forms 1 and 3 about the number of households on which funds were expended.
- The ‘expended funds’ chart on Form 4 may contain a strategy name that is misspelled or is slightly different than the strategy name on Form 1, which causes an error indicating that Form 1 and 4 expenses do not match.
- An error may indicate that Form 2 does not show sufficient funds to comply with the income set-aside.

Annual reports may not be submitted until all validation errors are corrected. This includes any errors on the close out report, or the reports for the first and second interim distributions. The Review tab on the Second Interim report contains a ‘submit this report to FHFC’ button that will become activated once all identified errors on all three reports have been corrected.

The tab contains a comment box. Use this box for any comments to help staff remember or to alert FHFC staff to why staff reported something unusual. Each comment should state the fiscal year report to which the comment pertains. A local government may be audited years later, and these comments can be a helpful reminder.

The upper right corner of the Review tab includes the option “Click here for a printer-friendly (PDF) copy of this

annual report”. This will produce a PDF document of the entire annual report. Even before SHIP administrators have completed all three reports, they may need to save or print a copy of the data they have entered. A SHIP staff person may save a report at any point even before it is complete, which may be a helpful interim step as staff researches data to add to the report. Once all three reports are completed, this feature allows staff to save all three annual reports, a necessity in order to make the reports available for public inspection and comment. Note: if staff select print or save AFTER an annual report is submitted, it will revert back to UNSUBMITTED.

### Certification Form and ‘Ongoing Review’

Review the “SHIP Annual Report and Local Housing Incentives Certification” form in Appendix 11. This one-page certification must be completed and signed by the local government’s Chief Elected Official or Designee and must be sent within three working days after the electronic submittal of the annual report. The form must be witnessed and dated by two signatures or staff may “attest” the signature by using the seal for the city/county. This is not a notary seal. Do not place the seal over the signature. Instead, place it in the “white” place to the right of the signature.

This is required to complete the submission of the reports, so the signed certificate should be scanned and emailed in PDF format to [terry.auringer@floridahousing.org](mailto:terry.auringer@floridahousing.org) by mid-September.

**Question 1:** Fill out the closeout year and the interim years for which reports have been submitted. For example: closeout year 16/17 and interim years 17/18 and 18/19.

**Question 2:** There is nothing to fill out here. Instead, the signature on the form indicates the local government’s compliance with the “Incentive Strategy” SHIP requirement. This certification is one main method that the Florida Housing Finance Corporation uses to document a jurisdiction’s compliance with this requirement, with is outlined in Section 67-37.019 (5) of the SHIP Rule:

The local government staff or entity with administrative authority for a local housing assistance plan shall

provide documented evidence to the Corporation or its designated monitoring agent, that:

- (a). Permits, as defined in Sections 163.3164(7) and (8), F.S., for affordable housing projects are expedited to a greater degree than other projects; and
- (b). There is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption.

**Question 3:** This question asks about the ‘ongoing process for review’. Enter the increase amount that an average house costs to build due to any actions of the local government. Estimate the increased costs caused by any local policies, ordinances, regulations, and plan provisions. Research activity in the 12 months representing the state fiscal year that is ending this June 30. Staff from the building and planning departments may help identify actions recently approved by the governing board that increased costs. On occasion, a local government may have taken no action in the last year. If there have been no new policies to increase costs, enter \$0.

**Question 4:** Like Question 3, provide an estimate related to increased costs for rehabilitation activities resulting from local government action. Again, enter \$0 if there has been no action. The SHIP Statute and Rule provide no guidance or method by which a local jurisdiction must determine the cost increase that will result from a local government’s action. Such estimates are a local determination, and the jurisdiction should retain back up material to justify the dollar amounts reported on this certification form.

#### Ongoing Review Case Study: City of Orlando

Land Development Code (LDC) amendments and Growth Management Plan (GMP) amendments are reviewed by the Planning Division and the Municipal Planning Board. Final review and approval is by City Council. Those responsible for reviewing proposed ordinance and policy amendments consider a variety of issues including the reason(s) why the amendment is being proposed and whether the regulations and policies within the LDC and GMP respectively support the proposed amendment.

Established policy and procedures: All LDC and GMP amendments that may impact the development of affordable and attainable housing are reviewed by the Housing Expediter and the Affordable Housing Advisory Committee before submission to City Council for approval. During the review of the proposed policy or regulation, staff performs research on the impacts of that policy or regulation on housing cost in the Technical Review Committee Project and Analysis Report. Staff from the initiating department/division discusses the policy impact with the Housing Expediter. The Housing Expediter then schedules a meeting to present the policy amendment to the AHAC with a Housing Impact Statement detailing the economic impact for the development of affordable or attainable housing. Recommendations by the AHAC regarding the impacts of the proposed regulations or policy on housing costs are included in the MPB report for recommendation to City Council, who makes the final decision.

#### Ongoing Review Case Study: Hillsborough County

The Board of County Commissioners approved the creation of a permanent Affordable Housing Advisory Board (AHAB) to advise and make recommendations to the Board of County Commissioners and Affordable Housing Services on issues affecting affordable housing development. The AHAB is to assist the County in developing new programs and policies to foster the development and preservation of attainable housing for those County residents who desire to live in safe, decent and affordable housing. County housing staff shall draft an Administrative Directive for consideration by the County Administrator establishing a requirement for consultation among the relevant departments or offices before drafting policies, procedures, ordinances, regulations or plan provisions to determine the effect on affordable/workforce housing development or the cost of housing development. This includes activities which may impact the protection of current affordable/workforce housing or the rehabilitation of the existing housing stock for low income homeowners/buyers.

#### Ongoing Review Case Study: Citrus County

There is not a standard procedure for the ongoing review process. A review of one community’s process can illustrate how to implement this requirement successfully.

In Citrus County, the directors of the Planning Department, the Building Department, and the Department of Development Services write memos to the local affordable housing advisory committee identifying any ordinance, amendment, policy or procedure (referred to hereafter as the “proposed policy”) that their departments are involved with that have a potential impact on housing costs. The directors provide as much information on the subject as possible, including their estimate of the actual cost impact of the ordinance, amendment, policy or procedure.

This memo is provided to a three-member subcommittee of the local Affordable Housing Advisory Committee, which decides whether the proposed policy has no or minor impact or a substantial impact on the cost of housing. This decision is written in a memo provided to all Affordable Housing Advisory Committee members.

If the proposed policy is considered to have a substantial impact on the cost of housing, a subcommittee meeting will be called to afford every advisory committee member the ability to voice his or her opinion on the matter. Those attending this subcommittee meeting will then decide

how to proceed. As one possible outcome, a committee member may be selected to perform research on the policy, work on proposing an alternative with county staff assistance, attend Planning Development Review Board meetings, etc. As another outcome, those attending this subcommittee meeting may agree on an estimate of the cost impact of the proposed policy and bring this issue to a meeting of the full Housing Advisory Committee. If the full committee agrees on a formal position statement regarding the proposed policy, this position statement is communicated to the Board of County Commissioners before they decide whether to adopt the proposed policy.

There are benefits and drawbacks to this process. On the one hand, it is very beneficial to let several individuals review and voice their opinions on local policies. On the other hand, this process takes time and must be implemented before the local government may formally adopt a policy. It becomes one of many steps on the road to developing a policy. Other communities do not involve their advisory committees with ongoing review, since staff complete the ongoing review.



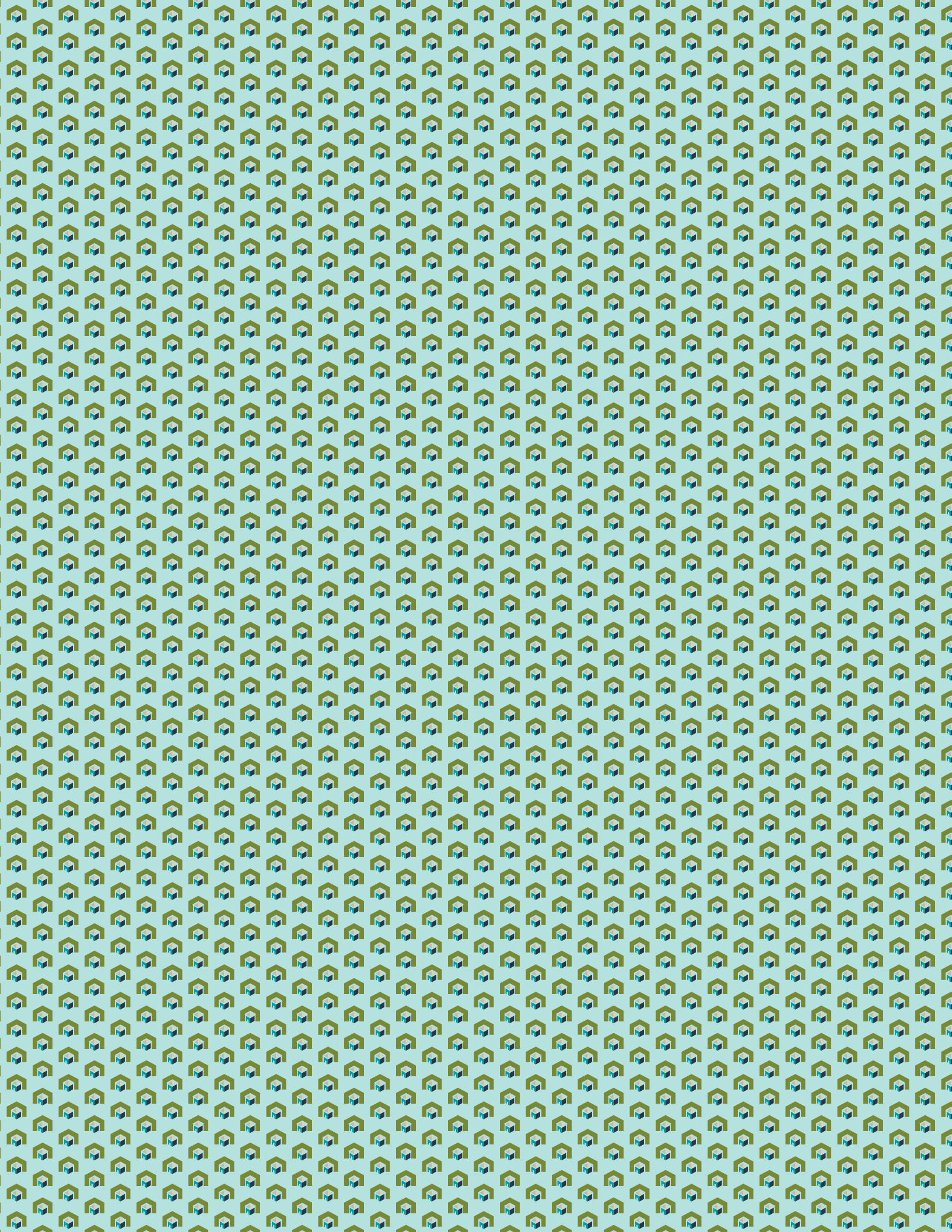




**SHIP**

housing a stronger Florida

**SHIP COMPLIANCE  
MONITORING  
OF SUB RECIPIENTS**



## CHAPTER NINE:

# SHIP Compliance Monitoring of Sub Recipients

The SHIP program requires that local governments monitor their sub recipients. Ch. 67-37.002(31) of the Florida Administrative Code defines a Sub Recipient as a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP program.

In addition to the monitoring requirements, the SHIP Rule also requires that the local government:

- Provide a list of Sub Recipients that administer any portion of the SHIP program to FHFC. The list should include the name of the person or organization, business type, a description of the strategies and responsibilities for each sub recipient or consultant;
- List administrative expenditures separately stated for the costs of the local government and any Sub Recipients administering the program in the SHIP annual report;
- Bear responsibility for actions of the sub recipient and monitor all sub recipients to ensure compliance is maintained in all SHIP funded activities. The required contract between the local government and sub recipient shall detail the policies and procedures that shall be adhered to in the management of the SHIP activities; and
- Include in any contract or document establishing the relationship between a SHIP eligible local government and an organization that is a Sub Recipient receiving SHIP funds, the standard audit language on Form DFS-A2-CL (Effective 7/05) as required by the Florida Single Audit Act, Section 215.97, F.S.

The SHIP rule defines a Sub Recipient broadly and can include any non-profit, consultant, or other entity actively performing any administrative function of the program including application intake, income verification, contract oversight, counseling, etc. The term sub recipient should not be confused with the statutorily defined eligible sponsor which refers to an entity that receives a funding award. There may be situations where it is difficult to determine when an entity is “awarded” funds and when it is carrying out an administrative function for those funds. In these cases, the determination requires consideration of the

role of the entity and whether there are characteristics that are more indicative of a sub recipient or eligible sponsor relationship.

Regardless of the use of Sub Recipients, the local government is responsible for monitoring the SHIP funds being expended through the Sub Recipient. The responsibility for compliance with the requirements cannot be passed along. Contracts reviewed during recent compliance reviews have shown that, in some instances, this monitoring is not being carried out and/or is not well documented.

Any Sub Recipient administering SHIP funds must, by definition, be under contract with the local government to perform these services. The contract should detail all responsibilities of the Sub Recipient. The contract should also include pertinent references required by rule. Recent compliance reviews of contracts have shown that, in some instances, these items are not included and are, in fact, generally lacking in detail.

A well written contract that is updated periodically will protect both the local government and the Sub Recipient and ensure that program regulations are being met. A recommended contract term would coincide with the term of the LHAP.

## Types of Administrative Costs

Monitor all types of administrative costs related to general grant management:

- General planning, management and related staff costs;
- Costs of overseeing contract services; and
- Overhead costs.

Examples are staff costs and other expenses for public information and outreach, advertising, pre-screening, processing applications and eligibility determination, preparing SHIP tracking and annual reports, other reporting,

monitoring and evaluation of projects/programs, preparing or amending LHAPs, and general program oversight (accounting, HR, management, etc.). Overhead and indirect costs would include office space, utilities, and equipment including copiers and computers.

### Types of Sub Recipient Monitoring

**Systematic:** This is a review of management systems (staffing, accounting and more) that ask questions like: Are there written policies as required by rule? Is the organizational structure defined? Failure to meet deadlines may illustrate inadequate staffing or procedures. Fiscal compliance monitoring is included here.

**Programmatic Review:** Are the services outlined in the contract being delivered? Are the SHIP process and local policies (example– must be current on property taxes) being followed? How well are they being done? Are the community’s needs being met?

**Compliance Monitoring:** Look at files (application, verification forms, income cert). Is the 120-day clock policy followed related to income verification? Are the SHIP jurisdiction’s procurement policies followed? Are there prolific change orders? For rehabilitation, check the cost estimate against the repair bid.

### Monitoring Plan

Every local government responsible for monitoring organizations should have a written monitoring plan. This document must be updated regularly to ensure that it is current.

The monitoring plan:

- Outlines the purpose of the monitoring;
- Includes a monitoring schedule that addresses timing and frequency of monitoring;
- Outlines the monitoring process;
- Includes a monitoring checklist for each LHAP strategy that identifies file review and physical project review requirements;
- Includes standard letters and forms; and
- Includes monitoring closeout procedures.

When monitoring sub recipients, always review:

- File documentation/reporting
- Income Eligibility Compliance
- LHAP Strategy Compliance
- Physical Inspection of Work
- Organization wellness review
- Staff Capacity/Organizational structure
- Financial Capacity/Fiscal soundness

### Monitoring Process

- Notification – the sub recipient should be notified in writing of the date and time of the monitoring visit. The letter should also include information on the case files that will be monitored, what information the agency is expected to provide, and who will be monitoring the project. If SHIP staff plan to visit any homes or developments of activities carried out by the sub recipient, ensure those individual households are notified of the date and time of inspection.
- Confirmation – get a written confirmation from the sub recipient that they are available on the date and time that the visit has been scheduled.
- On-site vs Desk Review – monitoring can be done on-site or as a desk review. A desk review would require that the organization mail or scan all the file documents that need be reviewed during the monitoring visit. The monitoring can also be a combination of both desk review and on-site review.
- Inspections: If a sub recipient is carrying out activities such as construction or rehabilitation, SHIP staff should visit one or several sites during the monitoring visit. Consider using this opportunity to discuss the program with the clients served and gauge the success of the program.
- Exit conference – When the monitoring has been completed, the local government should conduct an exit conference with the sub recipient to discuss the outcomes of the monitoring visit and the items that were identified as deficiencies or violations of the contract or written agreement.

- Monitoring report – a monitoring report should be mailed to the organization outlining the files or documents that were reviewed, the deficiencies found, how to correct deficiencies, and a timeframe to respond to the monitoring report.
- Client response – the sub recipient should respond within the time frame requested to the deficiencies noted. The letter should outline the deficiencies found during the monitoring visit, how they will be corrected, and the time frame needed to correct them.
- Corrective Action /follow up plan – The local government will be responsible to ensure that all of the deficiencies noted in the monitoring report have been corrected. Once the local government confirms that the deficiencies have been corrected, the local government will send a letter to the sub recipient closing out the monitoring.

### Record Retention

SHIP staff must retain documents for households assisted with SHIP funds. Keep these records for five years after the loan has been released or satisfied, unless audits have not been released for the SHIP distribution that funded the assistance. If an applicant is assisted with 11/12 funds in July 2011, these funds will be audited in 2014, and staff only need to keep the record until July 2016. However, if the applicant has a SHIP assistance loan that is forgiven in 2021, at the end of 10 years, staff must retain the applicant's file for an additional five years from the second date, that is, until the year 2026.

SHIP staff and sub recipients must also retain any applications they do not assist with SHIP funds. Start by identifying which SHIP distribution would likely have funded each application. Keep the application for four years after the end of the three-year period when the distribution is closed out. For example, if someone applies for but is not assisted from the 11/12 distribution, this distribution will be closed out on June 30, 2014. Thus, their file must be kept until June 30, 2018.

Records can be retained in electronic form or microfilm. The standards used must comply with the Florida Administrative Code. Each City or County Clerk may have

a record retention policy and will provide guidance on local record retention requirements. Local requirements may be stricter than the State requirements.

The record retention requirements for the SHIP Program are outlined in the "State of Florida General Records Schedule for State and Local Government agencies," which is available at the Florida Department of State's website [www.dos.state.fl.us](http://www.dos.state.fl.us). Click on the link for "Library and Info. Services."

Local governments must also require sub recipients to retain advertisements and copies of waiting list associated with the programs. These documents are subject to monitoring by FHFC so they should be retained by the sub recipient until the SHIP fiscal year has been monitored and the grant is closed out, whichever occurs later.

### FHFC Guidance on Social Security Cards

SHIP staff should monitor for social security cards -- a topic of increased interest. The SHIP program does not require the collection of social security numbers or cards. On the contrary, section 119.071(5)(a)2.a., (I) and (II) of the Florida Statutes states that an agency may not collect an individual's social security number unless the agency has stated in writing the purpose for its collection and unless it is imperative for the performance of that agency's duties and responsibilities as prescribed by law. The social security number is not required for applicant identification, so SHIP staff should establish an alternative identifier for household members, like a copy of a driver's license or birth certificate. Document household children with tax returns that include them as dependents, school's records showing the applicant's house is the child's permanent residence, or child custody documents showing 50% or more custody.

If the sub recipient is collecting social security cards because it is needed to establish client eligibility, then they must have a document in the files that states the reason the social security information is being collected. A sample document is included in Appendix 13. This document must be signed by all household members 18 years of age or older.

### HIPPA Laws and the SHIP Program

Monitor for how SHIP intersects with HIPPA laws. The Health Insurance Portability and Accountability Act of 1996

(HIPAA) creates national standards to protect individuals' medical records and other personal health information. HIPAA includes provisions designed to encourage electronic transactions and also requires new safeguards to protect the security and confidentiality of health information. Health plans, health care clearinghouses, and those health care providers who conduct certain financial and administrative transactions (e.g., enrollment, billing and eligibility verification) electronically are considered covered entities and are required to comply with the provisions of the HIPAA Privacy Rule. See <https://www.hhs.gov/hipaa/for-professionals/privacy/index.html> for more information. HIPAA does not prohibit housing administrators from requesting and receiving an applicant's medical information, provided proper authorization is given by the applicant. According to the Department of Health and Human Services' web site ([www.hhs.gov/ocr/hipaa](http://www.hhs.gov/ocr/hipaa)):

A covered entity is permitted to use or disclose protected health information pursuant to any Authorization that meets the Privacy Rule's requirements at 45 CFR 164.508. The Privacy Rule requires that an Authorization contain certain core elements and statements but does not specify who may draft an Authorization (i.e., it could be drafted by any entity) or dictate any particular format for an Authorization. Thus, a covered entity may disclose protected health information as specified in a valid Authorization that has been created by another covered entity or a third party, such as an insurance company or researcher.

Florida has a very broad open records law. Although SHIP housing files are not exempt from this law, it does provide an exemption for medical history records and other certain information that may be included in housing assistance files. Section (5)(c)(4)(f) of Chapter 119.071 of the Florida Statutes reads: "Medical history records and information related to health or property insurance provided to . . . the Florida Housing Finance Corporation, a county, a municipality, or a local housing finance agency by an applicant for or a participant in a federal, state, or local housing assistance program are confidential and exempt from [open records requirements]." Prior to requesting medical history records, housing administrators need to ensure that their Authorization for Release of Information and their file maintenance procedures meet all HIPAA requirements. The HIPAA rules are extremely complex. SHIP administrators

should check with the city or county's legal counsel to ensure compliance.

### Local Government Responsibilities

The local government also has certain responsibilities when it comes to working closely with a sub recipient. The local government should be responsible to carry out the following activities on an as needed basis.

- Provide training opportunities to sub recipients and their staff;
- Keep sub recipients updated on LHAP changes, income, value limits and any rule changes that impact the organization;
- Require sub recipient reports as outlined in the written agreement; and
- Communicate and hold meetings with sub recipients on a regular basis.

### Preparing for State SHIP Monitoring

Even if a SHIP jurisdiction does not contract with sub recipients to implement SHIP assistance, its staff must prepare to be monitored themselves by Florida Housing's compliance office staff. In 2015 FHFC began conducting the SHIP monitoring with in-house staff. There are currently two Review Teams, each with 4 or 5 members. There are three staff members that conduct most on-site visits and they conduct about 15-20 reviews annually. Local government who receive SHIP funding will be monitored by the FHFC monitoring team.

### Purpose of Review

The purpose of the monitoring review is to ensure that the local government, its sponsors, and its sub recipients are complying with the requirements of the SHIP rule and statute which govern the administration of the program, as well as ensuring compliance with the approved LHAP.

The monitors will use the SHIP Program Overview and Procedures Manual posted on the FHFC website as well as the 2008 SHIP Manual as a reference for "best practices" not addressed within Florida Statute, Florida Administrative Code, or the LHAP. The monitors will also reference the HUD Handbook 4350.3 Chapter 5, and Appendices 3 and 6C.

The SHIP program has some very specific set-asides that must be complied with each funding distribution received by the local government. At least 65% of the distribution must be used to assist households that count towards the homeownership set-aside. The homeownership set-aside is met when assistance is provided to individuals purchasing a home or currently occupying a home that they own. These activities include rehabilitation, emergency repair, foreclosure prevention, new construction, and reconstruction of owner occupied housing. No less than 75% of the distribution must go toward a rehabilitation or construction activity. This includes any type of construction activity for owner occupied housing and rental housing. It also includes improvements made by the owner and/or seller, utilizing funding sources other than SHIP, to the property 12 months before or 12 months after SHIP assistance is provided.

The monitor will also review the files for compliance with the administrative requirements outlined in the rule and statute. Local governments, if authorized by resolution, can spend no more than 10 percent of their distribution on administrative expenditures. Of the program income received, local governments who receive \$350,000 or less can spend 10 percent of program income on administrative expenditures. Local governments who receive more than \$350,000 can spend up to 5 percent of program income on administrative expenses. In addition to these set asides, local governments must spend 20 percent of their distribution serving households where at least one member meets the definition of special needs as defined in § 420.0004 of the Florida Statutes.

### Overview of the Monitoring Process

Elements of Compliance include:

- File Documentation
- Eligibility Determination
- Administrative Procedures
- Annual Report responsibilities
- Monitoring Rental Housing
- Monitoring Sub Recipients & Sponsors

There are specific monitoring requirements in the SHIP rule at Section 67-37.019(1)-(6). The local government receiving SHIP funds is required to:

- Maintain a financial tracking system
- Verify and certify Annual Gross Income
- Calculate income by annualizing verified sources
- The income limits cannot be exceeded
- Entities assisting rental developments shall determine tenant eligibility and monitor annually for no less than 15 years if the development receives \$10,000 or more in SHIP funds.

Florida Housing will inspect the following documents as part of its monitoring visit:

- Sampling of Individual Recipient Files
- Advertising
- Waiting list
- Local Housing Assistance Plan
- Independent Audit/ Comprehensive Annual Financial Review (CAFR)
- Annual Reports
- Tracking System
- Finance Department's general ledger information
- Median Area Purchase price
- Rental monitoring reports
- List of pre-qualified contractors
- Other items may be requested, as needed depending upon the circumstances

### Steps in the Review Process

Florida Housing's compliance staff will notify the local government when it has been scheduled for a monitoring review. The local government will be formally notified of the files that have been selected to be reviewed. The local government may be asked to scan files and submit the files to FHFC staff for desk audit of recipient closed files. The process will include a review of the local government's administrative procedures.

The FHFC will then set a date to meet staff onsite to report on the file observations. No physical inspections of the properties will be conducted. A letter will be mailed to the local government outlining the recommendations of the monitoring review. Copies of the reports are provided

to the SHIP staff and senior management at FHFC who will determine the repercussions based on the review recommendations. In accordance with SHIP Rule: 67-37.019(7), the local government must respond to the recommendations within 30 days providing an explanation or remedy and a plan for correcting issues with a timeline. This may include a plan for repayment of ineligible expenses identified in the monitoring review.

If a local government exhibits a pattern of violations, FHFC will report such pattern to the Executive Office of the Governor and the distribution of program funds may be suspended. If funds are suspended, the local government must develop a corrective action plan (CAP) within 60 days that includes a proposed corrective action for each violation. The CAP must be implemented by the local government within three months of the CAP's approval by Florida Housing. Once the CAP has been approved, program funds will be distributed.

When preparing for a monitoring visit, the local government should make sure that they have completed the file checklist, that all verifications are date stamped, all documents are signed and dated, and that all security agreements are signed, dated, and recorded.

The most common file errors are:

- Incomplete application or other forms
- Missing required documents
- Discrepancy between LHAP and Lien
- Missing proof of green initiatives
- A Local Policy: missing proof no mobile homes have been assisted

### Avoiding Common Mistakes

Some of the most common mistakes found during monitoring visits include:

- Differences between the information in the LHAP, the written agreements, and note and mortgage
- Failing to submit technical revisions or amendments to the LHAP to FHFC for review
- Providing funding to rental projects then failing to monitor those projects during the affordability period

- Failing to advertise as required by rule and statute or not properly advertising
- Discrepancies between annual reports, the general ledger, tracking spreadsheets, and applicant's file
- Failing to comply with the purchase price limits more commonly on rehabilitation projects

### Income Calculation Errors

#### Inaccurate or Incomplete Income / Assets Verifications:

It is extremely important that applicants who are awarded funds can be proven, through thorough documentation, to be income eligible. Income eligibility is established by calculating the annual amounts of gross earned, unearned, and asset income of all household members. Annual income is income anticipated to be received in the 12-month period following initial determination of eligibility. Discrepancies can result in an applicant being ineligible for program assistance. A common error when calculating assets on checking accounts is to use less than a six month average balance. A six-month average must be used to correctly calculate the checking accounts' amount. For savings accounts, calculate annual income to be earned using the current balance. When asset income is determined, the actual amount, or imputed amount if applicable, must be included in the recipient's total annual income.

#### Inaccurate or Incomplete Income Certifications:

Income Certification forms should be properly and fully completed prior to certifying an applicant eligible for program assistance. Leaving the form with blank information, not dating or signing the form correctly, and not using the correct income limits for the applicable funding year are all common errors found during monitoring.

### Administrative Mistakes

#### Inaccurate tracking of cases and / or expenditures:

Incorrect expenditure data entries were common in the SHIP Tracking sheets. It is essential to ensure that program expenditures are accurately entered and recorded on the SHIP Tracking Reports and subsequent Annual Program Reports (APR) prior to submittal to FHFC.

#### Discrepancy between LHAP and lien document:

The LHAP outlines the terms of assistance under the different strategies. Failing to record liens for the affordability



period outlined in the LHAP or failing to monitor projects for compliance during the affordability period places the local government at risk in the event a property is sold within the loan term.

**Lack of clear policies and procedures:** Local governments adopt policies and procedures for the administration of their programs. Failing to comply with these puts the local government in non-compliance. Whether it is following an eligible, first serve policy, or giving priority to special needs individuals, these policies must be followed when carrying out the day to day administrative responsibilities of the local government.

**Collection of Social Security numbers:** Some local governments have failed to comply with the social security number policy outlined earlier in this chapter. SHIP staff may not collect an individual's social security number unless the agency has stated in writing the purpose for its collection and unless it is:

- (I). Specifically authorized by law to do so; or
- (II). Imperative for the performance of that agency's duties and responsibilities as prescribed by law. A sample authorization to collect social security numbers is attached as Appendix 13.

### Right of Rescission (ROR)

SHIP staff should monitor compliance with right of rescission rules -- a topic of increased interest. The Right of Rescission under the Truth in Lending Act (TILA) applies to non-exempt credit transactions secured by the consumer's principal dwelling. The consumer is afforded a right to cancel the transaction until midnight of the third business day following "consummation" of the transaction or delivery of the required information and rescission forms together with the requisite disclosures under TILA, whichever is later. It is meant to give the borrower a "cooling off" period and a time to review mortgage documents. Funding takes place after the three-day rescission period. The Right of Rescission applies only to refinancing transactions on a property that is used as the borrower's primary residence and does not apply on a purchase transaction or to property that is being used for investment purposes or as a second home.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act") created the Consumer Financial Protection Bureau ("CFPB") to protect American consumers from unfair, deceptive, and discriminatory practices when purchasing financial services and products. In particular, the CFPB has the authority to monitor and enforce compliance with federal mortgage lending laws and regulations. In November 2013, the CFPB issued a final rule amending TILA and Real Estate Settlement Procedures Act (RESPA) to integrate several mortgage loan disclosures. The TILA-RESPA Integrated Disclosure Rule is commonly known as the TRID rule. On July 21, 2015, the CFPB issued a final rule establishing October 3, 2015, as the new effective date for implementation of TRID and the new disclosure forms. Increased government regulation of the mortgage industry and harsh penalties for non-compliance make it imperative that all lending entities understand and comply with the laws.

The local government will be required to have a legal opinion that the ROR does not apply if the file fails in the case of residential rehabilitation to ensure compliance with the relevant federal mortgage lending rules and regulations.

### Public Records Law

Applicants must also sign a document stating that the documents provided to the local government when applying for assistance are subject to Chapter 119, Florida Statutes, regarding Open Records. The information provided is not protected by Florida Statutes and can be requested by any individual for their review and/or use. This is without regard to whether the individual qualifies for assistance.

### Required Incentives

There are two incentives required to be in place by every local government that receives SHIP funds as follows (a) Permits, as defined in Sections 163.3164(15) and (16), F.S., for affordable housing projects are expedited to a greater degree than other projects; and (b) There is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption.

Monitors may review record to ensure compliance with these requirements.

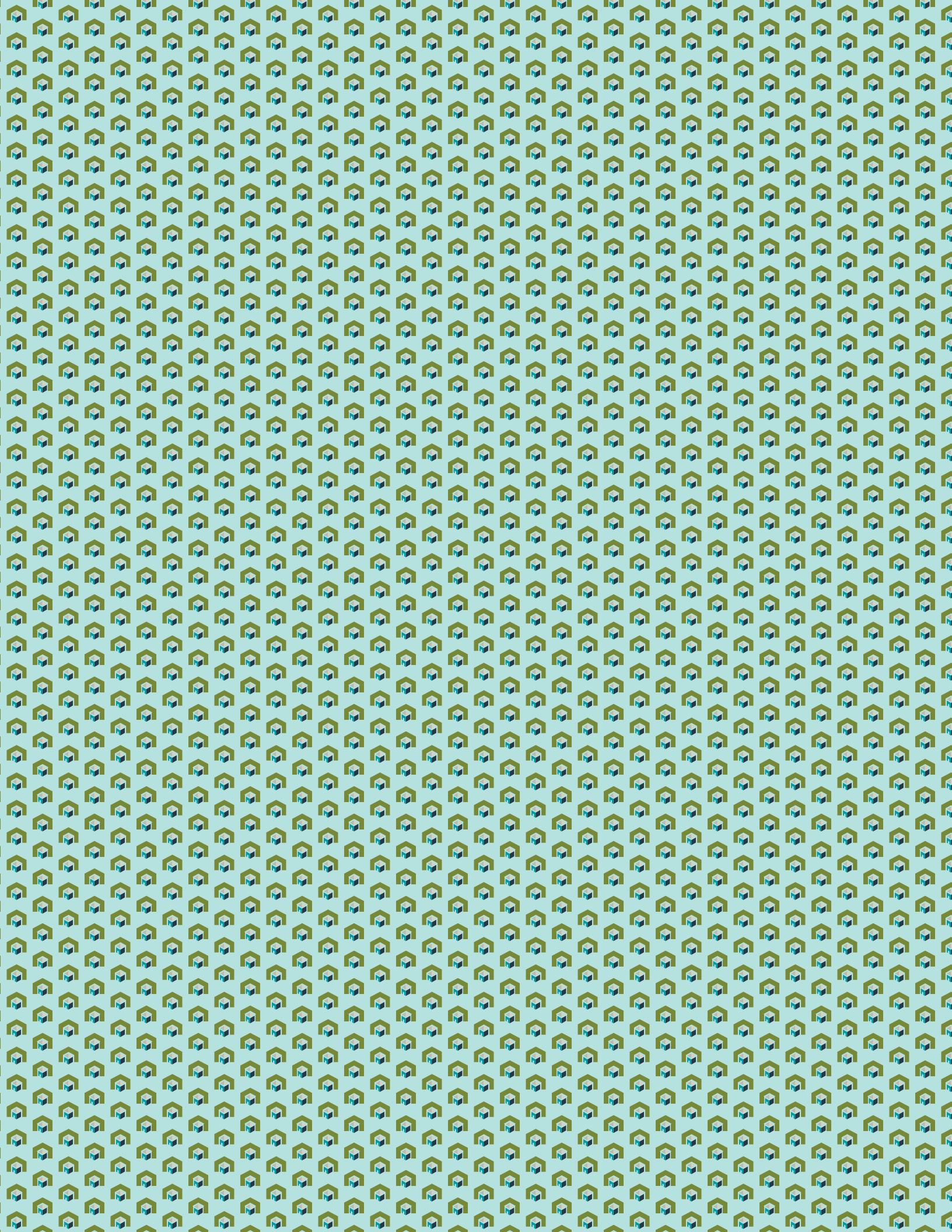




**SHIP**

housing a stronger Florida

LOCAL  
PARTNERSHIPS



## CHAPTER TEN:

# Local Partnerships

The SHIP program requires local governments to establish partnerships. The SHIP statute states: “The State Housing Initiatives Partnership Program is created for the purpose of providing funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships; to expand production of and preserve affordable housing; to further the housing element of the local government comprehensive plan specific to affordable housing; and to increase housing-related employment.”

Local Partnerships are a group of persons associated with each other in some common activity. Partnerships are not exclusive to the affordable housing industry. A group of stakeholders with the common task of planning program strategies for the delivery of affordable housing within their community would be considered housing partners. These partnerships are key to SHIP program success so they are listed in the local housing assistance plan. The first part of the plan addresses program design and section E lists the various local housing partnerships in place.

Partnerships bring social capital. Social capital refers to the collective value of all social networks. It is ‘who people know’ and the inclinations that arise from these networks to do things for each other. Also, local partnerships can provide financing or can provide connections for possible funding or financing. They lend technical expertise that may not be available within the local government. They include a representation of professionals from different community segments that provide networking connections with others.

Successful Partnerships work by:

- Combining resources to make the most of affordable housing dollars
- Having a shared vision
- Eliminating duplication
- Involving Community Leaders
- Including Stakeholders
- Keeping partners energized and focused

Partners can include:

## Subrecipients

A subrecipient is defined in the SHIP rule 67.37002(31) as “a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP

program. The SHIP rule defines a subrecipient broadly as any person or non-state entity. This would include any nonprofit, consultant, or other entity actively performing any administrative function of the program including application intake, income verification, contract oversight, counseling, etc. The term subrecipient should not be confused with the statutorily defined eligible sponsor which refers to an entity that receives a funding award. There may be situations where it is difficult to determine when an entity is “awarded” funds, but in practice carry out the administration function for those funds. In these cases, the entity should be considered as a subrecipient. Florida Housing Finance Corporation published a technical bulletin in 2016 clarifying the role and the requirements for subrecipients in accordance with the rule and statute. It is included as Appendix 16.

Any contract or agreement between the local government and subrecipient shall detail the policies and procedures that shall be adhered to in the management of the SHIP activities. Any subrecipient administering SHIP funds must, by definition, be under contract with the local government to perform these services. The contract should detail all responsibilities of the subrecipient. The contract should also include pertinent references required by rule. Recent compliance reviews of contracts have shown that, in some instances, these items are not included and are generally lacking in detail. Any contract or document establishing the relationship between a SHIP eligible local government and a non-state organization which is a subrecipient receiving SHIP funds shall contain the standard audit language. The language is found on Form DFS-A2-CL (Effective 7/05) of the Florida Single Audit Act. A well written contract that is updated periodically will protect both the local government and the subrecipient and ensure that program regulations are being met. A recommended contract term would coincide with the term of the LHAP.

Some of the duties that can be carried out by subrecipients can include advertising, maintaining a waiting list, processing applications, tracking, and annual reports. The subrecipient can also perform applicant intake, counseling, income qualification, issuing award letters, underwriting, agreements, and coordinating closing with the first mortgage lender.

Any local government receiving SHIP funds which administers any portion of the SHIP program through a subrecipient bears responsibility for actions of the subrecipient and shall monitor all subrecipients to ensure compliance is maintained on all SHIP funded activities. Regardless of the use of subrecipients, the local government is responsible for monitoring the SHIP funds being expended through the subrecipient. The responsibility for compliance with the requirements cannot be passed along. Contracts reviewed during recent compliance reviews have shown that in some instances, this monitoring is not being carried out and/or is not well documented.

Subrecipients must be identified by name in the LHAP and their activities must be reported on Form 4 of the annual report including the services that they provide.

### Sponsors

In the SHIP statute at § 420.9071(11), Florida Statutes, a sponsor is defined as “a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons”. The eligible sponsor partially assists in the acquisition, construction, rehabilitation, or financing of eligible housing, or to provide the cost of tenant or ownership qualifications. As a condition of receipt of an award, the eligible sponsor or eligible person must contractually commit to comply with the affordable housing criteria provided under ss. 420.907-420.9079 applicable to the affordable housing objective of the award.

Sponsors must apply for a SHIP award. In the LHAP, the local government must have criteria to identify the selection of sponsors/developers. The awarding of funding for developers is therefore competitive. The plan criteria adopted by the county or eligible municipality must prescribe the contractual obligations required to ensure

compliance with award conditions. For example, a SHIP community issues an RFA seeking a developer to acquire, rehab or construct five single family homes for low income households. The RFA requires that the developer has site control and the project is “shovel ready”. A nonprofit sponsor responds to an RFP to use SHIP funding to buy five single family homes, rehab them, and sell the homes to SHIP eligible buyers. The nonprofit and SHIP office executes an agreement stating the work that is entailed and the responsibility of the nonprofit Sponsor.

Sponsors can be both for-profit and non-profit entities. The activities carried out by sponsors must also be eligible SHIP activities. The SHIP rule also requires that the local government must give preference to a sponsor who employs personnel from the Welfare Transition Program.

### Non-Profit Organizations

These organizations can play key roles in assisting a local government in implementing its affordable housing programs. Many organizations that work in affordable housing have a wealth of knowledge in developing, rehabilitating, and managing affordable housing development. They have staff with expertise in finding qualified applicants as well as determining the eligibility of potential applicants. They know about land uses, potential sites for development, funding sources, and other partners that can be brought in to make a deal work. It is not uncommon for local governments to partner with non-profit organizations that can assist then in carrying out their strategies and meeting their affordable housing goals. This can be done through a written agreement where the duties, responsibilities, and scope of work of the non-profit organization can be outlined. For local governments that have limited staff and lack of staff capacity to carry out activities, non-profit organizations can be your best partners by providing knowledgeable staff with capacity to carry out proposed activities.

There are also non-profit organizations in the community that provide services that local government staff do not provide but are needed by the SHIP clients. Some of those services include assistance to special needs groups including those with disabilities or the homeless. It is important to get to know the non-profit organizations in

the community and the services they provide so that staff can refer the clients that request these services.

Non-profits can:

- Build houses and apartment units
- Find and educate homebuyers
- Coordinate with other partners
- Have knowledge of programs and services
- Apply for additional sources of funding
- Provide credibility in targeted neighborhoods
- Provide ability to negotiate and most effectively leverage funds

Some additional benefits of non-profits:

- Strong community support
- Have external supports and subsidy programs
- Many provide resident services
- They are concerned with community revitalization
- They are concerned with long terms affordability
- Local Government

Consider other local governments in the community as partners. Staff from a county may receive assistance from cities and towns located in the county to advertise the SHIP program and refer clients. Also, SHIP staff may refer clients to other local governments in the area if they provide services and programs that SHIP does not provide. Local governments may help identify and refer other partners such as lenders or contractors that they currently work with. Find out if local governments in surrounding areas receive SHIP funding and become familiar with their strategies, programs, services, and the affordable housing incentives they provide. Working together can help to achieve community-wide goals.

### Lenders

Lenders are some of the best partners for local governments. Lenders can help local governments leverage funds when working with developers or homebuyers. Many lenders are familiar with local government programs and understand the requirements

that the local government must comply with. As such, they will help the local government identify purchasers that meet the specific program requirements as well as help identify first mortgage lenders for their clients.

### Real Estate Professionals

Realtors, brokers, and other real estate professionals make great partners. They understand the local market and know the value of real estate including single family, multifamily, and land values. They are a great resource to determine what properties are for sale, where affordable units are located, and are especially helpful for finding potential buyers that meet the income and other specific eligibility program requirements. They can help prescreen and income qualify applicants on a preliminary basis. Establishing a relationship with local realtors can lead to success in spending purchase assistance funds. Consider holding meetings at the local realtor association to discuss the SHIP program and specific eligibility program requirements. Establish a partnership and working relationship with realtors that have expertise in serving the local community.

### For-Profit Developers

We do not always consider for-profit developers as partners. Local governments tend to seek assistance from non-profits for developing housing. Yet, there are benefits of working with for-profit developers. For-profit developers:

- Are assumed to have consistent and strong staff capacity
- Are assumed to have the cash flow to see the project through
- Have access to conventional financing
- Carry out market assessments
- Have good development oversight
- Tend to be large organizations
- Architects

Architects help to design the homes and communities where affordable housing is developed. Local governments who have strategies that include new construction or reconstruction will need to hire architects

## Partnership in the Spotlight

Duke Energy partners with more than 40 municipalities, non-profit, and governmental agencies across Florida to provide energy efficiency services and programs.

Programs such as weatherization, bill payment, and energy saving home improvements allow Duke to collaborate with partners (including SHIP staff) to help low-income customers be comfortable and save money on their energy bills. Available programs include:

### WEATHERIZATION FUNDS:

Duke Energy works with approved Weatherization Assistance agencies serving 29 counties within their service territory.

### ENERGY NEIGHBOR FUND:

This program assists individuals and families who struggle to pay their heating and cooling bills in severe seasonal weather. One hundred percent of funds donated by customers and employees go directly to agencies helping those in need. Donations are matched dollar for dollar (up to \$500,000), in Florida by the Duke Energy Foundation.

### NEIGHBORHOOD ENERGY SAVER PROGRAM:

Duke staff install free energy-saving products in selected neighborhoods throughout the service territory to help customers lower their utility bills. More than 4,500 homes are served each year across Florida.

to design the homes. Some local governments will purchase several designs that can be adapted for infill housing development. The cost associated with the architect's design is considered an eligible soft cost that can be paid for with SHIP funds.

## Utility Companies

Utility companies make great partners. They provide rebates and credits for energy related improvements in rehabilitation programs. Through a custom energy conservation program that provides incentives to state weatherization and other non-profits or government agencies that weatherize low-income residences, utility companies hope to meet some of the following goals:

1. Develop partnerships to deliver energy efficiency measures to low-income residents
2. Educate agencies about opportunities to upgrade the energy efficiency of low-income homes
3. Improve low-income customers comfort level & energy savings
4. Increase low-income customers participation in programs

These agencies usually have criteria for qualifying the applicant, such as:

- The income eligibility requirements will align with the participation agency criteria
- The residence must be in the service territory with an active account
- The residence must be a residential metered customer
- All installations must be accessible for verification by organization representative
- Homes must be more than two years old
- Homes having previously received an incentive for listed measures may not be eligible for the same measure

Depending on the utility company, rebates are provided for the following types of repair: Duct Leakage Repair, Infiltration Reduction, HVAC Maintenance, Insulation, High Efficiency Heat Pump (15 SEER), Water Heating Wrap(replace/repair), Showerheads, CFLS, LED Bulbs, Faucet Aerator, and Energy Star Refrigerator.

These programs reduce the cost of rehabilitation and improvements for the local SHIP program and help to reduce the monthly utility cost to the homeowner.



### Social Service Providers

Social service providers can assist clients by providing services the SHIP office may not provide.

The SHIP program requires that 20% of the applicants assisted meet the definition of special needs. By working with organizations like ARC, APD, and CIL that serve special needs clients, local governments can ensure that they will meet their special needs set-aside.

### Continuum of Care agencies

When assisting the homeless with rental assistance, local governments partner with Continuum of Care agencies to identify the eligible clients who can receive services. They will also provide case management to their clients using other funding sources. Continuums of Care have experience working with homeless households and understand best practices for providing short-term rental assistance. Some of their staff serve as Housing Navigators/Locators whose job it is to find rental units. They regularly work with landlords and may have established agreements with certain landlords in the area who regularly supply rental housing at affordable prices.

The CoCs have a coordinated entry system to match households with housing and services. Their Homeless Management Information System helps identify duplication of assistance and determines an applicant's eligibility as "homeless".

### Credit Counselors

Credit Counselors play a crucial role in identifying homebuyers that are ready to purchase a home. Some clients are not yet ready to purchase a home. Credit counselors can work with these clients over weeks, months, or years to get them credit ready. All homebuyers should attend a homebuyer class whether it is in the classroom or online. Understanding the homeownership process is crucial to the applicant's long-term success as a homeowner.

There are also counselors who can assist applicants under a foreclosure prevention program. They can determine if the client can continue to afford the home, help them develop a budget, and help them set goals for long-term financial management.

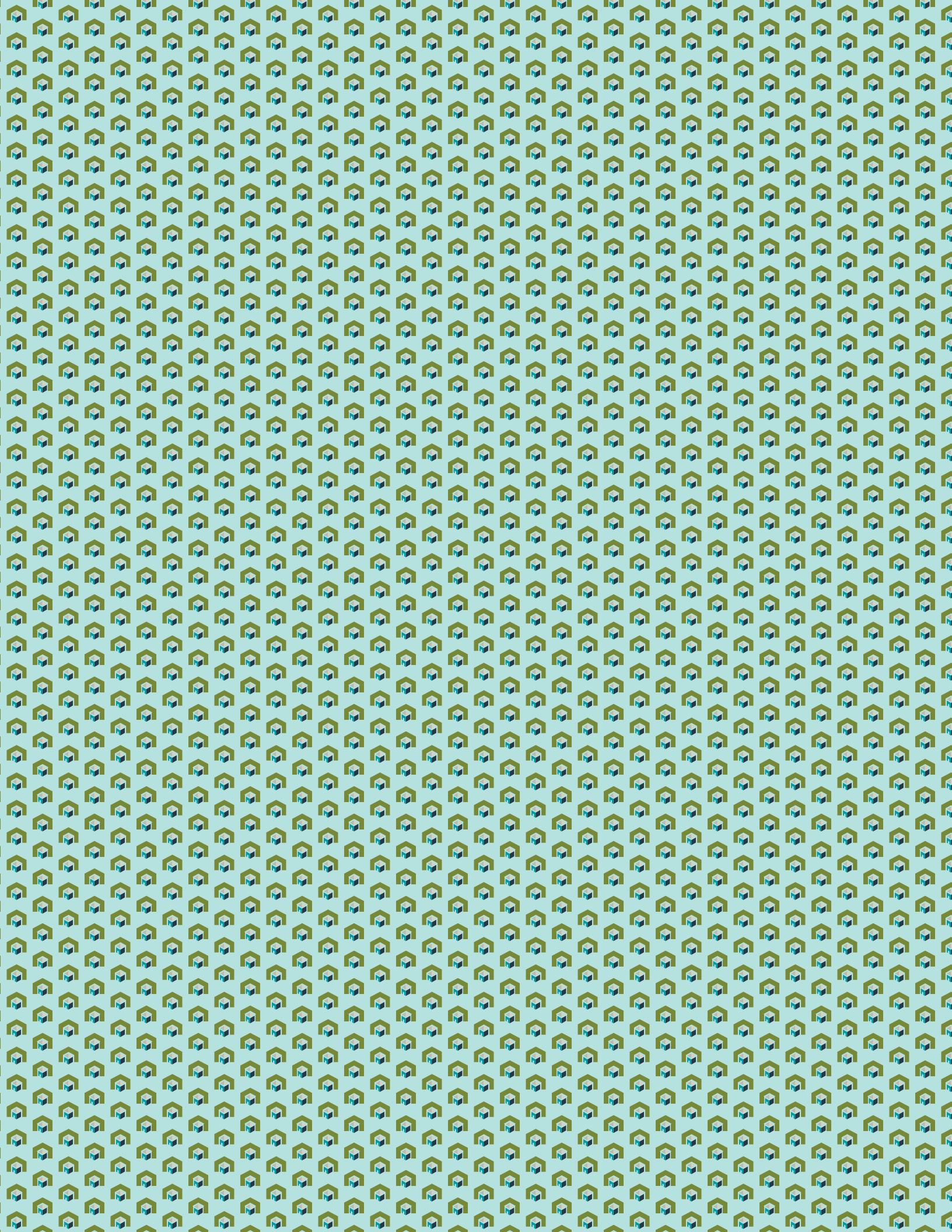




**SHIP**

housing a stronger Florida

# USING SHIP FOR RESPONSE & RECOVERY



## CHAPTER ELEVEN:

# Using SHIP for Disaster Response and Recovery

Historically, the Florida Legislature has responded to disasters with general revenue funds funneled through the SHIP program. The SHIP infrastructure places Florida at the national forefront of disaster recovery. Because SHIP provides funding to every county in Florida, there are housing professionals with the know-how and the experience to deploy federal and state housing assistance as soon as it arrives. When disaster strikes, the human infrastructure is in place to issue housing repair RFPs, work with contractors, and deploy disaster recovery assistance according to the same written policies and procedures that guide yearlong housing assistance.

In times of disaster, the SHIP program is a critical network that provides housing recovery assistance to low and moderate-income households. During both good and bad weather, SHIP offers counties and entitlement cities funds for housing assistance. Additional SHIP disaster funds are provided during times of state or federally declared disasters. During the past decade, SHIP has provided over \$200 million of disaster funding to thousands of Floridians affected by hurricanes, wildfires, flooding, tornadoes, drought, and other disasters.

Since Hurricane Irma hit in September 2017 impacting 48 counties across the state, SHIP has been at work to assist with the recovery efforts. SHIP recovery assistance has included tarps and temporary measures, temporary rent assistance, and permanent rehabilitation. In some communities, SHIP funds were the first dollars available for assistance. Although it is sometimes the first money on the scene, most SHIP disaster assistance is not focused on temporary measures, but instead on long-term rebuilding.

## Disaster Preparation

As a disaster planning responsibility, the written plan for each SHIP office must include a disaster strategy. The SHIP disaster strategy may provide a variety of assistance, and the maximum award from a SHIP disaster assistance strategy varies from community to community with most awards between \$10,000 and \$40,000 per household. Some SHIP offices prioritize disaster assistance to households with special housing needs, which also aides in meeting the SHIP program requirement for 20 percent of funds to be set-aside for special needs populations. In addition, some communities focus SHIP on temporary rent assistance, where SHIP pays for displaced households to stay at hotels or rental units with month to month leases.

The disaster strategy may remain unfunded until a disaster occurs and at that time, any funds that have not been encumbered under other strategies may be used to fund the disaster strategy. Even while unfunded, the disaster strategy should be included with other strategies when SHIP staff periodically publish a notice of funding availability. This upfront notification will allow staff to take applications as soon as needed when a disaster strikes. This is the way to efficiently fulfill the strategy advertising requirement in section 420.9075(4)(b) of the SHIP Statute.

A major consideration in designing a disaster strategy is the number of staff members available in the city or county to carry out program activities. Communities must decide before a disaster strikes who will be responsible for implementing the disaster strategy. If a non-profit organization is currently implementing the strategies under the Local Housing Assistance Plan, then it is likely that the community will need assistance from non-profit organizations to carry out the disaster strategy. If staff in a SHIP office anticipate there will not be sufficient in-house staff to carry out the disaster strategy, it is important to sign an agreement with a local non-profit organization before a disaster strikes. The agreement should state that in the event of a disaster, the non-profit organization will be responsible for carrying out the disaster strategy for the city or county. It is imperative to make these decisions before a disaster occurs.

## Disaster Recovery

A disaster-related Executive Order from the President or Governor will activate the SHIP Disaster Strategy of each affected SHIP jurisdiction. If there are unencumbered SHIP funds when a disaster strikes, those funds may be dedicated to disaster recovery efforts. SHIP offers the most affected communities additional disaster assistance

from an annual reserve of \$5 million dollars. These funds are deployed based on FEMA comparison data of all affected counties and cities. Any community that is offered funds must formally request them with an application that addresses the households needing assistance coupled with an assessment that may include data from several sources, including FEMA, Florida Division of Emergency Management, or a local agency.

SHIP staff respond as rapidly as possible to disaster-affected applicants without shortcutting the SHIP eligibility determination process. It takes time to verify an applicant's income and assets, to document that an applicant was impacted by a disaster, and to confirm that the applicant owns a home that is eligible for SHIP assistance. The timing of SHIP assistance and the time invested in qualifying a SHIP applicant are additional reasons why much of SHIP disaster assistance is focused on permanent repairs.

### Types of Disaster Recovery Assistance

The types of disaster assistance vary from one community's disaster strategy to another. Some local governments also use their other SHIP strategies to help with recovery. They might prioritize help to disaster-impacted applicants from the rehabilitation, home purchase, and other strategies regularly used throughout the year.

One common type of homeownership disaster assistance involves paying a homeowner's property insurance deductible with an assistance award of about \$1,000 to \$5,000 for each eligible homeowner. Paying deductibles is a recognition that many homeowners have insurance policies to help pay for recovery. It is likely that they have already applied for FEMA assistance and talked with their property insurance company before ever applying for SHIP. It is a best practice to track the disaster assistance provided by all sources, including, but not limited to FEMA, private insurance, and charitable donations. This is necessary to avoid a duplication of benefits (DOB). Consider this DOB scenario:

A rehabilitation client is approved for a \$50,000 SHIP award to make repairs to his home. He received \$10,000 from his Homeowners insurance claim. A home inspection was completed, and some of the same repairs listed in the homeowner's insurance claim

analysis are listed on the contractor bid sheet. Since SHIP cannot pay for any repair items to be paid by the insurance claim, the homeowner should arrange to have these insurance-paid items repaired separately from any SHIP work. The SHIP work write-up should be updated to delete the insurance-paid items and to show that the SHIP award is now \$40,000.

Most SHIP disaster assistance involves owner occupied rehabilitation performed by licensed contractors. The SHIP program does not normally reimburse an applicant for housing related expenses; disaster response is the exception to the rule. Eligible households may receive SHIP reimbursements for disaster-related expenses like repairs performed according to code, blue tarps, temporary measures to avoid additional damage, and tree removal.

Additional types of assistance are:

- Down-payment and closing costs to help a disaster-affected household purchase another home. This assistance is available for income-eligible applicants who qualify for a first mortgage with institutional financing.
- Home replacement assistance may be available for cases in which a house is uninhabitable. SHIP may pay for demolition and the reconstruction of a home for an income-eligible household.

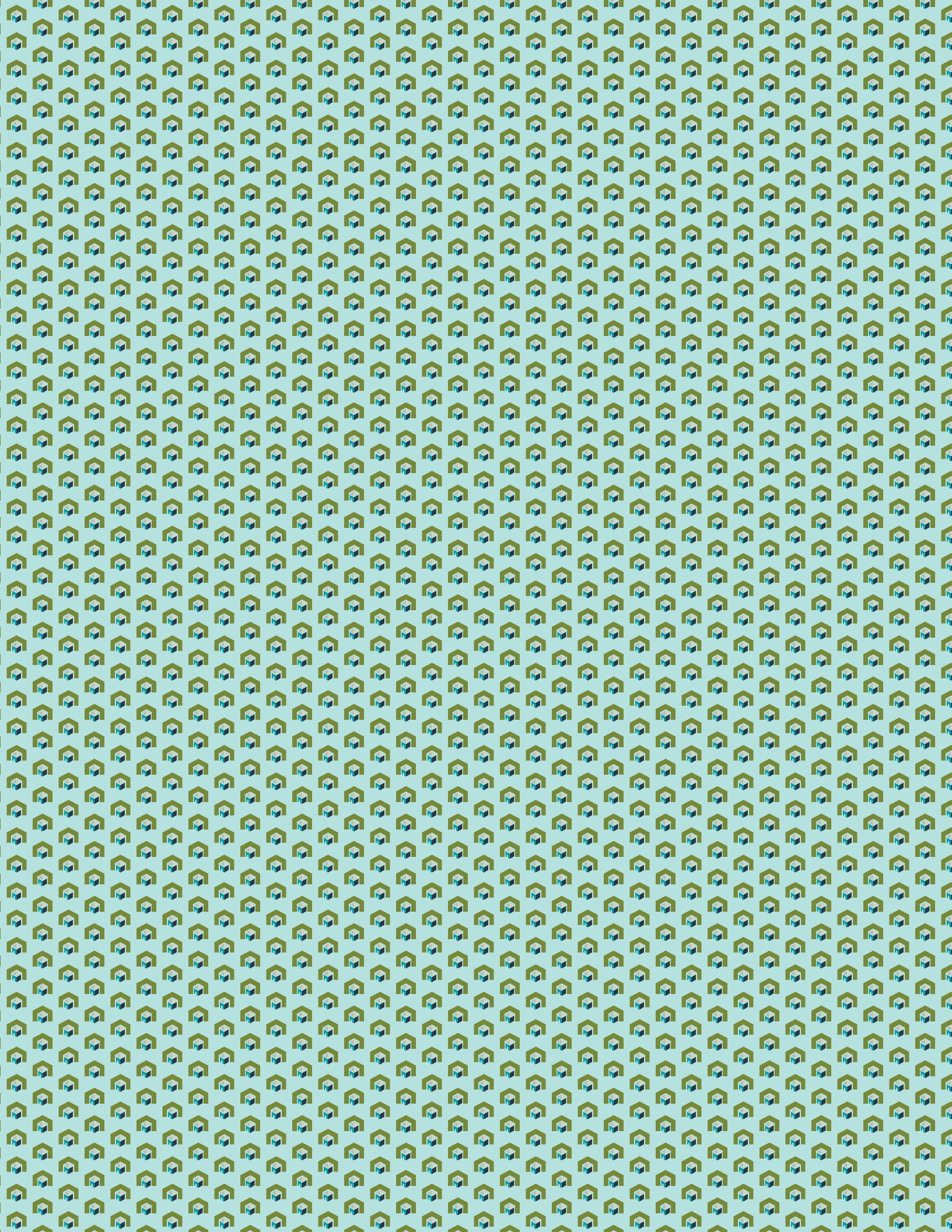
More guidance on disaster preparedness and response is available in the Florida Housing Coalition's 2018 publication "Using SHIP for Disaster Preparation and Disaster Response Field Guide" available at [www.flhousing.org](http://www.flhousing.org)



**SHIP**

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# APPENDICES





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**PART VII**  
**STATE HOUSING INITIATIVES PARTNERSHIP**

420.907 Short title.

420.9071 Definitions.

420.9072 State Housing Initiatives Partnership Program.

420.9073 Local housing distributions.

420.9075 Local housing assistance plans; partnerships.

420.9076 Adoption of affordable housing incentive strategies; committees.

420.9079 Local Government Housing Trust Fund.

420.9089 National Housing Trust Fund.

**420.907 Short title.**—Sections 420.907-420.9079 may be cited as the “State Housing Initiatives Partnership Act.”

**History.**—s. 32, ch. 92-317.

**420.9071 Definitions.**—As used in ss. 420.907-420.9079, the term:

(1) “Adjusted for family size” means adjusted in a manner that results in an income eligibility level that is lower for households having fewer than four people, or higher for households having more than four people, than the base income eligibility determined as provided in subsection (19), subsection (20), or subsection (28), based upon a formula established by the United States Department of Housing and Urban Development.

(2) “Affordable” means that monthly rents or monthly mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households as indicated in subsection (19), subsection (20), or subsection (28). However, it is not the intent to limit an individual household’s ability to devote more than 30 percent of its income for housing, and housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30 percent benchmark.

(3) “Affordable housing advisory committee” means the committee appointed by the governing body of a county or eligible municipality for the purpose of recommending specific initiatives and incentives to encourage or facilitate affordable housing as provided in s. 420.9076.

(4) “Annual gross income” means annual income as defined under the Section 8 housing assistance payments programs in 24 C.F.R. part 5; annual income as reported under the census long form for the recent available decennial census; or adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes or as defined by standard practices used in the lending industry as detailed in the local housing assistance plan and approved by the corporation. Counties and eligible municipalities shall calculate income by annualizing

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verified sources of income for the household as the amount of income to be received in a household during the 12 months following the effective date of the determination.

(5) “Award” means a loan, grant, or subsidy funded wholly or partially by the local housing assistance trust fund.

(6) “Community-based organization” means a nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low income, low income, or moderate income within a designated area, which may include a municipality, a county, or more than one municipality or county, and maintains, through a minimum of one-third representation on the organization’s governing board, accountability to housing program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 C.F.R. s. 92.2 and a community development corporation created pursuant to chapter 290 are examples of community-based organizations.

(7) “Corporation” means the Florida Housing Finance Corporation.

(8) “Eligible housing” means any real and personal property located within the county or the eligible municipality which is designed and intended for the primary purpose of providing decent, safe, and sanitary residential units that are designed to meet the standards of the Florida Building Code or previous building codes adopted under chapter 553, or manufactured housing constructed after June 1994 and installed in accordance with the installation standards for mobile or manufactured homes contained in rules of the Department of Highway Safety and Motor Vehicles, for home ownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program.

(9) “Eligible municipality” means a municipality that is eligible for federal community development block grant entitlement moneys as an entitlement community identified in 24 C.F.R. s. 570, subpart D, Entitlement Grants, or a nonentitlement municipality that is receiving local housing distribution funds under an interlocal agreement that provides for possession and administrative control of funds to be transferred to the nonentitlement municipality. An eligible municipality that defers its participation in community development block grants does not affect its eligibility for participation in the State Housing Initiatives Partnership Program.

(10) “Eligible person” or “eligible household” means one or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income according to the income limits adjusted to family size published annually by the United States Department of Housing and Urban Development based upon the annual gross income of the household.

(11) “Eligible sponsor” means a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons.

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(12) “Grant” means an award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially assist in the construction, rehabilitation, or financing of eligible housing or to provide the cost of tenant or ownership qualifications without requirement for repayment as long as the condition of award is maintained.

(13) “Loan” means an award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially finance the acquisition, construction, or rehabilitation of eligible housing with requirement for repayment or provision for forgiveness of repayment if the condition of the award is maintained.

(14) “Local housing assistance plan” means a concise description of the local housing assistance strategies and local housing incentive strategies adopted by local government resolution with an explanation of the way in which the program meets the requirements of ss. 420.907-420.9079 and corporation rule.

(15) “Local housing assistance strategies” means the housing construction, rehabilitation, repair, or finance program implemented by a participating county or eligible municipality with the local housing distribution or other funds deposited into the local housing assistance trust fund.

(16) “Local housing incentive strategies” means local regulatory reform or incentive programs to encourage or facilitate affordable housing production, which include at a minimum, assurance that permits for affordable housing projects are expedited to a greater degree than other projects, as provided in s. 163.3177(6)(f)3.; an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption; and a schedule for implementing the incentive strategies. Local housing incentive strategies may also include other regulatory reforms, such as those enumerated in s. 420.9076 or those recommended by the affordable housing advisory committee in its triennial evaluation of the implementation of affordable housing incentives, and adopted by the local governing body.

(17) “Local housing distributions” means the proceeds of the taxes collected under chapter 201 deposited into the Local Government Housing Trust Fund and distributed to counties and eligible municipalities participating in the State Housing Initiatives Partnership Program pursuant to s. 420.9073.

(18) “Local housing partnership” means the implementation of the local housing assistance plan in a manner that involves the applicable county or eligible municipality, lending institutions, housing builders and developers, real estate professionals, advocates for low-income persons, community-based housing and service organizations, and providers of professional services relating to affordable housing. The term includes initiatives to provide support services for housing program beneficiaries such as training to prepare persons for the responsibility of homeownership, counseling of tenants, and the establishing of support services such as day care, health care, and transportation.

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(19) “Low-income person” or “low-income household” means one or more natural persons or a family that has a total annual gross household income that does not exceed 80 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever amount is greatest. With respect to rental units, the low-income household’s annual income at the time of initial occupancy may not exceed 80 percent of the area’s median income adjusted for family size. While occupying the rental unit, a low-income household’s annual income may increase to an amount not to exceed 140 percent of 80 percent of the area’s median income adjusted for family size.

(20) “Moderate-income person” or “moderate-income household” means one or more natural persons or a family that has a total annual gross household income that does not exceed 120 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the moderate-income household’s annual income at the time of initial occupancy may not exceed 120 percent of the area’s median income adjusted for family size. While occupying the rental unit, a moderate-income household’s annual income may increase to an amount not to exceed 140 percent of 120 percent of the area’s median income adjusted for family size.

(21) “Personal property” means major appliances, including a freestanding refrigerator or stove, to be identified on the encumbering documents.

(22) “Plan amendment” means the addition or deletion of a local housing assistance strategy or local housing incentive strategy. Plan amendments must at all times maintain consistency with program requirements and must be submitted to the corporation for review pursuant to s. 420.9072(3). Technical or clarifying revisions may not be considered plan amendments but must be transmitted to the corporation for purposes of notification.

(23) “Population” means the latest official state estimate of population certified pursuant to s. 186.901 prior to the beginning of the state fiscal year.

(24) “Program income” means the proceeds derived from interest earned on or investment of the local housing distribution and other funds deposited into the local housing assistance trust fund, proceeds from loan repayments, recycled funds, and all other income derived from use of funds deposited in the local housing assistance trust fund. It does not include recaptured funds as defined in subsection (25).

(25) “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)(j) 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.

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(26) “Rent subsidies” means ongoing monthly rental assistance.

(27) “Sales price” or “value” means, in the case of acquisition of an existing or newly constructed unit, the amount on the executed sales contract. For eligible persons who are building a unit on land that they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements using the after-construction value of the property and must be dated within 12 months of the date construction is to commence. The sales price of any unit must include the value of the land in order to qualify as eligible housing as defined in subsection (8). In the case of rehabilitation or emergency repair of an existing unit that does not create additional living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser. In the case of rehabilitation of an existing unit that includes the addition of new living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser, plus the cost of the improvements in either case.

(28) “Very-low-income person” or “very-low-income household” means one or more natural persons or a family that has a total annual gross household income that does not exceed 50 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the very-low-income household’s annual income at the time of initial occupancy may not exceed 50 percent of the area’s median income adjusted for family size. While occupying the rental unit, a very-low-income household’s annual income may increase to an amount not to exceed 140 percent of 50 percent of the area’s median income adjusted for family size.

(29) “Assisted housing” or “assisted housing development” means a rental housing development, including rental housing in a mixed-use development, that received or currently receives funding from any federal or state housing program.

(30) “Preservation” means actions taken to keep rents in existing assisted housing affordable for extremely-low-income, very-low-income, low-income, and moderate-income households while ensuring that the property stays in good physical and financial condition for an extended period.

**History.**—s. 32, ch. 92-317; s. 12, ch. 93-181; s. 3, ch. 96-332; s. 1046, ch. 97-103; s. 34, ch. 97-167; s. 14, ch. 98-56; s. 14, ch. 2000-353; s. 21, ch. 2006-69; s. 26, ch. 2009-96; s. 12, ch. 2011-15; s. 66, ch. 2011-139; s. 8, ch. 2016-210.

**420.9072 State Housing Initiatives Partnership Program.**—The State Housing Initiatives Partnership Program is created for the purpose of providing funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand production of

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and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related employment.

(1)(a) In addition to the legislative findings set forth in s. 420.6015, the Legislature finds that affordable housing is most effectively provided by combining available public and private resources to conserve and improve existing housing and provide new housing for very-low-income households, low-income households, and moderate-income households. The Legislature intends to encourage partnerships in order to secure the benefits of cooperation by the public and private sectors and to reduce the cost of housing for the target group by effectively combining all available resources and cost-saving measures. The Legislature further intends that local governments achieve this combination of resources by encouraging active partnerships between government, lenders, builders and developers, real estate professionals, advocates for low-income persons, and community groups to produce affordable housing and provide related services. Extending the partnership concept to encompass cooperative efforts among small counties as defined in s. 120.52(19), and among counties and municipalities is specifically encouraged. Local governments are also intended to establish an affordable housing advisory committee to recommend monetary and nonmonetary incentives for affordable housing as provided in s. 420.9076.

(b) The Legislature further intends that the State Housing Initiatives Partnership Program provide the maximum flexibility to local governments to determine the use of funds for housing programs while ensuring accountability for the efficient use of public resources and guaranteeing that benefits are provided to those in need.

(2)(a) To be eligible to receive funds under the program, a county or eligible municipality must:

1. Submit to the corporation its local housing assistance plan describing the local housing assistance strategies established pursuant to s. 420.9075;
2. Within 12 months after adopting the local housing assistance plan, amend the plan to incorporate the local housing incentive strategies defined in s. 420.9071(16) and described in s. 420.9076; and
3. Within 24 months after adopting the amended local housing assistance plan to incorporate the local housing incentive strategies, amend its land development regulations or establish local policies and procedures, as necessary, to implement the local housing incentive strategies adopted by the local governing body. A county or an eligible municipality that has adopted a housing incentive strategy pursuant to s. 420.9076 before the effective date of this act shall review the status of implementation of the plan according to its adopted schedule for implementation and report its findings in the annual report required by s. 420.9075(10). If, as a result of the review, a county or an eligible municipality determines that the implementation is complete and in accordance with its schedule, no further action is necessary. If a county or an eligible municipality determines that implementation according to its schedule is not complete, it must amend its land development regulations or establish local policies

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and procedures, as necessary, to implement the housing incentive plan within 12 months after the effective date of this act, or if extenuating circumstances prevent implementation within 12 months, pursuant to s. 420.9075(13), enter into an extension agreement with the corporation.

(b) A county or an eligible municipality seeking approval to receive its share of the local housing distribution must adopt an ordinance containing the following provisions:

1. Creation of a local housing assistance trust fund as described in s. 420.9075(6).
2. Adoption by resolution of a local housing assistance plan as defined in s. 420.9071(14) to be implemented through a local housing partnership as defined in s. 420.9071(18).
3. Designation of the responsibility for the administration of the local housing assistance plan. Such ordinance may also provide for the contracting of all or part of the administrative or other functions of the program to a third person or entity.
4. Creation of the affordable housing advisory committee as provided in s. 420.9076.

The ordinance must not take effect until at least 30 days after the date of formal adoption. Ordinances in effect prior to the effective date of amendments to this section shall be amended as needed to conform to new provisions.

(3)(a) The governing board of the county or of an eligible municipality must submit to the corporation one copy of its local housing assistance plan. The transmittal of the plan must include a copy of the ordinance, the adopting resolution, the local housing assistance plan, and such other information as the corporation requires by rule; however, information to be included in the plan is intended to demonstrate consistency with the requirements of ss. 420.907-420.9079 and corporation rule without posing an undue burden on the local government. Plans shall be reviewed by a committee composed of corporation staff as established by corporation rule.

(b) Within 45 days after receiving a plan, the review committee shall review the plan and either approve it or identify inconsistencies with the requirements of the program. The corporation shall assist a local government in revising its plan if it initially proves to be inconsistent with program requirements. A plan that is revised by the local government to achieve consistency with program requirements shall be reviewed within 45 days after submission. The deadlines for submitting original and revised plans shall be established by corporation rule; however, the corporation shall not require submission of a new local housing assistance plan to implement amendments to this act until the currently effective plan expires.

(c) The Legislature intends that approval of plans be expedited to ensure that the production of needed housing and the related creation of jobs occur as quickly as possible. After being approved for funding, a local government may amend by resolution its local housing assistance plan if the plan as amended complies with program requirements; however, a local government must submit its amended

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plan for review according to the process established in this subsection in order to ensure continued consistency with the requirements of the State Housing Initiatives Partnership Program.

(4) Moneys in the Local Government Housing Trust Fund shall be distributed by the corporation to each approved county and eligible municipality within the county as provided in s. 420.9073. Distributions shall be allocated to the participating county and to each eligible municipality within the county according to an interlocal agreement between the county governing authority and the governing body of the eligible municipality or, if there is no interlocal agreement, according to population. The portion for each eligible municipality is computed by multiplying the total moneys earmarked for a county by a fraction, the numerator of which is the population of the eligible municipality and the denominator of which is the total population of the county. The remaining revenues shall be distributed to the governing body of the county.

(5)(a) Local governments are encouraged to make the most efficient use of their resources by cooperating to provide affordable housing assistance. Local governments may enter into an interlocal agreement for the purpose of establishing a joint local housing assistance plan subject to the requirements of ss. 420.907-420.9079. The local housing distributions for such counties and eligible municipalities shall be directly disbursed on a monthly basis to each county or eligible municipality to be administered in conformity with the interlocal agreement providing for a joint local housing assistance plan.

(b) If a county or eligible municipality enters into an interlocal agreement with a municipality that becomes eligible as a result of entering into that interlocal agreement, the county or eligible municipality that has agreed to transfer the control of funds to a municipality that was not originally eligible must ensure through its local housing assistance plan and through the interlocal agreement that all program funds are used in a manner consistent with ss. 420.907-420.9079. This must be accomplished by:

1. Providing that the use of the portion of funds transferred to the municipality meets all requirements of ss. 420.907-420.9079, or
2. Providing that the use of the portion of funds transferred to the municipality, when taken in combination with the use of the local housing distribution from which funds were transferred, meets all requirements of ss. 420.907-420.9079.

(6) The moneys that otherwise would be distributed pursuant to s. 420.9073 to a local government that does not meet the program's requirements for receipts of such distributions shall remain in the Local Government Housing Trust Fund to be administered by the corporation.

(7)(a) A county or an eligible municipality must expend its portion of the local housing distribution only to implement a local housing assistance plan or as provided in this subsection.



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(b) A county or an eligible municipality may not expend its portion of the local housing distribution to provide ongoing rent 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 a person with special needs as defined in s. 420.0004 or homeless as defined in s. 420.621. The period of rental assistance may not exceed 12 months for any eligible household.

(8) Funds distributed under this program may not be pledged to pay the debt service on any bonds.

(9) The corporation shall adopt rules necessary to implement ss. 420.907-420.9079.

<sup>1</sup>(10) Notwithstanding ss. 420.9071(26) and 420.9075(5) and subsection (7), for the 2016-2017 fiscal year:

(a) The term “rent subsidies” means ongoing monthly rental assistance.

(b) Up to 25 percent of the funds made available in each county and each eligible municipality from the local housing distribution may be used for rental assistance and rent subsidies as provided in paragraph (c).

(c) A county or an eligible municipality may expend its portion of the local housing distribution to provide the following types of rental assistance and rent subsidies:

1. Security and utility deposit assistance.
2. Eviction prevention subsidies not to exceed 6 months' rent.
3. Rent subsidies for very-low-income households with 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. The period of rental subsidy may not exceed 12 months for any eligible household or person.

(d) This subsection expires July 1, 2017.

**History.**—s. 32, ch. 92-317; s. 13, ch. 93-181; s. 35, ch. 97-167; s. 81, ch. 2000-153; s. 22, ch. 2006-69; s. 19, ch. 2008-104; s. 27, ch. 2009-96; s. 14, ch. 2011-3; s. 13, ch. 2011-15; s. 67, ch. 2015-222; s. 103, ch. 2016-62; s. 9, ch. 2016-210.

<sup>1</sup>**Note.**—Section 103, ch. 2016-62, amended subsection (10) “[i]n order to implement Specific Appropriation 2224 of the 2016-2017 General Appropriations Act.”

**420.9073 Local housing distributions.—**

(1) Distributions calculated in this section shall be disbursed on a quarterly or more frequent basis by the corporation pursuant to s. 420.9072, subject to availability of funds. Each county's share of the funds to be distributed from the portion of the funds in the Local Government Housing Trust Fund received pursuant to s. 201.15(4)(c) shall be calculated by the corporation for each fiscal year as follows:

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(a) Each county other than a county that has implemented chapter 83-220, Laws of Florida, as amended by chapters 84-270, 86-152, and 89-252, Laws of Florida, shall receive the guaranteed amount for each fiscal year.

(b) Each county other than a county that has implemented chapter 83-220, Laws of Florida, as amended by chapters 84-270, 86-152, and 89-252, Laws of Florida, may receive an additional share calculated as follows:

1. Multiply each county's percentage of the total state population excluding the population of any county that has implemented chapter 83-220, Laws of Florida, as amended by chapters 84-270, 86-152, and 89-252, Laws of Florida, by the total funds to be distributed.

2. If the result in subparagraph 1. is less than the guaranteed amount as determined in subsection (3), that county's additional share shall be zero.

3. For each county in which the result in subparagraph 1. is greater than the guaranteed amount as determined in subsection (3), the amount calculated in subparagraph 1. shall be reduced by the guaranteed amount. The result for each such county shall be expressed as a percentage of the amounts so determined for all counties. Each such county shall receive an additional share equal to such percentage multiplied by the total funds received by the Local Government Housing Trust Fund pursuant to s. 201.15(4)(c) reduced by the guaranteed amount paid to all counties.

(2) Distributions calculated in this section shall be disbursed on a quarterly or more frequent basis by the corporation pursuant to s. 420.9072, subject to availability of funds. Each county's share of the funds to be distributed from the portion of the funds in the Local Government Housing Trust Fund received pursuant to s. 201.15(4)(d) shall be calculated by the corporation for each fiscal year as follows:

(a) Each county shall receive the guaranteed amount for each fiscal year.

(b) Each county may receive an additional share calculated as follows:

1. Multiply each county's percentage of the total state population, by the total funds to be distributed.

2. If the result in subparagraph 1. is less than the guaranteed amount as determined in subsection (3), that county's additional share shall be zero.

3. For each county in which the result in subparagraph 1. is greater than the guaranteed amount, the amount calculated in subparagraph 1. shall be reduced by the guaranteed amount. The result for each such county shall be expressed as a percentage of the amounts so determined for all counties. Each such county shall receive an additional share equal to this percentage multiplied by the total funds received by the Local Government Housing Trust Fund pursuant to s. 201.15(4)(d) as reduced by the guaranteed amount paid to all counties.

(3) Calculation of guaranteed amounts:

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(a) The guaranteed amount under subsection (1) shall be calculated for each state fiscal year by multiplying \$350,000 by a fraction, the numerator of which is the amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15(4)(c) and the denominator of which is the total amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15.

(b) The guaranteed amount under subsection (2) shall be calculated for each state fiscal year by multiplying \$350,000 by a fraction, the numerator of which is the amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15(4)(d) and the denominator of which is the total amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15.

(4) Funds distributed pursuant to this section may not be pledged to pay debt service on any bonds.

(5) Notwithstanding subsections (1)-(4), the corporation may withhold up to \$5 million of the total amount distributed each fiscal year from the Local Government Housing Trust Fund to provide additional funding to counties and eligible municipalities where a state of emergency has been declared by the Governor pursuant to chapter 252. Any portion of the withheld funds not distributed by the end of the fiscal year shall be distributed as provided in subsections (1) and (2).

(6) Notwithstanding subsections (1)-(4), the corporation may withhold up to \$5 million from the total amount distributed each fiscal year from the Local Government Housing Trust Fund to provide funding to counties and eligible municipalities to purchase properties subject to a State Housing Initiative Partnership Program lien and on which foreclosure proceedings have been initiated by any mortgagee. Each county and eligible municipality that receives funds under this subsection shall repay such funds to the corporation not later than the expenditure deadline for the fiscal year in which the funds were awarded. Amounts not repaid shall be withheld from the subsequent year's distribution. Any portion of such funds not distributed under this subsection by the end of the fiscal year shall be distributed as provided in subsections (1) and (2).

(7) A county receiving local housing distributions under this section or an eligible municipality that receives local housing distributions under an interlocal agreement shall expend those funds in accordance with the provisions of ss. 420.907-420.9079, rules of the corporation, and the county's local housing assistance plan.

**History.**—s. 32, ch. 92-317; s. 36, ch. 97-167; s. 15, ch. 98-56; s. 49, ch. 99-247; ss. 82, 83, ch. 2000-153; s. 28, ch. 2009-96; s. 14, ch. 2011-15; s. 78, ch. 2015-229.

**420.9075 Local housing assistance plans; partnerships.—**

(1)(a) Each county or eligible municipality participating in the State Housing Initiatives Partnership Program shall develop and implement a local housing assistance plan created to make affordable residential units available to persons of very low income, low income, or moderate income and to persons who have special housing needs, including, but not limited to, homeless people, the elderly, migrant farmworkers, and persons with disabilities. Counties or eligible municipalities may include

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strategies to assist persons and households having annual incomes of not more than 140 percent of area median income. The plans are intended to increase the availability of affordable residential units by combining local resources and cost-saving measures into a local housing partnership and using private and public funds to reduce the cost of housing.

(b) Local housing assistance plans may allocate funds to:

1. Implement local housing assistance strategies for the provision of affordable housing.
2. Supplement funds available to the corporation to provide enhanced funding of state housing programs within the county or the eligible municipality.
3. Provide the local matching share of federal affordable housing grants or programs.
4. Fund emergency repairs, including, but not limited to, repairs performed by existing service providers under weatherization assistance programs under ss. 409.509-409.5093.
5. Further the housing element of the local government comprehensive plan adopted pursuant to s. 163.3184, specific to affordable housing.

(2)(a) Each county and each eligible municipality participating in the State Housing Initiatives Partnership Program shall encourage the involvement of appropriate public sector and private sector entities as partners in order to combine resources to reduce housing costs for the targeted population.

This partnership process should involve:

1. Lending institutions.
2. Housing builders and developers.
3. Nonprofit and other community-based housing and service organizations.
4. Providers of professional services relating to affordable housing.
5. Advocates for low-income persons, including, but not limited to, homeless people, the elderly, and migrant farmworkers.
6. Real estate professionals.
7. Other persons or entities who can assist in providing housing or related support services.
8. Lead agencies of local homeless assistance continuums of care.

(b) The specific participants in partnership activities may vary according to the community's resources and the nature of the local housing assistance plan.

(3)(a) Each local housing assistance plan shall include a definition of essential service personnel for the county or eligible municipality, including, but not limited to, teachers and educators, other school district, community college, and university employees, police and fire personnel, health care personnel, skilled building trades personnel, and other job categories.

(b) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan that emphasizes the recruitment and retention of essential service personnel. The local government is encouraged to involve public and private sector employers. Compliance with

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the eligibility criteria established under this strategy shall be verified by the county or eligible municipality.

(c) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan that addresses the needs of persons who are deprived of affordable housing due to the closure of a mobile home park or the conversion of affordable rental units to condominiums.

(d) Each county and each eligible municipality shall describe initiatives in the local housing assistance plan to encourage or require innovative design, green building principles, storm-resistant construction, or other elements that reduce long-term costs relating to maintenance, utilities, or insurance.

(e) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan which provides program funds for the preservation of assisted housing.

(f) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan which provides program funds for reducing homelessness.

(g) Local governments may create regional partnerships across jurisdictional boundaries through the pooling of appropriated funds to address homeless housing needs identified in local housing assistance plans.

(4) Each local housing assistance plan is governed by the following criteria and administrative procedures:

(a) Each county, eligible municipality, or entity formed through interlocal agreement to participate in the State Housing Initiatives Partnership Program must develop a qualification system and selection criteria for applications for awards by eligible sponsors, adopt criteria for the selection of eligible persons, and adopt a maximum award schedule or system of amounts consistent with the intent and budget of its local housing assistance plan, with ss. 420.907-420.9079, and with corporation rule.

(b) The county or eligible municipality or its administrative representative shall advertise the notice of funding availability in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods, at least 30 days before the beginning of the application period. If no funding is available due to a waiting list, no notice of funding availability is required.

(c) In accordance with the provisions of ss. 760.20-760.37, it is unlawful to discriminate on the basis of race, creed, religion, color, age, sex, marital status, familial status, national origin, or handicap in the award application process for eligible housing.

(d) As a condition of receipt of an award, the eligible sponsor or eligible person must contractually commit to comply with the affordable housing criteria provided under ss. 420.907-420.9079 applicable to the affordable housing objective of the award. The plan criteria adopted by the county or eligible municipality must prescribe the contractual obligations required to ensure compliance with award conditions.

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(e) The staff or entity that has administrative authority for implementing a local housing assistance plan assisting rental developments shall annually monitor and determine tenant eligibility or, 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. However, any loan or grant in the original amount of \$10,000 or less is not subject to these annual monitoring and determination of tenant eligibility requirements.

(5) The following criteria apply to awards made to eligible sponsors or eligible persons for the purpose of providing eligible housing:

(a) At least 65 percent of the funds made available in each county and eligible municipality from the local housing distribution must be reserved for home ownership for eligible persons.

(b) Up to 25 percent of the funds made available in each county and eligible municipality from the local housing distribution may be reserved for rental housing for eligible persons or for the purposes enumerated in s. 420.9072(7)(b).

(c) At least 75 percent of the funds made available in each county and eligible municipality from the local housing distribution must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing.

(d) Each local government must use a minimum of 20 percent of its local housing distribution to serve persons with special needs as defined in s. 420.0004. A local government must certify that it will meet this requirement through existing approved strategies in the local housing assistance plan or submit a new local housing assistance plan strategy for this purpose to the corporation for approval to ensure that the plan meets this requirement. The first priority of these special needs funds must be to serve persons with developmental disabilities as defined in s. 393.063, with an emphasis on home modifications, including technological enhancements and devices, which will allow homeowners to remain independent in their own homes and maintain their homeownership.

(e) Not more than 20 percent of the funds made available in each county and eligible municipality from the local housing distribution may be used for manufactured housing.

(f) The sales price or value of new or existing eligible housing may not exceed 90 percent of the average area purchase price in the statistical area in which the eligible housing is located. Such average area purchase price may be that calculated for any 12-month period beginning not earlier than the fourth calendar year prior to the year in which the award occurs or as otherwise established by the United States Department of the Treasury.

(g)1. All units constructed, rehabilitated, or otherwise assisted with the funds provided from the local housing assistance trust fund must be occupied by very-low-income persons, low-income persons, and moderate-income persons except as otherwise provided in this section.

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2. At least 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to very-low-income persons or eligible sponsors who will serve very-low-income persons and at least an additional 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to low-income persons or eligible sponsors who will serve low-income persons. This subparagraph does not apply to a county or an eligible municipality that includes, or has included within the previous 5 years, an area of critical state concern designated or ratified by the Legislature for which the Legislature has declared its intent to provide affordable housing. The exemption created by this act expires on July 1, 2013, and shall apply retroactively.

(h) Loans shall be provided for periods not exceeding 30 years, except for deferred payment loans or loans that extend beyond 30 years which continue to serve eligible persons.

(i) Loans or grants for eligible rental housing constructed, rehabilitated, or otherwise assisted from the local housing assistance trust fund must be subject to recapture requirements as provided by the county or eligible municipality in its local housing assistance plan unless reserved for eligible persons for 15 years or the term of the assistance, whichever period is longer. 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.

(j) Loans or grants for eligible owner-occupied housing constructed, rehabilitated, or otherwise assisted from proceeds provided from the local housing assistance trust fund shall be subject to recapture requirements as provided by the county or eligible municipality in its local housing assistance plan.

(k) The total amount of monthly mortgage payments or the amount of monthly rent charged by the eligible sponsor or her or his designee must be made affordable.

(l) The maximum sales price or value per unit and the maximum award per unit for eligible housing benefiting from awards made pursuant to this section must be established in the local housing assistance plan.

(m) The benefit of assistance provided through the State Housing Initiatives Partnership Program must accrue to eligible persons occupying eligible housing. This provision shall not be construed to prohibit use of the local housing distribution funds for a mixed income rental development.

(n) Funds from the local housing distribution not used to meet the criteria established in paragraph (a) or paragraph (c) or not used for the administration of a local housing assistance plan must be used for housing production and finance activities, including, but not limited to, financing preconstruction activities or the purchase of existing units, providing rental housing, and providing home ownership training to prospective home buyers and owners of homes assisted through the local housing assistance plan.

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1. Notwithstanding the provisions of paragraphs (a) and (c), program income as defined in s. 420.9071(24) may also be used to fund activities described in this paragraph.
2. When preconstruction due-diligence activities conducted as part of a preservation strategy show that preservation of the units is not feasible and will not result in the production of an eligible unit, such costs shall be deemed a program expense rather than an administrative expense if such program expenses do not exceed 3 percent of the annual local housing distribution.
3. 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.
4. Each county and each eligible municipality may award funds as a grant for construction, rehabilitation, or repair as part of disaster recovery or emergency repairs or to remedy accessibility or health and safety deficiencies. Any other grants must be approved as part of the local housing assistance plan.
  - (6) Each county or eligible municipality receiving local housing distribution moneys shall establish and maintain a local housing assistance trust fund. All moneys of a county or an eligible municipality received from its share of the local housing distribution, program income, recaptured funds, and other funds received or budgeted to implement the local housing assistance plan shall be deposited into the trust fund; however, local housing distribution moneys used to match federal HOME program moneys may be repaid to the HOME program fund if required by federal law or regulations. Expenditures other than for the administration and implementation of the local housing assistance plan may not be made from the fund.
  - (7) The moneys deposited in the local housing assistance trust fund shall be used to administer and implement the local housing assistance plan. The cost of administering the plan may not exceed 5 percent of the local housing distribution moneys and program income deposited into the trust fund. A county or an eligible municipality may not exceed the 5-percent limitation on administrative costs, unless its governing body finds, by resolution, that 5 percent of the local housing distribution plus 5 percent of program income is insufficient to adequately pay the necessary costs of administering the local housing assistance plan. 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.



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(8) Pursuant to s. 420.531, the corporation shall provide training and technical assistance to local governments regarding the creation of partnerships, the design of local housing assistance strategies, the implementation of local housing incentive strategies, and the provision of support services.

(9) The corporation shall monitor the activities of local governments to determine compliance with program requirements and shall collect data on the operation and achievements of housing partnerships.

(10) Each county or eligible municipality shall submit to the corporation by September 15 of each year a report of its affordable housing programs and accomplishments through June 30 immediately preceding submittal of the report. The report shall be certified as accurate and complete by the local government's chief elected official or his or her designee. Transmittal of the annual report by a county's or eligible municipality's chief elected official, or his or her designee, certifies that the local housing incentive strategies, or, if applicable, the local housing incentive plan, have been implemented or are in the process of being implemented pursuant to the adopted schedule for implementation. The report must include, but is not limited to:

(a) The number of households served by income category, age, family size, and race, and data regarding any special needs populations such as farmworkers, homeless persons, persons with disabilities, and the elderly. Counties shall report this information separately for households served in the unincorporated area and each municipality within the county.

(b) The number of units and the average cost of producing units under each local housing assistance strategy.

(c) The average area purchase price of single-family units and the amount of rent charged for a rental unit based on unit size.

(d) By income category, the number of mortgages made, the average mortgage amount, and the rate of default.

(e) A description of the status of implementation of each local housing incentive strategy, or if applicable, the local housing incentive plan as set forth in the local government's adopted schedule for implementation.

(f) A concise description of the support services that are available to the residents of affordable housing provided by local programs.

(g) The sales price or value of housing produced and an accounting of what percentage was financed by the local housing distribution, other public moneys, and private resources.

(h) Such other data or affordable housing accomplishments considered significant by the reporting county or eligible municipality or by the corporation.

(i) A description of efforts to reduce homelessness.

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(11) The report shall be made available by the county or eligible municipality for public inspection and comment prior to certifying the report and transmitting it to the corporation. The county or eligible municipality shall provide notice of the availability of the proposed report and solicit public comment. The notice must state the public place where a copy of the proposed report can be obtained by interested persons. Members of the public may submit written comments on the report to the county or eligible municipality and the corporation. Written public comments shall identify the author by name, address, and interest affected. The county or eligible municipality shall attach a copy of all such written comments and its responses to the annual report submitted to the corporation.

(12) The corporation shall review the report of each county or eligible municipality and any written comments from the public and include any comments concerning the effectiveness of local programs in the report required by s. 420.511.

(13)(a) If, as a result of the review of the annual report or public comment and written response from the county or eligible municipality, or at any other time, the corporation determines that a county or eligible municipality may have established a pattern of violation of the criteria for a local housing assistance plan established under ss. 420.907-420.9079 or that an eligible sponsor or eligible person has violated the applicable award conditions, the corporation shall report such pattern of violation of criteria or violation of award conditions to its compliance monitoring agent and the Executive Office of the Governor. The corporation's compliance monitoring agent must determine within 60 days whether the county or eligible municipality has violated program criteria and shall issue a written report thereon. If a violation has occurred, the distribution of program funds to the county or eligible municipality must be suspended until the violation is corrected.

(b) If, as a result of its review of the annual report, the corporation determines that a county or eligible municipality has failed to implement a local housing incentive strategy, or, if applicable, a local housing incentive plan, it shall send a notice of termination of the local government's share of the local housing distribution by certified mail to the affected county or eligible municipality.

1. The notice must specify a date of termination of the funding if the affected county or eligible municipality does not implement the plan or strategy and provide for a local response. A county or eligible municipality shall respond to the corporation within 30 days after receipt of the notice of termination.

2. The corporation shall consider the local response that extenuating circumstances precluded implementation and grant an extension to the timeframe for implementation. Such an extension shall be made in the form of an extension agreement that provides a timeframe for implementation. The chief elected official of a county or eligible municipality or his or her designee shall have the authority to enter into the agreement on behalf of the local government.

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3. If the county or the eligible municipality has not implemented the incentive strategy or entered into an extension agreement by the termination date specified in the notice, the local housing distribution share terminates, and any uncommitted local housing distribution funds held by the affected county or eligible municipality in its local housing assistance trust fund shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer.

4.a. If the affected local government fails to meet the timeframes specified in the agreement, the corporation shall terminate funds. The corporation shall send a notice of termination of the local government's share of the local housing distribution by certified mail to the affected local government. The notice shall specify the termination date, and any uncommitted funds held by the affected local government shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer.

b. If the corporation terminates funds to a county, but an eligible municipality receiving a local housing distribution pursuant to an interlocal agreement maintains compliance with program requirements, the corporation shall thereafter distribute directly to the participating eligible municipality its share calculated in the manner provided in ss. 420.9072 and 420.9073.

c. Any county or eligible municipality whose local distribution share has been terminated may subsequently elect to receive directly its local distribution share by adopting the ordinance, resolution, and local housing assistance plan in the manner and according to the procedures provided in ss. 420.907-420.9079.

(14) If the corporation determines that a county or eligible municipality has expended program funds for an ineligible activity, the corporation shall require such funds to be repaid to the local housing assistance trust fund. Such repayment may not be made with funds from the State Housing Initiatives Partnership Program.

**History.**—s. 32, ch. 92-317; s. 14, ch. 93-181; s. 5, ch. 95-153; s. 9, ch. 95-396; s. 81, ch. 97-103; s. 37, ch. 97-167; s. 15, ch. 2000-353; s. 14, ch. 2001-98; s. 7, ch. 2002-160; s. 24, ch. 2004-243; s. 23, ch. 2006-69; s. 20, ch. 2008-104; s. 29, ch. 2009-96; s. 15, ch. 2011-15; s. 10, ch. 2016-210.

**420.9076 Adoption of affordable housing incentive strategies; committees.—**

(1) Each county or eligible municipality participating in the State Housing Initiatives Partnership Program, including a municipality receiving program funds through the county, or an eligible municipality must, within 12 months after the original adoption of the local housing assistance plan, amend the plan to include local housing incentive strategies as defined in s. 420.9071(16).

(2) The governing board of a county or municipality shall appoint the members of the affordable housing advisory committee. Pursuant to the terms of any interlocal agreement, a county and municipality may create and jointly appoint an advisory committee. The local action adopted pursuant to s. 420.9072 which creates the advisory committee and appoints the advisory committee members

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must name at least 8 but not more than 11 committee members and specify their terms. The committee must consist of one representative from at least six of the categories below:

- (a) A citizen who is actively engaged in the residential home building industry in connection with affordable housing.
  - (b) A citizen who is actively engaged in the banking or mortgage banking industry in connection with affordable housing.
  - (c) A citizen who is a representative of those areas of labor actively engaged in home building in connection with affordable housing.
  - (d) A citizen who is actively engaged as an advocate for low-income persons in connection with affordable housing.
  - (e) A citizen who is actively engaged as a for-profit provider of affordable housing.
  - (f) A citizen who is actively engaged as a not-for-profit provider of affordable housing.
  - (g) A citizen who is actively engaged as a real estate professional in connection with affordable housing.
  - (h) A citizen who actively serves on the local planning agency pursuant to s. 163.3174. If the local planning agency is comprised of the governing board of the county or municipality, the governing board may appoint a designee who is knowledgeable in the local planning process.
  - (i) A citizen who resides within the jurisdiction of the local governing body making the appointments.
  - (j) A citizen who represents employers within the jurisdiction.
  - (k) A citizen who represents essential services personnel, as defined in the local housing assistance plan.
- (3) All meetings of the advisory committee are public meetings, and all committee records are public records. Staff, administrative, and facility support to the advisory committee shall be provided by the appointing county or eligible municipality.
- (4) Triennially, the advisory committee shall review the established policies and procedures, ordinances, land development regulations, and adopted local government comprehensive plan of the appointing local government and shall recommend specific actions or initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value. The recommendations may include the modification or repeal of existing policies, procedures, ordinances, regulations, or plan provisions; the creation of exceptions applicable to affordable housing; or the adoption of new policies, procedures, regulations, ordinances, or plan provisions, including recommendations to amend the local government comprehensive plan and corresponding regulations, ordinances, and other policies. At a minimum, each advisory committee shall submit a report to the

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local governing body that includes recommendations on, and triennially thereafter evaluates the implementation of, affordable housing incentives in the following areas:

- (a) The processing of approvals of development orders or permits for affordable housing projects is expedited to a greater degree than other projects, as provided in s. 163.3177(6)(f)3.
- (b) The modification of impact-fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.
- (c) The allowance of flexibility in densities for affordable housing.
- (d) The reservation of infrastructure capacity for housing for very-low-income persons, low-income persons, and moderate-income persons.
- (e) The allowance of affordable accessory residential units in residential zoning districts.
- (f) The reduction of parking and setback requirements for affordable housing.
- (g) The allowance of flexible lot configurations, including zero-lot-line configurations for affordable housing.
- (h) The modification of street requirements for affordable housing.
- (i) The establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.
- (j) The preparation of a printed inventory of locally owned public lands suitable for affordable housing.
- (k) The support of development near transportation hubs and major employment centers and mixed-use developments.

The advisory committee recommendations may also include other affordable housing incentives identified by the advisory committee. Local governments that receive the minimum allocation under the State Housing Initiatives Partnership Program shall perform the initial review but may elect to not perform the triennial review.

(5) The approval by the advisory committee of its local housing incentive strategies recommendations and its review of local government implementation of previously recommended strategies must be made by affirmative vote of a majority of the membership of the advisory committee taken at a public hearing. Notice of the time, date, and place of the public hearing of the advisory committee to adopt its evaluation and final local housing incentive strategies recommendations must be published in a newspaper of general paid circulation in the county. The notice must contain a short and concise summary of the evaluation and local housing incentives strategies recommendations to be considered by the advisory committee. The notice must state the public place where a copy of the evaluation and tentative advisory committee recommendations can be obtained by interested persons. The final report, evaluation, and recommendations shall be submitted to the corporation.

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(6) Within 90 days after the date of receipt of the evaluation and local housing incentive strategies recommendations from the advisory committee, the governing body of the appointing local government shall adopt an amendment to its local housing assistance plan to incorporate the local housing incentive strategies it will implement within its jurisdiction. The amendment must include, at a minimum, the local housing incentive strategies required under s. 420.9071(16). The local government must consider the strategies specified in paragraphs (4)(a)-(k) as recommended by the advisory committee.

(7) The governing board of the county or the eligible municipality shall notify the corporation by certified mail of its adoption of an amendment of its local housing assistance plan to incorporate local housing incentive strategies. The notice must include a copy of the approved amended plan.

(a) If the corporation fails to receive timely the approved amended local housing assistance plan to incorporate local housing incentive strategies, a notice of termination of its share of the local housing distribution shall be sent by certified mail by the corporation to the affected county or eligible municipality. The notice of termination must specify a date of termination of the funding if the affected county or eligible municipality has not adopted an amended local housing assistance plan to incorporate local housing incentive strategies. If the county or the eligible municipality has not adopted an amended local housing assistance plan to incorporate local housing incentive strategies by the termination date specified in the notice of termination, the local distribution share terminates; and any uncommitted local distribution funds held by the affected county or eligible municipality in its local housing assistance trust fund shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer the local government housing program.

(b) If a county fails to timely adopt an amended local housing assistance plan to incorporate local housing incentive strategies but an eligible municipality receiving a local housing distribution pursuant to an interlocal agreement within the county does timely adopt an amended local housing assistance plan to incorporate local housing incentive strategies, the corporation, after issuance of a notice of termination, shall thereafter distribute directly to the participating eligible municipality its share calculated in the manner provided in s. 420.9073.

(c) Any county or eligible municipality whose local distribution share has been terminated may subsequently elect to receive directly its local distribution share by adopting an amended local housing assistance plan to incorporate local housing incentive strategies in the manner and according to the procedure provided in this section and by adopting an ordinance in the manner required in s. 420.9072.

(8) The advisory committee may perform other duties at the request of the local government, including:

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(a) The provision of mentoring services to affordable housing partners including developers, banking institutions, employers, and others to identify available incentives, assist with applications for funding requests, and develop partnerships between various parties.

(b) The creation of best practices for the development of affordable housing in the community.

(9) The advisory committee shall be cooperatively staffed by the local government department or division having authority to administer local planning or housing programs to ensure an integrated approach to the work of the advisory committee.

**History.**—s. 32, ch. 92-317; s. 15, ch. 93-181; s. 38, ch. 97-167; s. 24, ch. 2006-69; s. 19, ch. 2007-198; s. 117, ch. 2008-4; s. 30, ch. 2009-96; s. 16, ch. 2011-15; s. 67, ch. 2011-139; s. 11, ch. 2016-210.

**420.9079 Local Government Housing Trust Fund.—**

(1) There is created in the State Treasury the Local Government Housing Trust Fund, which shall be administered by the corporation on behalf of the department according to the provisions of ss. 420.907-420.9076 and this section. There shall be deposited into the fund a portion of the documentary stamp tax revenues as provided in s. 201.15, moneys received from any other source for the purposes of ss. 420.907-420.9076 and this section, and all proceeds derived from the investment of such moneys. Moneys in the fund that are not currently needed for the purposes of the programs administered pursuant to ss. 420.907-420.9076 and this section shall be deposited to the credit of the fund and may be invested as provided by law. The interest received on any such investment shall be credited to the fund.

(2) The corporation shall administer the fund exclusively for the purpose of implementing the programs described in ss. 420.907-420.9076 and this section. With the exception of monitoring the activities of counties and eligible municipalities to determine local compliance with program requirements, the corporation shall not receive appropriations from the fund for administrative or personnel costs. For the purpose of implementing the compliance monitoring provisions of s. 420.9075(9), the corporation may request a maximum of one-quarter of 1 percent of the annual appropriation per state fiscal year. When such funding is appropriated, the corporation shall deduct the amount appropriated prior to calculating the local housing distribution pursuant to ss. 420.9072 and 420.9073.

**History.**—s. 32, ch. 92-317; s. 40, ch. 97-167; s. 16, ch. 98-56; s. 25, ch. 2006-69; s. 11, ch. 2009-2; s. 32, ch. 2009-96; s. 18, ch. 2011-15; s. 87, ch. 2015-229.

**FLORIDA HOUSING FINANCE CORPORATION  
CHAPTER 67-37 FLORIDA ADMINISTRATIVE CODE  
STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM**

67-37.002	Definitions.
67-37.005	Local Housing Assistance Plans.
67-37.006	Review of Local Housing Assistance Plans and Amendments.
67-37.007	Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans.
67-37.008	Local Housing Assistance Trust Fund.
67-37.011	Interlocal Entities.
67-37.019	Compliance Procedures

**67-37.002 Definitions.**

As used in this rule chapter, the following definitions shall apply:

- (1) "Administrative Expenditures" means those expenditures directly related to implementation of the Local Housing Assistance Plans.
- (2) "Annual Gross Income" means Annual Gross Income as defined in Section 420.9071(4), F.S.
- (3) "Annual Report" means a report required to be completed and submitted to the Corporation by September 15 of each year pursuant to Section 420.9075(10), F.S.
- (4) "Assisted Housing" or "Assisted Housing Development" means Assisted Housing as defined in Section 420.9071(29), F.S.
- (5) "Catalyst" means the Affordable Housing Catalyst Program as described in Section 420.531, F.S.
- (6) "Debt Service" means the amount required in any fiscal year to pay the principal of, redemption premium, if any, and interest on bonds and any amounts required by the terms of the documents authorizing, securing, or providing liquidity for bonds necessary to maintain in effect any such liquidity or security arrangements.
- (7) "Default" means the failure to make required payments on a financial loan secured by a mortgage that may lead to foreclosure and loss of property ownership.
- (8) "Deferred Payment Loan" means funds provided to a borrower under terms that calls for repayment to be delayed for a certain length of time, until certain circumstances change, or a certain threshold is met.
- (9) "Eligible Housing" means as defined in Section 420.9071(8), F.S.
- (10) "Encumbered" means that deposits made to the local affordable housing trust fund have been committed by contract, or purchase order, letter of commitment or award in a manner that obligates the county, eligible municipality, or interlocal entity to expend the amount upon delivery of goods, the rendering of services, or the conveyance of real property by a vendor, supplier, contractor, or owner.
- (11) "Essential Service Personnel" means persons in need of affordable housing who are employed in occupations or professions in which they are considered essential service personnel, as defined by each county and eligible municipality within its respective local housing assistance plan pursuant to Section 420.9075(3)(a), F.S.
- (12) "Expended" means the affordable housing activity is complete and funds deposited to the local affordable housing trust fund have been transferred from the local housing assistance trust fund account to pay for the cost of the activity.
- (13) "Extremely Low Income Household" or "ELI" means one or more natural persons or a family that has a total annual gross household income that does not exceed 30 percent of the area median income adjusted for family size for households within the metropolitan statistical area, the county, or the non-metropolitan median for the state, whichever is greatest.
- (14) "Foreclosure" means the legal action by a mortgage holder to require repayment of a Loan through the sale of the subject property.
- (15) "Forgivable Loan" means a loan with no repayment obligation if requirements of the loan are met for a specified period of time.
- (16) "Grant" means Grant as defined in Section 420.9071(12), F.S.
- (17) "Home Ownership Activities" means the use of the local affordable housing trust fund moneys for the purpose of providing owner-occupied housing. Such uses include construction, rehabilitation, purchase, and lease-purchase financing where the primary purpose is the eventual purchase of the housing by the occupant within twenty-four months from initial execution of a lease agreement or within twenty-four (24) months of the applicable fiscal year, whichever occurs first.
- (18) "Interlocal Entity" means an entity created pursuant to the provisions of Chapter 163, Part I, F.S., for the purpose of establishing a joint local housing assistance plan between two or more SHIP eligible local governments pursuant to the provisions of Section 420.9072(5), F.S. (19) "Loan" means Loan as defined in Section 420.9071(13), F.S.
- (20) "Local Housing Incentive Strategies" means Local Housing Incentive Strategies as defined in Section 420.9071(16), F.S.



- (21) "Persons With Special Needs" means Persons with Special Needs as defined in 420.0004 (13).
- (22) "Preservation" means Preservation as defined in Section 420.9071(30), F.S.
- (23) "Program Income" means Program Income as defined in Section 420.9071(24), F.S.
- (24) "Project Delivery Costs" means those costs related to the delivery of housing related services to an eligible applicant that are not included as part of Administrative Expenditures.
- (25) "Recaptured Funds" means Recaptured Funds as defined in Section 420.9071(25), F.S.
- (26) "Rehabilitation" means repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space.
- (27) "Review Committee" means the committee established pursuant to Section 420.9072(3)(a), F.S.
- (28) "SHIP" or "SHIP Program" means the State Housing Initiatives Partnership Program created pursuant to the State Housing Initiative Partnership Act, Sections 420.907-9079, F.S.
- (29) "Sponsor" means eligible sponsor as defined in 420.9071 (11.), F.S.
- (30) "State" means the State of Florida.
- (31) "Sub Recipient" means a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP program.
- (32) "Welfare Transition Program" means a program pursuant to the provisions of Section 445.006, F.S.

Rulemaking Authority 420.9072(9) FS., Ch. 2000-69, Laws of Florida. Law Implemented 420.9072 FS. History—New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 91-37.002, Amended 12-26-99, 9-22-03, 1-30-05, 11-5-06, 2-24-08, 11-22-09, 5-23-17.

### **67-37.005 Local Housing Assistance Plans (LHAP).**

#### **(1) General Requirements:**

- (a) To be eligible for SHIP funding for a state fiscal year, a county or eligible municipality shall submit and receive approval of its local housing assistance plan and amendments thereto as provided in Rule 67-37.006, F.A.C. Plans must be submitted to the Corporation by May 2 preceding the end of the fiscal year in which the current plan expires. New Plans must be submitted using the LHAP Template 2016-001, effective October 1, 2016, including all required exhibits, which is adopted and incorporated herein by reference. A copy of the LHAP Template 2016-001 and required exhibits may be obtained at <http://www.floridahousing.org> or by contacting the Corporation. In the case of new eligible municipalities, plans must be submitted to the Corporation by May 2 of the state fiscal year prior to the state fiscal year they seek to become eligible for funding. No SHIP local housing distribution funds shall be distributed in a fiscal year to a county or eligible municipality unless and until an approved LHAP is in place with respect to applicable fiscal year.
- (b) The effective period of an LHAP may be up to three state fiscal years. Counties or eligible municipalities that receive LHAP approval for more than one fiscal year shall not be required to resubmit a new plan until May 2 of the year in which the approved plan expires.
- (c) A copy of the local housing assistance plan shall be submitted to the Corporation, via electronic submission. The local housing assistance plan's certification and resolution, which are part of LHAP Template 2016-001, shall be submitted and shall bear the original signature of the authorized official which includes: Mayor, Commissioner, County Manager or City Manager or the authorized official's designee and a certification that the document being submitted is the county's, eligible municipality's or interlocal entity's local housing assistance plan and that all provisions of the plan conform to the requirements of Section 420.9072, F.S., et seq., and Rule Chapter 67-37, F.A.C.
- (d) Within two weeks after receipt of final approval of the LHAP from the Corporation, the local government shall provide, via electronic submission, a complete clean copy (no strike through or underline) including all required exhibits to the Corporation.
- (e) The Corporation shall be notified by a county or eligible municipality of any recently hired staff or any new entity employed or contracted to administer any portion of the SHIP program having no previous experience with the SHIP program. Those staff or entity shall be required to receive technical assistance and training through the Affordable Housing Catalyst Program.
- (f) The funds deposited to the local housing assistance trust fund must be spent within twenty-four months from the end of the applicable State fiscal year. Exceptions to this time frame must be approved by the Corporation SHIP Program Administrator on a case-by-case basis. Exceptions will only be granted for good cause. Examples of good cause are natural disasters, requirements of other State agencies, adverse market conditions, and unavoidable development delays. Adequate explanation of the reasons for the requested extension as well as a timeline for completing the expenditure of funds must be submitted to the Corporation before an extension will be approved, e.g., project status, work plan and completion schedule, commitment of funds, etc. The

Corporation may require a local government requesting an expenditure extension to receive technical assistance through the Catalyst program to evaluate the need for an extension.

(g) Each LHAP must include a disaster strategy describing activities to be undertaken in the event of an emergency or disaster that has been declared by executive order. A copy of a sample Disaster Strategy is available on the Corporation's website at <http://www.floridahousing.org> or by contacting the Corporation. Local governments may use unencumbered SHIP funds to carry out activities of disaster relief. Recipients of SHIP funds under a local government's disaster strategy shall be required to verify income using certifications, pay check stubs or other forms of proof. Documentation required for SHIP income qualification may be waived if unavailable. The county or eligible municipality shall make every effort reasonable to insure that the recipients of SHIP funds are income qualified.

(2) A county or eligible municipality is permitted to:

(a) Develop a strategy within its local housing assistance plan that emphasizes the recruitment and retention of Essential Service Personnel pursuant to Section 420.9075(3)(b), F.S.

(b) Use SHIP funds for persons or families whose total annual household income does not exceed one hundred forty percent of the area median income, adjusted for family size; this use of funds does not relieve the local government from meeting the requirements of Section 420.9075(5)(g) 2., F.S.

(c) Develop a strategy within its local housing assistance plan that addresses the needs of persons who are deprived of affordable housing due to the closure of a mobile home park or the conversion of affordable rental units to condominiums pursuant to Section 420.9075(3)(c), F.S.

(d) Develop a strategy within its local housing assistance plan for the Preservation of assisted rental housing.

(3) Notice of Funding Availability

(a) Each county or eligible municipality shall advertise a notice of funding availability of SHIP funds at least 30 days before the beginning of the application period in a newspaper of general circulation and periodicals serving ethnically and racially diverse populations unless a waiting list of applicants exists that will exhaust all allocated funding.

1. The advertisement shall:

- a. Identify the amount of the distribution projected to be received from the state for the fiscal year;
- b. List the beginning and end date of the application period;
- c. Provide the name of the local plan contact person and other pertinent information including where applicants may apply for assistance.

2. The advertisement may also include information that the local governments deem necessary such as:

- a. An estimated amount of SHIP local housing distribution per strategy;
- b. Income set asides for each strategy along with applicable income limits;
- c. A description of the selection criteria for each strategy;
- d. The maximum housing value limitation for each strategy;

(4) Each local housing assistance plan shall be submitted on the LHAP template and include:

(a) A description of the local housing strategies and incentive strategies;

(b) A statement that monthly rents or monthly mortgage payments, including taxes and insurance, do not exceed 30 percent of an amount representing the percentage of the area's median Annual Gross Income for the household as indicated in Section 420.9071(19), (20) or (28), F.S. However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing. Housing for which a household devotes more than 30 percent of its income shall be deemed affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30 percent benchmark and in the case of rental housing does not exceed those rental limits adjusted for bedroom size established by the Corporation;

(c) A description of the extent to which a strategy is implemented by combining resources through a partnership in order to leverage the cost of housing;

(d) A description of the support services that will be made available to the residents of the housing; and

(e) A description of the initiatives that will be used to conduct outreach and to attract applicants for assistance;

(f) A statement that strategies further the housing element, goals, policies, and objectives of the local government's comprehensive plan.

- (g) A policy stating that once a waiting list has been exhausted and funds remain unencumbered, the local government will advertise as instructed in Section 420.9075(4)(b), F.S.
- (h) A statement that the staff or entity that has administrative authority for implementing a local housing assistance plan assisting rental developments shall annually monitor and determine tenant eligibility throughout the 15 year compliance period as described at subsection 67-37.007(15), F.A.C.
- (i) A definition of essential service personnel for the county or eligible municipality. Such definition may include teachers and educators; other school district, community college, and university employees; police and fire personnel; health care personnel; skilled building trades personnel; and other specifically defined job categories as required by Section 420.9075(3)(a), F.S.
- (j) A description of initiatives identifying current and emerging green building and design techniques and explain how these techniques are to be integrated into its housing strategies both for sustainability and promote greater affordability pursuant to Section 420.9075(3)(d), F.S.
- (k) A complete description of all strategies and activities to be undertaken as described in this section.
- (l) A description of the qualification system and selection criteria for applications for awards to eligible sponsors, which includes a description that demonstrates how eligible sponsors that employed personnel from the Welfare Transition Program will be given preference in the selection process,
- (m) A description of the criteria for selection of eligible persons,
- (n) Maximum Award amounts for each strategy listed in the local housing assistance plan,
- (o) A timeline for the expenditure of SHIP local housing distribution funds in sufficient detail to allow for a comparison of such plan with actual expenditures. The information submitted must be presented separately for each State fiscal year;
- (p) A detailed line-item budget of proposed Administrative Expenditures. These must be presented on an annual basis for each State fiscal year submitted;
- (q) A copy of the ordinance and its amendments, if the original ordinance has been amended from its original submission, as required by Section 420.9072(2)(b), F.S.; and
- (r) A housing delivery goals chart hereby incorporated by reference as an exhibit to the LHAP template for each fiscal year, which includes the following information for each strategy:
1. The proposed dollar amount of the local housing distribution to be used for each strategy, stated for each State fiscal year in a multi-year plan;
  2. The estimated number of households proposed to be served for each strategy and income category;
  3. The maximum amount of funding per unit for each strategy, and the estimated amount of funding for new construction, rehabilitation or non-construction activities. On a multi-year plan, this information must be stated separately for each State fiscal year;
  4. The maximum sales price of new and existing units. For community land trust purposes the value of the land is not included in the purchase price.
- (5) Each LHAP shall contain a certification form, which is included as an exhibit to LHAP Template 2016-001, which requires the county or eligible municipality to certify to all statements on said form, including that:
- (a) There is an established procedure for the tracking and expenditure of program income and Recaptured Funds from loan repayments, reimbursements, Foreclosures or other repayments, and interest earnings on the local housing distribution funds.
  - (b) There is a plan to Encumber the local housing distribution funds deposited into the local housing assistance trust fund for each State fiscal year by June 30 one year following the end of the applicable State fiscal year;
  - (c) There is a plan for the local housing distribution deposited into the local housing assistance trust fund to be Expended for eligible persons or eligible sponsor within 24 months of the end of the applicable State fiscal year. Expended is defined as:
    1. The project is completed as evidenced by documentation of final payment to the contractor and release of all lien waivers;
    2. Issuance of the certificate of occupancy by the local building department in the case of a new home or proof of the final building inspection for housing rehabilitation, and occupancy by an eligible person or eligible household;.
    3. For assistance to tenants of rental housing or foreclosure assistance payments, funds are Expended upon transfer of funds to a tenant, resident, lending institution, utility provider or landlord; and
    4. In the case of a loan guarantee strategy, the deposits to the local housing assistance trust fund will be considered expended when they are deposited from the local housing assistance trust fund into the guarantee fund.

*Rulemaking Authority 420.9072(9) FS.. Law Implemented 420.9072(2), 420.9075 FS. History–New 11-26-92, Amended 5-2-93, 2-9-94, 12-28-94, 1-6-98, Formerly 91-37.005, Amended 12-26-99, 9-22-03, 1-30-05, 11-5-06, 2-24-08, 11-22-09, 5-23-17.*

### **67-37.006 Review of Local Housing Assistance Plans and Amendments.**

(1) Local housing assistance plans and amendments shall be reviewed and approved by a Review Committee of Corporation employees appointed by the Executive Director.

(2) Any county or eligible municipality desiring review of a new plan or plan amendment prior to adoption by the local government body may submit it for review to the Corporation. The plan or amendment will be reviewed by the Corporation, which will recommend it for conditional approval pending local approval and submission of all required documents or identify inconsistencies with the requirements of the SHIP program Rule Chapter 67-37, F.A.C., and Sections 420.907-.9079, F.S., within 45 days after receipt.

(3) Amendments to an approved local housing assistance plan must be adopted by resolution and the county or eligible municipality must provide a copy to the Corporation within 21 days after adoption. A county or eligible municipality must amend its plan if at any time a strategy will be deleted or a new strategy will be added. Amendments that do not add, delete or significantly alter a strategy are considered technical and are not subject to the amendment review process.

(4) A county or eligible municipality which has adopted a Plan or an amendment that has been determined by the Corporation to be inconsistent with the requirements of the SHIP program, shall make necessary revisions identified within 45 days of receipt of the Committee's comments.

*Rulemaking Authority 420.9072(9) FS. Law Implemented 420.9072(2) FS. History–New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 91-37.006, Amended 12-26-99, 9-22-03, 2-24-08, 11-22-09, 5-23-17.*

### **67-37.007 Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans.**

(1) SHIP local housing distribution funds shall be used to implement the local housing assistance plan. The benefit of assistance provided through the SHIP program must accrue to eligible persons occupying Eligible Housing. This provision shall not be construed to prohibit use of the local housing distribution deposited into the local housing assistance trust fund for a mixed-income rental development. SHIP local housing distribution funds may be used:

(a) All local housing distribution funds shall be Encumbered by June 30 of the State fiscal year following the end of the applicable State fiscal year.

(b) The funds deposited to the local housing assistance trust fund must be Expended within 24 months from the end of the applicable State fiscal year. Requests for extensions for good cause must be submitted by the local government to the Corporation and will be reviewed and approved or denied by the Corporation on a case-by-case basis. Examples of good cause include disasters, requirements of other State agencies or housing programs, adverse market conditions, and unavoidable development delays. The Corporation may require a local government requesting an expenditure extension to receive technical assistance through the Catalyst program.

(c) If funds remain unexpended after the original or extended deadline, the County or eligible municipality will be deemed to be in non-compliance and funds will be subject to recapture by the Corporation.

(d) SHIP local Housing distributions may be used:

1. To implement the local housing assistance plan and incentive strategies that create or preserve affordable housing;
2. To supplement Corporation programs, for example: the State Apartment Incentive Loan Program established under Section 420.5087, F.S., the Community Workforce Housing Innovation Pilot Program and Home Ownership Assistance Program (HAP) established under Section 420.5088, F.S., with the SHIP local housing distribution funds directed to uses within the local government jurisdiction;
3. To provide local match to obtain federal housing grants or programs, such as HOME, established by 24 CFR, Part 92; and
4. To further the housing element of the local government comprehensive plan adopted pursuant to Section 163.3184, F.S., specific to affordable housing.

(2) At least sixty-five percent of each local government's local housing distributions must be used for Home Ownership Activities. The expenditure of program income is exempt from this requirement.

(3) At least seventy-five percent of each local government's local housing distributions must be used for construction, rehabilitation or emergency repairs of affordable, Eligible Housing. The expenditure of program income is exempt from this requirement. Construction, rehabilitation, or emergency repairs must be completed either within one year immediately preceding the date of conveyance of title (i.e., closing) or within 24 months of the close of the applicable State fiscal year to satisfy the Expenditure requirement, unless otherwise extended by the Corporation. For purposes of this rule, SHIP recipients may rely on the following expenditures to be

considered construction, rehabilitation or emergency repair costs:

- (a) Those hard costs which are typically or customarily treated as construction costs by institutional lenders;
  - (b) Payment of impact fees;
  - (c) Infrastructure expenses typically paid by the developer;
  - (d) Construction soft costs such as engineering studies and appraisals, if directly related to housing construction, rehabilitation or emergency repairs;
  - (e) Relocation costs associated with rehabilitation of the residence usually occupied by a tenant or home owner; and
  - (f) Financing, or “buy-down” costs, if directly attributable to assisting eligible persons to own a home or obtain rental occupancy (e.g., security and utility deposit assistance) in a home or unit that has obtained a certificate of occupancy in the 12-month period immediately preceding the contract for sale and purchase or has never been occupied or lease of the premises. When used to purchase an existing housing unit, closing costs and down payment assistance will be considered toward fulfilling the 75 percent construction requirement only if the housing unit receives rehabilitation. Any other costs may be submitted to the Corporation for review and approval.
- (4) At least 20 percent of each local government’s local housing distribution must be used to serve persons with special needs as defined in Section 420.0004, F.S. A local government must meet this requirement through existing approved strategies in the local housing assistance plan or submit a new local housing assistance plan strategy for this purpose. The first priority of these special needs funds must be to serve persons with developmental disabilities as defined in Section 393.063, F.S., with an emphasis on home modifications, including technological enhancements and devices, which will allow homeowners to remain independent in their own homes and maintain their homeownership.
- (5) A county or eligible municipality may spend up to 20 percent of the funds made available in each county and eligible municipality from the local housing distribution for manufactured housing as referenced in Section 420.9075(5)(c), F.S.
- (6) A county or eligible municipality may spend funds to provide ongoing rent subsidies for:
- (a) Security and utility deposit assistance;
  - (b) Eviction prevention not to exceed 6 months’ rent; and.
  - (c) A rent subsidy program for very-low-income households with at least one adult who is a person with special needs as defined in Section 420.0004, F.S. or is homeless as defined in Section 420.621, F.S. The period of rental assistance may not exceed 12 months for any eligible household.
- (7) The Corporation shall review and approve expenditures for the following categories as Administrative Expenditures:
- (a) Salaries of persons directly responsible for preparation of the plans or reporting required as part of the administration of the local SHIP program. The salary allocated to SHIP Administrative Expenditures of any employee shall reflect activities involving administration of the SHIP program, but no SHIP program funds are permitted to be expended for the administration of activities not involving SHIP funds.
  - (b) Office expenditures affiliated with the administration of the local SHIP program;
  - (c) Studies conducted by the county or eligible municipality or by consultants selected by the county or eligible municipality to provide data on affordable housing need and demand in the area; and
  - (d) Expenditures related to travel, training, education, and public information initiatives necessary for the administration of the SHIP program.
- (8) Additional Expenditures detailed in the local housing assistance plan that do not fit in these categories shall be analyzed by the Corporation, which shall make a determination as to whether the proposed expenditures shall be approved as Administrative Expenditures or Project Delivery Costs.
- (9) Small counties and eligible municipalities receiving a local housing distribution of up to \$350,000 may use up to 10 percent of program income for administrative expenditures.
- (10) The balance of the local housing distribution funds and other funds deposited into the local housing assistance trust fund must be used for housing production and finance activities, including: financing preconstruction activities, financing the purchase of existing units, providing rental housing, and providing home ownership training or counseling to prospective home buyers and owners of homes assisted through the local housing assistance plan.
- (11) The sales price or value of new or existing homes which are sold or rehabilitated under the SHIP Program shall not exceed 90 percent of the average area purchase price in the statistical area in which the housing is located. The local government at its discretion may set the sales price or value below the 90 percent benchmark. The maximum area purchase price shall not exceed the limit

established by the United States Department of Treasury or that calculated in accordance with Section 420.9075(5)(d), F.S.

(12) Loans issued using local housing distribution funds deposited to the local housing assistance trust fund may not have terms exceeding 30 years, except for Deferred Payment Loans or Forgivable Loans that extend beyond 30 years which continue to serve eligible persons.

(13) All units constructed, rehabilitated, or otherwise assisted with local housing distributions provided from the local housing assistance trust fund must be occupied by eligible persons as required by Section 420.9071 (10), F.S. The remainder may be reserved for eligible sponsors that will serve eligible persons.

(14) Monthly mortgage payments, including taxes and insurance, and monthly rental payments must be affordable for very low, low- and moderate-income persons and households.

(15) Rental units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund must be monitored annually by the local government, or to the extent another government entity or Corporation program provides periodic monitoring, the local government may rely on that entity's monitoring for 15 years or the term of assistance, whichever is longer, for compliance with tenant income and affordability requirements, except as referenced in Section 420.9075(4)(e), F.S. 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 one-person household shall be used for an efficiency unit, and for units with separate bedrooms, one and one-half persons per bedroom shall be used. A rental limit chart based on the above calculation adjusted for bedroom size will be provided to the local governments by the Corporation annually.

(16) All Loans and Grants for units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund shall be subject to recapture requirements as described by the county or eligible municipality in its local housing assistance plan. Any strategy proposed that will award funds as a Grant without any recapture requirements shall be submitted to the Corporation denoted as a Grant as part of the local housing assistance plan for approval by the Review Committee.

(17) Developers receiving assistance from both SHIP and the Low-Income Rental Housing Tax Credit (LIHTC) Program shall be required to comply with the income, affordability and other LIHTC requirements. Similarly, any units receiving assistance from SHIP and other federal, State or local programs shall be required to comply with any requirements specified by the other program in addition to SHIP program requirements. In the event both programs have restrictions on the same issue, the more restrictive regulation shall take precedence. If one program is silent on an issue, the program with a regulation on the issue shall apply.

(18) The local government may require that housing units receiving assistance from local housing distribution funds deposited to the local housing assistance trust fund be located within the boundaries of the local government's jurisdiction which has been approved for receipt of local housing distribution funds.

(19) Local housing distribution funds deposited to the local housing assistance trust fund shall not be used as a pledge of the Debt Service on bonds.

(20) Pursuant to Section 420.9073(5), F.S., in the event of a disaster declared by an Executive Order of the President or Governor, counties and eligible municipalities impacted by the disaster and included in the Executive Order may request funding for activities described in their local housing assistance plans or under the disaster strategy. Requests for additional funds shall be submitted in writing and shall include the name of the local government and amount of funds requested and a schedule of when the funds being requested are to be expended. The request shall also include the number of households to be assisted, addresses, damage assessment performed by FEMA, the Department of Emergency Management, or other local agency performing disaster assessments and dollar estimate of repairs. Disaster funds shall be disbursed to local governments based on demonstrated need pending availability of funds. Counties and eligible municipalities receiving additional funds for disaster that have unencumbered funds shall expend the unencumbered funds before requesting disaster funds. Disaster activities shall be included in the Annual Report submitted by local jurisdictions by September 15 following the close of the fiscal year.

(21) Pursuant to Section 420.9073(6), F.S., counties and eligible municipalities may request funds to be used for the purchase of properties subject to a SHIP lien on which foreclosure proceedings have been initiated. Counties and eligible municipalities receiving these funds shall repay these funds to the Corporation no later than the expenditure deadline for the fiscal year in which the funds were expended. Any funds not repaid shall be withheld from the subsequent year's distribution. Requests for these funds shall be submitted in writing and shall include the name of the local government, amount of funds requested, address of property(ies) being acquired, cost of purchase, amount of existing SHIP subsidy and a schedule of when the funds being requested are to be expended. These funds will be disbursed to local governments on a first come, first served basis pending availability of funds.

*Rulemaking Authority 420.9072(9) FS. Law Implemented 420.9072 FS. History—New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 91-37.007, Amended 12-26-99, 9-22-03, 11-5-06, 2-24-08, 11-22-09. 5-23-17.*

## **67-37.008 Local Housing Assistance Trust Fund.**

(1) Amounts on deposit in each local housing assistance trust fund shall be invested as permitted by law for the local housing distribution funds of the applicable local government(s). All investment earnings shall be retained in such fund and used for the purposes thereof.

(2) The local housing assistance trust fund for all local governments including interlocal entities shall be separately stated as a special revenue fund in a county's or eligible municipality's audited financial statements. Electronic copies of such audited financial statements or a hyperlink to the website where the report is posted shall be transmitted annually to the Corporation no later than June 30th of the following state fiscal year. In addition to providing audited financial statements, all participating jurisdictions must provide evidence of compliance with the Florida Single Audit Act, as referenced in Section 215.97(7) and (8), F.S.

(3) All Expended funds reported on the SHIP Annual Report shall be reconciled to the general ledger for each State fiscal year prior to submission of the SHIP Annual Report.

(4) In addition to the Annual Report requirements outlined in Section 420.9075(10), F.S., local governments shall submit information as required by the Corporation on the annual report for:

- (a) Foreclosure rates on SHIP loans;
- (b) Administrative Expenditures separately stated for the costs of the local government and any Sub Recipients administering the program;
- (c) Total Recaptured Funds and program income separately stated for event type (Foreclosure, sale of property, refinance);
- (d) Total amount of unexpended funds that will be carried forward to the next SHIP fiscal year;
- (e) A list of Sub Recipients that administer any portion of the SHIP program. The list shall include name of person or organization, business type, a description of the strategies and responsibilities for each sub recipient or consultant;
- (f) Tracking of Persons with Special Needs; and
- (g) Responses to requests for information from the Legislature or Governor's office.

(5) Annual Reports shall be submitted to the Corporation electronically using the SHIP Annual Report system. The SHIP Annual Report system can be accessed at [www.floridahousing.org](http://www.floridahousing.org).

(6) Local governments that have had an audit, review or investigation involving SHIP funds shall send the Corporation a copy of any related report within 10 days of the issuance of such report.

*Rulemaking Authority 420.9072(9) FS. Law Implemented 420.9075(5) FS. History—New 11-26-92, Amended 2-9-94, 1-6-98, Formerly 9I-37.008, Repromulgated 12-26-99, Amended 9-22-03, 1-30-05, 11-5-06, 2-24-08, 11-22-09, 5-23-17.*

### **67-37.011 Interlocal Entities.**

(1) The interlocal agreement shall specify whether a single report for all jurisdictions or individual reports for each participating local government shall be submitted pursuant to Section 420.9075(10), F.S.

(2) Eligible municipalities that intend to become a member of an established interlocal entity must:

- (a) Adopt an ordinance that creates the affordable housing advisory committee, establishes responsibility for plan administration and, if applicable, establishes the local affordable housing trust fund.
- (b) Adopt by resolution one local housing assistance plan and adopt by resolution the appointments to the advisory committee.

(3) All members of the existing interlocal entity must adopt by resolution an amendment to the local housing assistance plan to include the new eligible municipality.

*Specific Authority 420.9072(9) FS. Law Implemented 420.9072(5) FS. History—New 11-26-92, Amended 2-9-94, 1-6-98, Formerly 9I-37.011, Amended 12-26-99, 9-22-03, 2-24-08, 5-23-17.*

### **67-37.019 Compliance Monitoring for Housing Developed With SHIP Local Housing Distribution Funds.**

(1) The local government staff or entity with administrative authority for a local housing assistance plan shall maintain a financial tracking system that ensures that the local housing distribution funds disbursed from the local housing trust fund are expended in accordance with the set-aside requirements in Rule 67-37.007, F.A.C., within deadlines established in subsection 67-37.005(5)

(b) and (c), F.A.C. and in compliance with Section 420.9075, F.S. Failure by the local government staff or entity with administrative authority to properly track SHIP funds or reconcile the funds to the general ledger shall result in the local government being deemed in non-compliance with the SHIP program. In this circumstance, the local government or administrative entity shall be required to receive technical assistance through the Catalyst program.

- (2) The combined household Annual Gross Income of an applicant who is applying as an owner/occupant of a residence shall be verified and certified by the SHIP program administrator or designee using one of the following methods:
- (a) Section 8 housing assistance payments programs in 24 C.F.R. part 5; or
  - (b) Adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes.
- (3) Income shall be calculated by annualizing verified sources of income for the household as the amount of income to be received in a household during the 12 months following the effective date of the determination. Whichever income verification and certification method is used, the Annual Gross Income, as defined in Section 420.9071(4), F.S., must be used and the SHIP Program income limits cannot be exceeded. SHIP funds Expended on households that are determined to not be income qualified through a compliance monitoring or audit shall be repaid in full to the local housing trust fund from non-SHIP funds to be reallocated to an eligible SHIP activity. In this circumstance, the local government or administrative entity may be required to receive technical assistance through the Affordable Housing Catalyst Program.
- (4) The local government staff or entity with authority for administering a local housing assistance plan assisting rental developments shall monitor annually, or to the extent another government entity or Corporation program provides periodic monitoring, the local government may rely on that entity's monitoring to determine tenant eligibility and the amount of subsidy using the same guidelines as specified at subsection (2) above, at least annually for 15 years or the term of assistance, whichever is longer. The Corporation shall monitor the activities of the local governments to determine compliance with program requirements as defined in Section 420.9075(4)(e), F.S.
- (5) The local government staff or entity with administrative authority for a local housing assistance plan shall provide documentation to the Corporation upon request that details:
    - (a) Permits, as defined in Sections 163.3164(15) and (16), F.S., for affordable housing projects are expedited to a greater degree than other projects; and
    - (b) There is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption.
- (6) The Corporation, or any duly authorized representative shall be permitted to inspect the local housing assistance plan, advertisements, applications, income verifications and certifications, plan participation contracts, financial records, tracking system records, construction cost verification including receipts and contracts, rental development annual reviews, Eligible Sponsor and Sub Recipient reviews, Eligible Sponsor and Sub Recipient award lists, SHIP fund recipient lists, and any other applicable documents at any reasonable time with or without notice. Such records shall be maintained within the participating county or eligible municipality at a place accessible to the Corporation staff or its designated monitoring agent.
- (7) Subsequent to a local government SHIP program being monitored by the Corporation or its designated agent and receiving a copy of the compliance monitoring report, the local government shall submit a written response to any findings or observations documented in the monitoring report to the Corporation and the designated monitoring agent. The required response shall be submitted within 30 days and shall include an explanation and/or remedy for each item in the compliance monitoring review, including:
- (a) An explanation of the plan for correcting the issue including changes in policies, procedures, staff responsibilities, technical assistance and training;
  - (b) For physical inspection findings or deficiencies, an explanation of the corrective work that will be completed to remedy the finding or deficiencies;
  - (c) A timeline for correcting any observed deficiencies.; and
  - (d) A plan for repayment of ineligible expenses, if any is required.
- (8) If the Corporation issues a written report pursuant to Section 420.9075 (13) (a), F.S., finding that an eligible jurisdiction has violated program criteria, the Corporation shall:
- (a) Submit such report to the Executive Office of the Governor at which time the distribution of program funds to the county or eligible municipality shall be suspended; or
  - (b) Require the local government to work with technical assistance provider through the Catalyst program, to develop a corrective action plan (CAP).
    1. The CAP shall be submitted to the Corporation within 60 days of the date of the letter from the Corporation notifying the eligible jurisdiction of the pattern of violation.
    2. The CAP must describe the proposed corrective action for each violation and how the correction actions will be implemented within 3 months of an approval of the CAP by the Corporation.



3. The Corporation shall have 30 days to review and approve or recommend changes to the CAP. Upon approval of the CAP, any undisbursed funds due to the local government shall be distributed.

(9) Projects receiving assistance from the local housing assistance plan and from other State or federal programs that may have conflicting verification and certification, shall comply with requirements of the most restrictive program.

(10) Any local government receiving SHIP funds that administers any portion of the SHIP program through a contracted Sub Recipient shall bear responsibility for actions of the sub recipient and shall monitor all sub recipients to insure compliance is maintained on all SHIP funded activities. The required contract between the local government and sub recipient shall detail the policies and procedures that shall be adhered to in the management of the SHIP activities.

(11) Any contract or document establishing the relationship between a SHIP eligible local government and an organization that is a Sub Recipient receiving SHIP funds shall contain the standard audit language on Form DFS-A2-CL (Effective 7/05) as required by the Florida Single Audit Act, Section 215.97, F.S.

Rulemaking Authority 420.9072(9) FS. Law Implemented 420.907, 420.9075(3)(e) FS. History—New 2-24-08, Amended 11-22-09, 5-23-17.

**ESCAMBIA/PENSACOLA INTERLOCAL AGREEMENT  
STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM**

**THIS AGREEMENT** is made and entered into this \_\_\_\_\_ day of April, 2016, by and between **ESCAMBIA COUNTY**, a political subdivision of the State of Florida, acting by and through its Board of County Commissioners (the "County"), and the **CITY OF PENSACOLA**, a municipal corporation created and existing under the laws of the State of Florida, acting by and through its City Council (the "City").

**WITNESSETH:**

**WHEREAS**, the County and City have legal authority to perform general government services within their respective jurisdiction; and

**WHEREAS**, the County and City are authorized by §163.01, Florida Statutes, to enter into Interlocal Agreements and thereby cooperatively utilize their powers and resources in the most efficient manner possible; and

**WHEREAS**, the William E. Sadowski Affordable Housing Act (Chapter 92-317, Laws of Florida, incorporated herein by reference) created §§420.907-420.9079 Florida Statutes, the "State Housing Initiatives Partnership Program" ("SHIP"), which authorizes funds in the Local Government Housing Trust Fund (the "Fund") to be distributed to approved counties and eligible municipalities within the County pursuant to an Interlocal Agreement; and

**WHEREAS**, Escambia County is an approved County and the City of Pensacola is an eligible municipality within the County; and

**WHEREAS**, the County and City desire to jointly utilize SHIP allocations pursuant to this Interlocal Agreement; and

**WHEREAS**, the County and the City have determined that SHIP Program funds can be more effectively and efficiently utilized and managed through an Interlocal Agreement.

**NOW, THEREFORE**, for and in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. The recitals contained in the Preamble of this Agreement are declared to be true and correct and are hereby incorporated into this Agreement.
2. The County and the City do hereby agree that the SHIP Program funds which are to be distributed to the County as provided in §420.9073, Florida Statutes, shall be allocated jointly to the County and City for purposes identified in the mutually approved Escambia/Pensacola Local Housing Assistance Plan (LHAP). The implementation of SHIP Program activities shall be undertaken cooperatively by the County, through its Neighborhood Enterprise Division, and the City, through its Housing Office in accordance with the Terms and Conditions provided in **Exhibit I**, attached

hereto and incorporated herein.

3. Unless earlier terminated pursuant to other provisions of this Interlocal Agreement, the term of this Agreement shall run concurrent with the distribution of SHIP Program funds which are allocated jointly to the County and the City, and shall minimally continue for the duration of the 2017-2019 LHAP.
4. The County and the City direct the Florida Housing Finance Corporation (the "Corporation") to distribute and allocate the SHIP Program funds in accordance with this Interlocal Agreement and authorize the Corporation to rely on the County's and City's stated intent and their authority to execute this Interlocal Agreement.
5. The SHIP Program funds so distributed will be deposited in a single depository trust fund account created and managed by Escambia County, which shall be administered by the Finance Division of the Office of the Clerk of the Circuit Court. This account shall be known as the Escambia-Pensacola Local Government Housing Trust Fund (hereinafter referred to as "Local Fund"), to which SHIP funds are distributed by the State of Florida/Florida Housing Finance Corporation. The Corporation will be notified of any change in the Local Fund status and the parties agree to have such Local Fund audited annually as required by Chapter 420, Florida Statutes, and Rule 67-37, Florida Administrative Code. Since all distributions from the Local Fund shall be processed by Escambia County, parties hereto agree that the Comprehensive Single Entity Audit of the accounts and records of the County with respect to SHIP revenues and expenditures shall constitute the audit for the Interlocal Entity as described in the SHIP Regulations. The parties hereto agree that the Local Fund may be allocated a pro-rata charge by the County based upon the cost of the independent audit.
6. Provided this Interlocal Agreement remains effective between the County and the City, both parties agree that they will not do anything to jeopardize the other party's right to receive its allocation from the Local Fund.
7. The parties to this Agreement have both adopted an Affordable Housing Incentive Plan and mutually understand that the relevant law requires the continuing monitoring and implementation of said Plan for the purpose of enhancing and providing affordable housing. Both parties agree to cooperate in ensuring that the requirements and spirit of applicable law are satisfied.
8. Neither party shall use any revenues distributed and allocated for purposes other than those authorized by §420.9072(7), Florida Statutes, or as stipulated in Rule 67-37, Florida Administrative Code.
9. If at any time during the term of this Interlocal Agreement, the County or the City which are the parties to this Interlocal Agreement believe that the intent of the parties as set forth herein is not being accomplished, or that the terms of the Interlocal Agreement are not fair, such entity may, upon the giving of ninety days written notice, renegotiate the terms and provisions of this Interlocal Agreement to be effective on the first day of the next fiscal year. If the parties are unable to so renegotiate the terms and provisions of this Interlocal Agreement prior to the commencement of the next fiscal year the noticing party shall cease to be a party to this Interlocal Agreement and this

Interlocal Agreement shall terminate and be of no further force or effect as to such party and the funds shall be allocated as provided by law. If either party shall cease to be eligible for allocation and distribution of Local Government Housing Trust Fund monies, such party's allocation of the funds shall remain in the Local Fund to be used by the Corporation.

10. The parties to this Agreement shall cooperatively prepare and submit a single consolidated annual report incorporating all activities undertaken with SHIP funds in compliance with the reporting provisions of Rule 67-37, Florida Administrative Code.
11. The parties acknowledge that this Agreement and any related financial records, audits, reports, plans, correspondence, and other documents may be subject to disclosure to members of the public pursuant to Chapter 119, Florida Statutes, as amended. In the event a party fails to abide by the provisions of Chapter 119, Florida Statutes, the other party may, without prejudice to any right or remedy and after giving that party, seven (7) days written notice, during which period the party fails to allow access to such documents, terminate this Agreement.
12. This Agreement shall be governed and construed in accordance with the laws of the State of Florida, and the parties stipulate that venue, for any matter, which is the subject of this Agreement shall be in the County of Escambia.
13. This Interlocal Agreement shall become effective, after being properly executed by the parties, when filed with the Office of the Clerk of the Circuit Court of Escambia County. The County shall be responsible for such filing.

**[SIGNATURE PAGE TO FOLLOW]**

**IN WITNESS WHEREOF**, the parties hereto have made and executed this Agreement on the respective dates, under each signature:

**ESCAMBIA COUNTY**, a political subdivision of the State of Florida acting by and through its Board of County Commissioners.

By: \_\_\_\_\_

Grover C. Robinson, IV, Chairman

Attest: Pam Childers  
Clerk of the Circuit Court

BCC Approved: April 21, 2016

By: \_\_\_\_\_

Deputy Clerk

( SEAL )

**THE CITY OF PENSACOLA**, a municipal corporation chartered in the State of Florida

ATTEST:

By: \_\_\_\_\_

Ashton J. Hayward, III, Mayor

\_\_\_\_\_  
Ericka L. Burnett, City Clerk

( SEAL )

APPROVED AS TO CONTENT:

LEGAL IN FORM AND VALID  
AS DRAWN:

\_\_\_\_\_  
Marcie Whitaker, Pensacola Housing

\_\_\_\_\_  
City Attorney

EXHIBIT I  
TERMS AND CONDITIONS  
SHIP PROGRAM IMPLEMENTATION

1. **AFFORDABLE HOUSING ADVISORY COMMITTEE:** The County and City agree to jointly establish and staff the Affordable Housing Advisory Committee (AHAC) in accordance with the provisions of §420.907-9079, Florida Statutes. The City shall solicit and appoint a representative from the City of Pensacola Planning Board and a citizen who resides in the City of Pensacola. All other appointees to the AHAC shall be solicited by the County. City Council may nominate appointees for the remaining representative positions through the County's solicitation process. All appointments will be jointly approved by the Board of County Commissioners and City Council.
2. **MORTGAGE/LIEN RELEASES:** Requests for payoffs and mortgage/lien cancellations should be directed to the County if the property is located within the unincorporated County or to the City if the property is located within the City limits. The preparation of mortgage/lien cancellations shall be prepared by the local jurisdiction in which the property is located and signed by the chief elected official. Any funds to be returned to the SHIP program shall be deposited into the Local Fund. All program income shall be used in accordance with SHIP program guidelines.
3. **MONITORING:** The City will provide files to the County as requested and required for monitoring of the SHIP Program by County auditors and/or the Florida Housing Finance Corporation or its agents.
4. **ANNUAL REPORTS:** The County will serve as the primary agent for preparation and submission of online annual report to Florida Housing Finance Corporation. The City will provide supporting information as required for the County to complete the annual report.
5. **PROJECT SELECTION:** County and City staff will jointly identify projects for funding in accordance with the strategies presented in the Local Housing Assistance Plan. Projects will be solicited and awarded through the County's Purchasing Department with City representation on selection committees. Agreements will be presented to the County for approval.
6. **LOCAL GOVERNMENT VERIFICATION OF CONTRIBUTION:** If approved by Board action, the County Administrator will sign the Local Government Verification of Contribution forms certifying the commitment of local SHIP funds for applicants responding to Request for Applications through the Florida Housing Finance Corporation for housing development project financing.



## State Housing Initiatives Partnership (SHIP) Program Local Housing Assistance Plan (LHAP) Procedures

### Purpose

This procedures document is intended to provide assistance to local government (LG) staff that with the process of developing and submitting an LHAP for approval by Florida Housing Finance Corporation (FHFC). **If you follow the guidance in this manual, your LHAP will be more likely to be approved with fewer changes.**

### Background

Every LG participating in SHIP is required at all times to have an approved LHAP. Generally, LGs submit LHAPs by May 2 once every three years covering the three fiscal years beginning July 1 of the year the plan is submitted. LHAPs are designed to detail how each LG will expend funds allocated to them for each fiscal year.

### General Information

1. Beginning with plans submitted in 2016, there are no longer courtesy reviews. If you wish to discuss a particular element of the LHAP with FHFC staff prior to submission that option is available. Plan submission will be completed according to one of the following:
  - ✓ Submitted for **formal review**. This requires all documents required in the LHAP including fully executed certifications and resolutions to be submitted.
  - ✓ Submitted for **conditional review**. This requires all documents in the LHAP to be submitted with the exception of the certification and resolution. Final approval will not be given until the executed certification and resolution are submitted with the final document.
2. The maximum award for each strategy will be required to be listed in each strategy. The option to only refer to the amount being stated on the housing delivery goals chart (HDGC) will no longer be an option.
3. In Section I of the LHAP, there is a new subsection titled “Waiting lists/priorities” where you can explain your waiting list procedure and any priorities (Special Needs, Essential Service Personnel, etc.). This is being added due to the number of issues coming out of compliance reviews. You can use the standard language in the section (in the template) if it applies or insert revised or new language, but you must fill this subsection out.
4. In Section I, there is a place to detail any Project Delivery Costs (PDC) that will be charged to an applicant. These fees cannot be any that would normally be included as administrative expenses and cannot be charged for any work done by salaried employees of the LG housing department. The review committee will review and approve or reject these costs. They must be reasonable related to the cost of the project as well as the type of strategy. For example, it may be acceptable to have an outside inspector to perform ongoing inspections for rehab while on a down payment



assistance (DPA) award without rehab, there should be less reason for any fees since the first mortgage lender will be doing much of the work.

5. Under “term” for each strategy, there are subsections where you can state the loan type, interest rate, term period, repayment terms and default terms. This has been the one area where most plans have received comments or been rejected. Make sure that terms are clear.

### Submission of the LHAP

All LHAPs are due by May 2 of the year in which the previous LHAP is expiring. Forms and instructions for submittal of the plan are located at:

[http://apps.floridahousing.org/StandAlone/FHFC\\_ECM/AppPage\\_ListPage.aspx?PageID=35](http://apps.floridahousing.org/StandAlone/FHFC_ECM/AppPage_ListPage.aspx?PageID=35). It is important that you refer to these documents each time you submit an LHAP as they are updated for each year and may contain new information. **LHAPs submitted on out-of-date forms or in incorrect format will be rejected.** Please follow the instructions carefully when submitting the plans as this will greatly improve the timing of the review and approval process:

1. All Documents shall be submitted electronically to Florida Housing. No Hard copies will be accepted (please do not mail duplicates of electronic submission).
2. For initial submissions prior to May 2, please submit documents in **their current file format (word, excel)** do not submit a PDF at this point.
3. **DO NOT** use underline/strikethrough formatting. This is a new document for 2017. Include the main LHAP document and all exhibits at first submittal (do not send resolutions or certifications that are not executed).
4. In Subject line of Email, please list the following in order: **LG Name, LHAP2017-2020.**
5. In body of Email please state: “Please find attached the LHAP for Fiscal Years 2017-2020. This plan is being submitted for (formal, conditional) review.”
6. Submit to [robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org).

Once the Review Committee has reviewed your plan, you will receive a notice back from Florida Housing staff of one of the following decisions:

#### Approved with no comments

- Combine all final documents into one PDF document in the proper order according to instructions below under Final Submission Procedures
- Title document “<local government>2017-2020LHAPFINAL
- In Subject line of Email, please list the following in order: Local Government, LHAP2017-2020FINAL
- In body of email state “Final LHAP”
- Submit to [robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org).

#### Approval with Comments (including conditional approval pending submission of required documents).

Make changes that are acceptable to the (LG) based on review committee comments, then follow the steps for submission above.





- In the body of the email state “Please find attached the revised approved LHAP incorporating comments” and explain any recommendations from the review committee that were not accepted.

### Approval Withheld

Follow instructions in email from Florida Housing related to providing additional information or making required changes due to not meet statutory or program rule requirements:

- Contact (FHFC) staff to discuss issues if necessary
- Resubmit according to Initial Submission Procedures above
- State in body of Email “Please find attached a revised LHAP for review”

### Final Submission Tips

1. If possible, combine all documents into one PDF document. This can be done fairly easily if you have access to Adobe Acrobat Pro or can simply be scanned as one document. If you do not have this capability, then send them to [robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org) in an email.
2. Do not place a cover letter or the resolution first.
3. The main LHAP document should have all underline/strikethrough removed and incorporate all changes made in response to FHFC comments.
4. The certifications and resolution should be the final copy with all required signatures including witnesses or “attest” seal.

### Elements of the LHAP

1. Section I: General information
2. Section II: Detail of strategies (uses of funds) that will be employed under the program
3. Section III: Detail of Incentive Strategies approved by the LG governing body
4. Section IV: Exhibits

Task/Document	Comment
LHAP Main Document	Make sure that strategy names and <b>STRATEGY CODES</b> are consistent throughout the document and exhibits, insert page numbers. There are now requirements to include <b>green building principles, special needs requirements, homeless housing approach and special needs information</b> . You must include all required information for approval.
Exhibit A-Administrative Budget	Submit three years estimated budget.
Exhibit B-Timeline	Submit three years anticipated timeline.
Exhibit C-Housing Delivery Goals Charts	Submit a HDGC for each fiscal year of plan reflecting the allocation estimate based on previous year allocation. Please make sure all



	areas of the forms are filled out and that all calculations are correct.
Exhibit D-Executed Certification	Must be executed for submission (except when submitting for conditional review).
Exhibit E-Executed Resolution	Must be executed to receive formal approval.
Exhibit G-Ordinance (if changed)	Only if required due to changes.
Exhibit H-Interlocal Agreement (if needed)	Only required if an Interlocal is in place. Please refer to the definition for “Interlocal Entity” in the Rule to make sure that your agreement qualifies as an Interlocal.

### Developing your LHAP

1. The LHAP is intended to be a *public document* and therefore should consist of plain language that is easily understood by a general audience.
2. The LHAP should be a straight forward approach to achieving the LGs housing goals. Strategies that are not part of the LGs goals or are not likely to be funded in any of the three years covered in the LHAP should be left out (disaster recovery is the exception).
3. Although the LHAP can be revised with strategies being added or deleted, it may be useful to maintain LHAP strategies and loan terms in a consistent manner from one plan to the next so:
  - a. That if you have a situation where you need to “move” files from one fiscal year (FY) to another, you do not have issues with a strategy not existing or terms/max awards not being the same.
  - b. That legal documents will not have to constantly be revised to incorporate new terms.
4. Avoid the “kitchen sink” method of submitting every strategy that can be conceived of and concentrate on the number (generally 3-7) that are the primary goals of the governing board and department staff based on community needs. This will keep the plan simpler and will allow for easier administration.
5. For each strategy, you are required to provide a summary. This should be a clear, concise description of the strategy which only describes the type of activity it is. Loan terms, applicants (income categories) that will be served and other information have appropriate subsection areas within the LHAP template strategy section to be detailed. Please make sure you utilize each of those subsections correctly.
6. For each strategy, you must have information detailed for:
  - a. Summary. The summary should be a concise description of the strategy. This is not the place to list applicant selection criteria, loan terms or income categories.
  - b. FYs covered. Since most plans cover a three-year period, each strategy should list those three years consistently formatted as 2017-2018, 2018-2019, 2019-2020. Do not state “all years”.
  - c. Income categories served. Again list the three defined categories very low, low and moderate. If you are not funding a specific income group for a strategy, leave that group off and make sure it is consistent with the HDGC. Do not state “all income groups” or add any other requirements in this section.
  - d. Maximum awards. Maximum awards must now be listed clearly in the text of the plan by income category as well as on the HDGC. Make sure these are consistent.



- e. Terms of the loan. Make sure that only loan terms are in this section. It is not the area to detail applicant criteria. Please see the detailed suggestions below in the document. If the strategy is first awarding funds to a Developer, break out those terms as “Developer Terms” and then list the terms to the Applicant if there are any.
- f. Applicant Selection Criteria. This is generally for the actual applicants that apply for assistance and should include a statement about “first-qualified first-served with the following priorities” and then list what groups are given priority based on income levels, Special Needs, etc. If the funds are being awarded to a developer to provide housing, please list those requirements in the developer selection criteria section.
- g. Sponsor/developer selection criteria should only be used if you will be awarding funds to a sponsor/developer of housing. This should detail the process for awarding funds (an RFP, etc.)
- h. Additional information is only for information that has not been included in another section of the plan. Avoid the use of repetitive language here.

### Language Suggestions

We encourage every LG to consider the following standard language:

1. When describing the process for serving applicants, we recommend the term “*first-qualified, first-served*” over other options that include “first-come” or “first-ready”. Adding “qualified” denotes that no applicant will receive assistance until they are deemed eligible.
2. When describing eligible applicant groups (income categories, Special Needs, etc.), be specific as to the priority (ranking) order of applicants so that there is no confusion as to what applicants will receive first consideration. Similarly, describe your waiting list procedure in a clear manner.
3. When detailing the terms of the loan, consider the following suggestions/reminders:
  - a. Always state the interest rate of the loan even if it is zero. State this as “*0% interest*” rather than in text form or with terms such as “non-interest” bearing.
  - b. When referring to loan terms always state “*secured by a recorded mortgage and note*” rather than other less clear terms such as “contractually obligated”.
  - c. On purchase assistance (PA) strategies, consider the term “*subordinate*” rather than “second” or “second or third”. This will be important if you choose to allow applicants to “stack/leverage” SHIP DPA with DPA from the bond program which is required to be in second position.
  - d. State whether a loan is *forgiven* (on a prorated basis annually or at the end of the stated term), *amortized* or *due and payable* at the end of the term.
  - e. When describing recapture/repayment terms, use “outstanding balance” rather than “full loan amount” or like terms when describing the amount that would be owed in cases of a repayment/recapture.
  - f. “*Grant*” is a term which means there are no payments expected (do not use grant as a generic term when describing loans). FHFC has the ability to accept grant terms for specific strategies. Typically, we will accept grant terms for: disaster/emergency, rental assistance, foreclosure prevention and accessibility/barrier removal. All other strategies should be designed as loans.
  - g. Always include default terms of the loan. These might include:
    - i. Sale, transfer of property
    - ii. Loss of homestead exemption status or owner occupied status



- iii. Death of homeowner (in which case you will want to state whether or not the loan is assumable by an income eligible heir)
- iv. Refinance of first mortgage (in cases where cash out or bill consolidation occurs)

### Common Errors/Suggestions

The following is a list of common errors and suggestions we regularly comment on in reviewing LHAPs:

1. General Comments
  - a. Spell check your document before submitting
  - b. Format text properly
  - c. Pay attention to outline numbering/lettering
  - d. Use numbering/lettering rather than bullet points
  - e. Insert page numbers on LHAP text document
  - f. Documents referred to in text such as policies, guidelines must be attached as an exhibit unless a brief summary is included in the text
  - g. Avoid too many strategies
  - h. Avoid language/terms that are obscure, convoluted or ones that would require an average reader to look it up
  - i. Be consistent from one strategy to another with the basic language
  - j. Drop “natural” from your disaster strategy as we have seen not all disasters are created by nature
2. In Section I (K), select either Treasury limits (most common) or local HFA numbers. Do not state the actual dollar amount in the plan as this number will change from year to year and will make the LHAP incorrect. The exception would be if you have decided to set a more restrictive limit than allowed by the Treasury and will keep that in place for the life of the plan.
3. Definition of *Essential Services Personnel*. While each LG has the ability to define this term for their community, we will likely send a comment back to you if the definition is too generic or encompasses too big of a group. Avoid using terms such as “including, but not limited to” or “other groups determined to be essential”.
4. Definition of *Green Building Techniques*. Again, each LG has the ability to dictate these terms. However, if there is too little information, we will ask for more detail. You may choose to either detail all green building items in Section I or provide a general description if you are detailing more in the strategy section. There needs to be a clear policy/process on how you decide when green techniques will be applied to a specific case.
5. Definition of *Special Needs*. When defining or discussing Households with Special Needs, please use or refer to the definitions from statutory language provided. Avoid out-of-date terms such as handicapped.
6. The Special Needs set-asides can be met with a specific strategy for Special Needs or can be addressed within other strategies. If there is a priority under general strategies, state that specifically in the “Recipient Selection Criteria” section of each applicable strategy.
7. *Project Delivery Costs (PDC)* are costs that are directly attributed to the processing of an **eligible applicant who is assisted** which do not fall under the definition of “administrative expenditures” as defined in 67-37.002 (1). These fees could include inspections, write-ups, etc. that are not performed by salaried staff. We will review and reject PDC that are not well defined or contain items that are considered administrative expenditures. These fees should be reasonable and included as part of the award/lien on the property.



8. If you have a *priority funding order* (special needs, lower income, target areas), make sure these are stated clearly in any strategy that they apply to. It may be best to provide an actual numbered list rather than trying to summarize in a paragraph or two. Consider a format such as:
  - a. Priority will be given to:
    - i. Very-low with Special Needs
    - ii. Very Low
    - iii. Low with Special Needs
9. Clearly state how your *wait list* is established and processed. This will be important if you have an applicant challenge who has been selected.
10. Strategies must be self-contained and not dependent on language contained in other strategies. Do not include information with cross-references.
11. When describing homeownership counseling, state who will provide the training, whether it is required in order to be assisted and, if so, the required number of hours for training.
12. Avoid confusing the terms “Sponsor” and Sub-Recipient”. An “Eligible Sponsor” as defined in statute refers to an entity that applies for funding from the program. This could be a Developer of rental housing or a Habitat for Humanity, for example. A “Sub-Recipient” as defined in rule is a person or entity that is contracted to administer a portion of the program. Make sure you use these terms to properly describe the relationship. It could be possible for an entity to fall under both categories. If that occurs, please describe the responsibilities of each of those relationships.

### Specific Strategy Recommendations

#### *Purchase Assistance (PA)*

In addition to the general comments in previous sections, please:

1. Determine if your PA is going to allow for Rehab (code 1) or not (code 2). If you decide on both, you may have two separate strategies or combine them into one. In either case, make sure that the terms under which rehab is allowed and the type of rehab allowed are clearly spelled out. Keep in mind that PA with Rehab is easier to count towards your construction set-aside.
2. When defining *first time homebuyers*, use a standard definition (such as HUD) that is generally accepted in the lending industry.
3. You do not need to include underwriting terms if you are relying on the first mortgage lender to determine an applicant’s ability to secure a mortgage.

#### *Rehabilitation (Rehab)*

Items to consider in a rehab strategy:

1. Maximum amount of award and what will occur if the estimate/bids are over that amount. Will the applicant be eligible, rejected or moved to another strategy?
2. What items will be allowed? Will it be limited to life safety and health issues, code violations or more broad? Be clear about what will be included.
3. Will manufactured homes as defined in rule be eligible and if so, will there be a different set of eligible repairs?



### *Demolition/Reconstruction*

1. When you have a demo/ reconstruction strategy, you need to state clearly what the criteria for the unit being eligible will be.
  - a. Will it be based on a dollar amount of the estimate or lowest bid?
  - b. Will it be based on a percentage of rehab needed (such as the house being more than 50% needing repaired)?
  - c. Who will determine this (rehab inspector, staff, CBO)?
  - d. Will you assist someone with an outstanding first mortgage (with a limit?)?
  - e. Will you pay relocation costs?

### *Disaster*

1. Disasters must be declared by the President or Governor. Locally declared disasters are not eligible for funding under the SHIP program statute. You could still assist applicants you determined were affected by a non-declared event, but you would need to do that under another strategy and follow all program guidelines.
2. The disaster strategy is the one where being general is acceptable since there is no way to know what type of event or the magnitude will occur.

### *Developer Strategies for Homeownership*

When designing a strategy in which the initial award is made to a Developer of *Homeownership* units:

1. In the Loan Terms section, make sure to state the terms of the loan to the developer with all default repayment terms and then separately state the terms of the loan to the eligible applicant.
2. In the strategy summary be clear that this is a strategy awarding funds to developers that will then be passed along to an applicant as Purchase Assistance, etc.
3. Avoid a strategy that allows for land banking which is not an eligible use.
4. In the Sponsor Selection Criteria, describe how developers qualify for the award. If an RFP process is used, state the general qualifications (experience, financial, etc.). If you refer to an LG procurement policy, please provide the specific reference in the strategy and attach a copy as an exhibit.

### *Developer strategies for Rental units*

1. When referring to programs/funding from FHFC, state it simply as FHFC funding or FHFC programs. Avoid using specific program names unless you are limiting to just one, such as Low Income Housing Tax Credits (LIHTC). Avoid using the defunct term “Universal Cycle”.
2. SHIP statute requires that all rental projects are monitored annually for fifteen years. When pairing this with other programs, the monitoring of those other programs can be used to satisfy the SHIP compliance requirement. Please note that tax credit only projects are only monitored once every three years. So a development that only receives program funds from tax credits will still be the responsibility of the LG.
3. When stating the term of the award, avoid constricting your ability to work with the developer. Instead of stating an actual number of years for the term, state a minimum or refer to the term of



the “most restrictive funding source”. You want to allow yourself the leeway to work with the developments that best suit your local community’s needs.

### *Incentive Strategies*

1. In contrast to the LHAP strategies on which SHIP funds are expended, incentive strategies reduce regulatory barriers to developing affordable housing in the community. They eliminate or modify local requirements, policies, or fees in order to provide builders and contractors an incentive to focus on affordable housing development. At a minimum, LGs are required to implement the two incentive strategies included in the LHAP Template: Expedited Permitting and Ongoing Review Process.
2. Additional incentives strategies may be added to the LHAP. They may start as recommendations from the Affordable Housing Advisory Committee (AHAC).
3. Every three years, the jurisdiction’s AHAC must review the housing incentive strategies in the Local Housing Assistance Plan, with the exception of jurisdictions receiving less than the minimum allocation of \$350,000.
4. The AHAC is due the same year as the LHAP (May 2) is due.

### LHAP Strategy Quick Guide

<b>Strategy Name/Code</b>	State a clear, concise name and correct code <sup>1</sup> for the strategy and make sure it is consistent when listing on the housing delivery goals charts. It is possible to have more than one code in a strategy such as codes 1 and 2 when you have a downpayment assistance strategy that allows for purchase with or without rehab. Do not use a Special Needs code unless the strategy only assists those households as defined.
a. Summary of Strategy	Provide a concise description of the activity to be carried out under the strategy. Do not state anything that will be covered below such as the interest, the nature of the loan, etc., but do list specific elements of the strategy that are important. For example, if it is a first time homebuyer strategy, define the term in this section. If it is a ‘developer’ strategy, detail how the funds are made available to the developer and how any benefit carries over to the homebuyer/renter and detail terms for both the developer and homebuyer/renter in the appropriate sections below.
b. Fiscal Years Covered	All plans should cover 2017-2018, 2018-2019 and 2019-2020
c. Income Categories to be Served	Only list the defined categories of very low, low and moderate by name. Do not list the AMI percentages and do not state “all”.
d. Maximum Award	This should be the per unit maximum award and should include all program costs charged to the household including project delivery costs. If it is a rental development strategy, make sure to list if the award amount is per unit or development.
e. Terms	
1. Repayment Loan, Deferred loan, Grant	State whether the funds are awarded as a loan that is paid back, deferred or as a grant. Note that grants are limited to specific activities defined in Rule. For loans please add the phrase “secured by a recorded Mortgage and Note”.
2. Interest Rate: %	Please state it simply, such as “0%”. For a grant, state N/A.
3. Years	Number of years the loan is secured for. For a grant, state N/A.
4. Forgiveness	State if any portion of the loan will be forgiven. Be clear to state whether the forgiveness is prorated over the term of the loan or forgiven in whole at the end of the term. Do not refer to default situations in this section. This is only when loans remain in good standing.
5. Repayment	If a loan requires payments during the term or a balloon payment at the end of the term, state those terms/requirements here.
6. Default	This section is to cover situations where the loan does not remain in good standing through the term. It could include sale, transfer, conversion to rental or death of homeowner(s). Please state what conditions constitute a default and the consequences. Please state what occurs if the homeowner dies (payback, assumption by eligible heir).
f. Recipient Selection Criteria	At a minimum state “first-qualified, first-served”. Add any special conditions, priorities for selection.
g. Sponsor Selection Criteria	A sponsor is an entity to which an award of funds has been made. This does not include a sub-recipient that is under contract to the LG to perform administration of the program or a contractor selected to perform work. If this is done by an RFP process, please provide a general overview of that process and give a summarized list of requirements (experience, financial capacity, etc.)
h. Additional Information	Use this section to detail anything that is not covered in a section above. This includes restrictions against assisting mobile homes or households receiving SHIP funds more than one time, for example.
General Note: if you are referencing a separate policy document in the LHAP, either summarize the policy in the affected strategies or attach the document as an exhibit.	

<sup>1</sup> Strategy codes must be consistent with codes chart provided at: <http://www.floridahousing.org/FH-ImageWebDocs/Housing%20Partners/Local%20Governments/LHAPS/LHAP%20Template%20and%20Exhibits/71-LHAP%20Strategy%20Codes.pdf>



## A. Disaster Strategy

Code 5

**a. Summary of Strategy:** The Disaster Strategy aids households in the aftermath of a disaster as declared by the President of the United States or Governor of the State of Florida. This strategy will only be funded and implemented in the event of a disaster using any funds that have not yet been encumbered or with additional disaster funds allocated by Florida Housing Finance Corporation. SHIP disaster funds may be used for items such as, but not limited to:

- (a) purchase of emergency supplies for eligible households to weatherproof damaged homes;
- (b) interim repairs to avoid further damage; tree and debris removal required to make the individual housing unit habitable;
- (c) construction of wells or repair of existing wells where public water is not available;
- (d) payment of insurance deductibles for rehabilitation of homes covered under homeowners' insurance policies;
- (e) security deposit for eligible recipients that have been displaced from their homes due to disaster;
- (f) rental assistance for eligible recipients that have been displaced from their homes due to disaster.
- (g) strategies included in the approved LHAP that benefit applicants directly affected by the declared disaster.
- (h) other activities as proposed by the counties and eligible municipalities and approved by Florida Housing.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low, Low, and Moderate

**d. Maximum award:** \$15,000

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a grant.

**Interest Rate:** N/A

**Years in loan term:** N/A

**Forgiveness:** N/A

**Repayment:** N/A

**Default:** N/A

**f. Recipient Selection Criteria:** Applicants will be ranked for assistance in the order in which they complete their application, priority assistance will be provided to Special Needs applicants, Essential Services Personnel and income groups as described in section I. (l) of this plan.

**g. Sponsor/Developer Selection Criteria:** N/A

**h. Additional Information:** SHIP funds must be used for eligible applicants and eligible housing.

## A. Eviction Prevention

Code 18

a. **Summary of Strategy:** Funds will be awarded to renter households in need of assistance for eviction prevention not to exceed 6 months' rent. Funds are available to pay past due rent and late fees.

b. **Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

c. **Income Categories to be served:** Very Low, Low

d. **Maximum award:** \$8,000

e. **Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a grant.

**Interest Rate:** N/A

**Years in loan term:** N/A

**Forgiveness:** N/A

**Repayment:** N/A

**Default:** N/A

f. **Recipient Selection Criteria:** An applicant may apply directly or may be referred by a local service provider. This assistance is for renter households that have recovered from a temporary hardship that resulted in missed rental payments. There must be a reasonable prospect that the applicant will be able to resume full rental payments after receiving SHIP assistance. Eligible applicants can document their ability to continue to maintain monthly rent payments.

g. **Sponsor/Developer Selection Criteria:** N/A

## A. Foreclosure Prevention

Code 7

**a. Summary of Strategy:** Funds will be awarded to homeowners who are in arrears on their first mortgage. The arrearage must be at least three months, but no more than six months and cannot be under an active foreclosure action.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low, Low, and Moderate

**d. Maximum award:** \$7,500

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a deferred loan secured by a recorded subordinate mortgage and note.

**Interest Rate:** 0%

**Years in loan term:** 5 years

**Forgiveness:** The loan will be forgiven on a prorated basis so that 20% is forgiven annually.

**Repayment:** Not required as long as the loan is in good standing.

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

In cases where the qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as a primary residence. If the legal heir is not SHIP eligible or chooses not to occupy the home, the outstanding balance of the loan will be due and payable.

If the home is foreclosed on by a superior mortgage holder, the county will make an effort to recapture funds through the legal process if it is determined that adequate funds may be available to justify pursuing a recapture.

**f. Recipient Selection Criteria:** Applicants must show their ability to continue to maintain their mortgage payments after assistance is given. Applicants must:

Provide proof on the arrearage in the form of notification from the mortgage holder. This cannot be from a private mortgage holder.

Provide evidence of a hardship that caused the arrearage (health issue, loss of employment/income, death of household member, divorce).

Provide a written statement as evidence of the ability to resume making payments after the assistance is used which includes an explanation of how the hardship has been overcome and an indication of the budget plan that will allow for resumption of payments.

Receive counseling from a HUD approved agency trained in foreclosure counseling as assigned by the county housing staff. The counseling agency must sign off on the budget plan.

Applicants will be ranked for assistance in the order in which they complete their application, with priority assistance to Special Needs applicants, Essential Services Personnel, and income groups as described in section I. (l) of this plan.

**g. Sponsor/Developer Selection Criteria:** N/A

**h. Additional Information:** Applicants may be required to apply to other foreclosure assistance programs (like the Foreclosure Counseling Program) for assistance prior to being approved for assistance under this strategy.

## A. Hazard Mitigation

Code 3

**a. Summary of Strategy:** This strategy offers qualified homeowners assistance with home repairs, home alterations to improve their health and safety, contribute to structural integrity and preservation of their owner-occupied home. Home repairs to make a home barrier free for special needs households are also eligible. This strategy also includes a replacement of a mobile home with a mobile home on a case by case basis. Households are eligible for rental assistance if their home is demolished and rebuilt using this strategy.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low, Low

**d. Maximum award:** \$25,000

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a deferred loan secured by a recorded subordinate mortgage and note.

**Interest Rate:** 0%

**Years in loan term:** 10 years

**Forgiveness:** Loan is forgiven on a prorated basis so that 10% of the principal is forgiven annually.

**Repayment:** Not required as long as the loan is in good standing.

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

In cases where the qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as a primary residence. If the legal heir is not SHIP eligible or chooses not to occupy the home, the outstanding balance of the loan will be due and payable.

If the home is foreclosed on by a superior mortgage holder, the county will make an effort to recapture funds through the legal process if it is determined that adequate funds may be available to justify pursuing a recapture.

**f. Recipient Selection Criteria:** Applicants will be ranked for assistance in the order in which they complete their application, with priority assistance will be provided to Special Needs applicants, Essential Services Personnel, and income groups as described in section I. (l) of this plan.

**g. Sponsor/Developer Selection Criteria:** A sponsor may be chosen to assist in administration of this strategy by advertising using local purchase and procurement guidelines. The sponsor may be a private corporation or a not-for-profit corporation, community-based organization. Selection will be based on the sponsor's ability to proceed, past experience in related fields, and performance.

**h. Additional Information:** This strategy may be combined with other state, federal, or local programs. All home repair work shall be performed by a licensed, insured contractor. The Homeowner's mortgages, taxes, and special assessments must be paid up to date on the property to be repaired. All homes eligible for mitigation repairs must be owner occupied and with a fee simple title.

## A. Purchase Assistance

Codes 1, 2

**a. Summary of Strategy:** SHIP funds will be awarded for downpayment and closing costs to households to purchase a newly constructed or existing home. A newly constructed home must have received a certificate of occupancy within the last twelve months. An existing home must be in need of at least \$2,500 in rehabilitation.

Prospective homebuyers must qualify as a First Time Homebuyer under the HUD definition: *An individual who has had no ownership in a principal residence during the 3-year period ending on the date of purchase of the property. This includes a spouse (if either meets the above test, they are considered first-time homebuyers). A single parent who has only owned with a former spouse while married. An individual who is a displaced homemaker and has only owned with a spouse. An individual who has only owned a principal residence not permanently affixed to a permanent foundation in accordance with applicable regulations. An individual who has only owned a property that was not in compliance with state, local or model building codes and which cannot be brought into compliance for less than the cost of constructing a permanent structure.*

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low, Low and Moderate

**d. Maximum award:** Very Low: \$50,000; Low: \$40,000; Moderate: \$30,000

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a deferred subordinate loan secured by a recorded subordinate mortgage and note.

**Interest Rate:** 0%

**Years in loan term:** 10 years (very-low and low), 30 years (moderate)

**Forgiveness:** For very low and low-income categories, the funds will be forgiven on a prorated basis so that 10% of the principal is forgiven annually.

**Repayment:** For moderate buyers, the loan will be due and payable at the end of the term.

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

In cases where the qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as a primary residence. If the legal heir is not SHIP eligible or chooses not to occupy the home, the outstanding balance of the loan will be due and payable.

If the home is foreclosed on by a superior mortgage holder, the county will make an effort to recapture funds through the legal process if it is determined that adequate funds may be available to justify pursuing a recapture.

**f. Recipient Selection Criteria:** Applicants will be ranked for assistance in the order in which they complete their application, with priority assistance to Special Needs applicants, Essential Services Personnel, and income groups as described in section I. (l) of this plan.

**g. Sponsor/Developer Selection Criteria:** N/A

**h. Additional Information:** Before applying for SHIP assistance, applicants must secure a first mortgage by an approved lender.

## A. Demolition/Reconstruction Strategy

Code 4

**a. Summary of Strategy:** This strategy may pay for the costs associated the demolition and reconstruction of a substandard housing unit when the home is beyond financial feasibility to repair. SHIP funds will be awarded to households in need of repairs to correct code violations, health and safety issues, electrical, plumbing, roofing, windows and other structural items. Structures will be demolished and rebuilt under the following cases:

- Single family properties that are located in a flood zone and have estimated rehabilitation costs exceeding 50% of the assessed value, will be demolished and rebuilt to meet FEMA regulations.
- Single family properties that are not in a flood zone but are beyond repair and unsafe for human habitation. The property must meet the definition of an unsafe structure, and the building department in cooperation with the OHUI shall determine the economic feasibility of the rehabilitation and soundness of the structure to determine if a replacement home is financially feasible and necessary.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low

**d. Maximum award:** \$125,000

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a deferred loan secured by a recorded subordinate mortgage and note.

**Interest Rate:** 0%

**Years in loan term:** 20 years

**Forgiveness:** Loan is forgiven at the end of 20 years.

**Repayment:** Not required as long as the loan is in good standing.

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

In cases where the qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as a primary residence. If the legal heir is not SHIP eligible or chooses not to occupy the home, the outstanding balance of the loan will be due and payable.

If the home is foreclosed on by a superior mortgage holder, the county will make an effort to recapture funds through the legal process if it is determined that adequate funds may be available to justify pursuing a recapture.

**f. Recipient Selection Criteria:** Applicants who have no mortgage debt must apply for a first mortgage to cover some portion of the reconstruction costs. Recognizing that the first mortgage will likely not cover all demolition and replacement costs, SHIP will pay for the remaining portion. Applicants who provide proof that they do not qualify for a first mortgage will receive a first mortgage to cover the cost of reconstruction up to the maximum award. Applicants who have an existing first mortgage must get written approval from the first mortgage lender authorizing the demolition and reconstruction of the home. Applicants will be ranked for assistance in the order in which they complete their application, with priority assistance will be provided to Special Needs applicants, Essential Services Personnel, and income groups as described in section I. (l) of this plan.

**g. Sponsor/Developer Selection Criteria:** N/A

**h. Additional Information:** The sale price or value of the home constructed may not exceed \$200,000. Home-owners assisted under this strategy will be encouraged to obtain temporary housing on their own. If assistance is required, a grant of up to \$5,500.00 will be provided for temporary relocation expenses, including but not be limited to the costs of moving, storing, and insuring personal property during moving and storage.

## A. Owner Occupied Rehabilitation

Code 3

**a. Summary of Strategy:** SHIP funds will be awarded to households in need of repairs to correct code violations, health and safety issues, electrical, plumbing, roofing, windows and other structural items. Cosmetic items may be included if funds are available after completing all required repairs listed above.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low, Low

**d. Maximum award:** \$25,000

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a deferred loan secured by a recorded subordinate mortgage and note.

**Interest Rate:** 0%

**Years in loan term:** 10 years

**Forgiveness:** Loan is forgiven on a prorated basis so that 10% of the principal is forgiven annually.

**Repayment:** Not required as long as the loan is in good standing.

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

In cases where the qualifying homeowner(s) die(s) during the loan term, the loan may be assumed by a SHIP eligible heir who will occupy the home as a primary residence. If the legal heir is not SHIP eligible or chooses not to occupy the home, the outstanding balance of the loan will be due and payable.

If the home is foreclosed on by a superior mortgage holder, the county will make an effort to recapture funds through the legal process if it is determined that adequate funds may be available to justify pursuing a recapture.

**f. Recipient Selection Criteria:** Applicants will be ranked for assistance in the order in which they complete their application, with priority assistance will be provided to Special Needs applicants, Essential Services Personnel, and income groups as described in section I. (I) of this plan.

**g. Sponsor/Developer Selection Criteria:** N/A

**h. Additional Information:** All work will be performed by contractors on the approved contractor's list.

**A. Rent and Utility Deposits**

Code 23

**a. Summary of Strategy:** Funds will pay first and last month's rent, a security deposit and/or utility deposits for a new rental residence. Utilities for which deposits and arrearages may be paid include water, sewer, solid waste, electricity and gas. The rental unit must meet Housing Quality Standards as defined in 24 CFR 982.401.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low

**d. Maximum award:** \$5,000

**e. Terms:**

**Repayment loan/deferred loan/grant:** Funds will be awarded as a grant.

**Interest Rate:** N/A

**Years in loan term:** N/A

**Forgiveness:** N/A.

**Repayment:** N/A

**Default:** N/A

**f. Recipient Selection Criteria:** An applicant may apply directly or may be referred by a local service provider. Applicants at risk of becoming homeless may be referred by the local Continuum of Care Coordinated Entry system. Also the regional 2-1-1 Hotline, homeless assistance providers, social service agencies, Veterans Affairs offices and medical centers, and housing providers will serve as access points for persons needing assistance.

**g. Sponsor/Developer Selection Criteria:** One (1) eligible sponsor will be selected to implement the strategy. Criteria for eligible sponsors include:

- Must be a 501(c)(3) not-for profit corporation.
- Must have experience providing information, referral, or case management services to homeless and precariously housed individuals.
- Must have experience conducting or overseeing inspections of rental units for compliance with Housing Quality Standards in 24 CFR 982.401.



## SAMPLE Rent Subsidies Strategy

Includes recommendations, not statutorily required. See footnotes for explanations.

### Rental Assistance

Code 23, 26

**a. Summary of Strategy:**<sup>1</sup> Funds will be awarded to homeless very low-income households for: (1) first and last month's rent, security and utility deposit assistance; and (2) rent subsidies paying the monthly rent for up to 12 months. To be eligible for rent subsidies, the household receiving assistance must include at least one adult who is a person with special needs as defined in S. 420.0004 or homeless as defined in S. 420.621.

**b. Fiscal Years Covered:** 2018, 2019, 2020

**c. Income Categories to be served:**<sup>2</sup> Very Low

**d. Maximum award:**<sup>3</sup> \$6,000

**e. Terms:**

**Loan/Grant:** Funds will be awarded as a grant.

**Interest Rate:** N/A

**Term:** N/A

**Forgiveness/Repayment:** N/A

**Default/Recapture:** N/A

**f. Recipient Selection Criteria:**<sup>4</sup> Applicants who are homeless or at risk of homelessness (i.e., seeking eviction prevention) will be referred by the local Continuum of Care Coordinated Entry system, and be assisted on a first-qualified, first-served basis. Applicants with one or more special needs household members may apply directly or may be referred by a special needs service provider.

**g. Sub-Recipient Selection Criteria:**<sup>5</sup> Sub-Recipient nonprofit organization(s) may be selected to administer the Rental Assistance program. Criteria for selection of Sub-Recipient organization will include: (1) past experience working with the target population; (2) past experience administering similar rental assistance programs; (3) financial and human resource capacity to administer the program; (4) participation in the Continuum of Care Coordinated Entry system; and (5) such other criteria as may be determined appropriate.

### h. Additional Information:

1. The lease must be at least twelve months in duration.

<sup>1</sup> Have a separate strategy for eviction prevention, which is assistance for a household currently occupying rental housing.

<sup>2</sup> Rent subsidies are only available for very low income applicants.

<sup>3</sup> The maximum award will vary by jurisdiction, level of SHIP funding, and rental market rates. It should be noted that for other rapid rehousing programs similar to the SHIP rental assistance program, the average level of financial assistance per household is \$4,000-\$8,000 over an average of 4-6 months. This cost excludes the cost of housing stability counseling.

<sup>4</sup> While not required by statute, it is recommended that applicants who are homeless be referred through the local homelessness Continuum of Care (CoC) Coordinated Entry system. CoC Coordinated Entry systems should be designed such that applicants for housing assistance are assessed with a common assessment tool, and triaged in terms of need. Utilizing the Coordinated Entry system will provide a single referral source and will help reduce the possibility that households are ineligible and/or are accessing multiple streams of assistance. If the local jurisdiction decides against utilizing the Coordinated Entry system for referrals, they are encouraged strongly to consult with the local Continuum of Care so that the SHIP Rental Assistance program will be coordinated with other forms of rental assistance, such as Emergency Solutions Grant, SSVF, and/or HUD CoC Rapid Rehousing programs. Coordinating such programs will increase the effectiveness and consistency of those programs.

<sup>5</sup> While not required by statute, it is recommended that local governments utilize sub-recipients to administer the rental assistance strategy. Local nonprofit organizations have a wealth of experience managing similar types of programs, possess background information on many applicants (e.g., through the Homeless Management Information System), and have the capacity to provide housing stability counseling, which is a key component for success of rental assistance programs.

## A. Rental Development

Codes 14, 21

**a. Summary of Strategy:** Funds will be awarded to developers of affordable rental units that are awarded construction financing through other state or federal housing programs to construct or rehabilitate affordable rental units. This funding is intended to be used as gap financing required for the project. In cases where a smaller development (less than 50 units) is being proposed that includes Special Needs units, the county may choose to provide a larger amount of the overall construction financing.

**b. Fiscal Years Covered:** 2018-2019, 2019-2020 and 2020-2021

**c. Income Categories to be served:** Very Low, Low, and Moderate

**d. Maximum award:** \$5,000 maximum per rental unit; Project maximum: \$75,000 for developments over 50 units; \$150,000 for developments with 50 units or less that include Special Needs units.

**e. Terms:**

**Repayment loan/deferred loan/grant:** For for-profit developers, funds will be awarded as a loan secured by a recorded subordinate mortgage and note. For non-profit developers, funds will be awarded as a forgivable loan secured by a recorded subordinate mortgage and note.

**Interest Rate:** 0%

**Years in loan term:** 15 years (*15 is minimum. Best practice: 30 – 50 years*)

**Forgiveness:** Non-profits, the loan is forgiven on a prorated basis beginning in year six so that 10% of the loan is forgiven annually from years six through fifteen.

**Repayment:** For-profits, the loan is due and payable at the end of the term unless the county negotiates an extended loan term to secure affordable rental units in the best interest of the county's residents.

**Default:** For all awards, a default will be determined as: sale, transfer, or conveyance of property; conversion to another use; failure to maintain standards for compliance as required by any of the funding sources. If any of these occur, the outstanding balance will be due and payable.

**f. Recipient Selection Criteria:** All applicants for residence in a SHIP-assisted unit must meet income qualifications of the program as determined and reported by the developer's management company for the development.

**g. Sponsor/Developer Selection Criteria:** Developers will apply to the county through an RFQ process that is open year round. The RFQ will require proof of developer experience in providing affordable rental housing, proof of financial capacity, evidence of site control (or contract for sale), proof of ability to proceed once all funding is closed, and a housing unit design plan that meets with the county's housing element in the Comprehensive Plan.

The county reserves the right to select developments that meet all the above requirements and:

Are in areas of immediate need due to lack of available units.

Propose to preserve and improve existing units.

All funding awards will be subject to closing on other funding sources.

**h. Additional Information:** Developers will be required to meet compliance reporting requirements on the development necessary to meet the statutory requirements for monitoring of SHIP rental units.

July 2013

## SHIP INSTRUCTIONS FOR DOCUMENTING THE SPECIAL NEEDS REQUIREMENTS CONTAINED IN SB 1852

### Overview

A minimum of 20 percent of the 2013-2014 SHIP funding allocated under SB 1852 must be used to serve persons with special needs as defined in 420.0004 Florida Statutes. Additionally, the first priority of this 20 percent is to serve homeowners with development disabilities by providing home modifications, including technological enhancements and devices which will allow homeowners to remain independent in their own homes and maintain their homeownership.

Although there is a priority for homeowners with Developmental Disabilities, the fundamental requirement is to document that 20 percent of the 13/14 allocation is spent providing rental or homeownership assistance to households that include one or more household members with special needs.

### Instructions

In order to track how the funds are targeted, Local Governments should add questions to the SHIP eligibility application and require supporting written documentation related to households qualifying as Special Needs. In some cases, the household will be receiving financial assistance connected to their special needs. The financial assistance must be counted when determining income eligibility.

The recommended questions and supporting written documentation by special needs category are listed below:

#### For Persons with Developmental Disabilities

Is one or more household members a person with a Developmental Disability\* as defined in 393.063, F.S.?

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

Supporting documentation: Request written documentation from the agency from which they have been determined eligible to receive services. This is expected to be the Agency for Persons with Disabilities in most cases, or in some cases, the Department of Children and Families.

If they are not currently receiving services, they will have to have been “determined eligible” to be placed on a waiting list. They must provide the written documentation.

For all others not receiving services and not on a waiting list, request written documentation that the person was referred by the following agency that serves persons with Developmental Disabilities (i.e. local APDs, ARCs and CILs).

Name of Agency: \_\_\_\_\_

#### Other Special Needs-Disabling Condition

Is the Applicant a person with a Disabling Condition as defined in 420.0004(7), Florida Statutes?

- Diagnosable substance abuse disorder - Request written documentation from the agency from which they have been determined eligible to receive services. This will be a local service provider or Managing Entity that is under contract with Dept. of Children and Families.

- Serious mental illness - Request written documentation from the agency from which they have been determined eligible to receive services. This will be a local service provider or Managing Entity that is under contract with Dept. of Children and Families.
- Developmental Disability – See DD section above.
- Chronic physical illness or disability - Request written documentation from the agency from which they have been determined eligible to receive services. This is expected to be a community service provider or Managing Entity that is under contract with Dept. of Children and Families or a Local Center for Independent Living (CIL).

An Applicant may also receive services designed for frail elders that have a chronic physical illness or disability.

Is the Applicant receiving services under the following programs?

- Home Care for Disabled Adults;
- Community Care for Disabled Adults;
- Aged and Disabled Adult Medicaid Waiver;
- Alzheimer’s Disease Initiative Respite/Special Projects;
- Alzheimer’s Disease Initiative Memory Disorder Clinics;
- Channeling Waiver;
- Community Care for the Elderly;
- Home Care for the Elderly;
- Long-Term Care Community Diversion Pilot Program (Nursing Home Diversion);
- Older Americans Act Title III B Supportive Services;
- Older Americans Act Title III D Preventive Health Services;
- Older Americans Act Title III E Caregiver Support;
- Program of All-Inclusive Care for the Elderly (PACE);

Please request written documentation of the eligibility determination for these programs from the following:

- Department of Elder Affairs;
- Area Agency on Aging (Regional);
- Council on Aging (County);

**Other Special Needs populations included in Definition:**

- A young adult formerly in foster care – These applicants should be asked to provide written documentation that they are referred by their local Community-Based Care program and are receiving a stipend under the Road to Independence Program.
- A survivor of domestic violence - Request written documentation in the form of a letter from a victim service provider, attorney, or medical professional who has helped the applicant address incidents of domestic violence. The professional must state that he or she believes that the incidents of abuse are real. Both the applicant and the professional must sign the statement, and the statement must declare that both the applicant and

the professional are signing “under penalty of perjury.”

- A person receiving disability benefits from Social Security Disability Insurance (SSDI), the Supplemental Security Income (SSI) program or the Veterans Administration – Request an award letter from the Social Security Administration or the Veterans Administration indicating the monthly amount of disability benefits.

### **Income Certification:**

All financial assistance required to be reported as income related to any of the Special Needs categories listed above should be documented appropriately as part of the application process.

Is the applicant receiving Family and Supported Living or the Developmental Disabilities Home and Community-Based Services Waiver? If so, please request documentation of the eligibility determination from the Agency for Persons with Disabilities.

### **Definitions:**

*420.0004 (13) F.S. - “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 s. 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.*

*420.0004 (7) F.S. - “Disabling condition” means a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, or the co-occurrence of two or more of these conditions, and a determination that the condition is:*

- (a) Expected to be of long-continued and indefinite duration; and
- (b) Not expected to impair the ability of the person with special needs to live independently with appropriate supports.

**FLORIDA HOUSING FINANCE CORPORATION**

227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329; (850) 488-4197; Fax (850) 488-9809

**RESIDENT INCOME CERTIFICATION - HOME OWNER  
State Housing Initiatives Partnership (SHIP) Program**

Effective Date: \_\_\_\_\_ Allocation Year: \_\_\_\_\_

**A. Recipient Information** (select one)

- a.  Current homeowner
- b.  Home buyer       Existing Dwelling       Newly Constructed Dwelling

**B. Subsidy Use** (check all that apply)

- Down Payment Assistance       Principal Buy Down
- Closing Costs       Rehabilitation
- Interest Subsidy       Emergency Repair
- Loan Guarantee       Other

**C. Household Information:** Include all household members

Member	Full Name	Relationship to Head	Age
1		HEAD	
2			
3			
4			
5			
6			
7			
8			

**D. Assets:** All household members including assets owned by minors

Member	Asset Description	Cash Value	Income from Assets
1			
2			
3			
4			
5			
6			
7			
8			
Total Cash Value of Assets		D(a) \$	
Total Income from Assets		D(b)	\$
If line D(a) is greater than \$5,000, multiply that amount by the rate specified by HUD (applicable rate <u>.06</u> %) and enter results in D(c), otherwise leave blank.		D(c)	\$

E. **Anticipated Annual Income:** Includes unearned income and support paid on behalf of minors.

Member	Wages / Salaries (include tips, commission, bonuses and overtime)	Benefits / Pensions	Public Assistance	Other Income	Asset Income
1					(Enter the greater of box D(b) or box D(c), above, in box E(e) below)
2					
3					
4					
5					
6					
7					
8					
	(a)	(b)	(c)	(d)	(e)
Totals					
Enter total of items E(a) through E(e). This amount is the <b>Annual Anticipated Household Income</b>					\$

F. **Recipient Statement:** The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.

**WARNING:** Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S 775.082 or 775.83.

_____	Date _____
Signature of Head of Household	
_____	Date _____
Signature of Spouse or Co-Head of Household	
_____	Date _____
Signature of Household Member (over 18 years)	
_____	Date _____
Signature of Household Member (over 18 years)	
_____	_____
Signature of Household Member (over 18 years)	_____
_____	Date _____
Signature of Household Member (over 18 years)	

G. **SHIP Administrator Statement:** Based on the representations herein, and upon the proofs and documentation submitted pursuant to item F, hereof, the family or individual(s) named in item C of this Resident Income Certification is/are eligible under the provisions of Chapter 420, Part V, Florida Statutes, the family or individual(s) constitute(s) a: (check one)

\_\_\_\_\_ **Extremely Low Income (ELI) Household** means individuals or families whose annual income does not exceed 30% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income \_\_\_\_\_

\_\_\_\_\_ **Very Low Income (VLI) Household** means individuals or families whose annual income does not exceed 50% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

\_\_\_\_\_ **Low Income (LI) Household** means individuals or families whose annual income does not exceed 80% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

\_\_\_\_\_ **Moderate Income (MI) Household** means individuals or families whose annual income does not exceed 120% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

Based upon the \_\_\_\_\_ (year) income limits for \_\_\_\_\_ (Metropolitan Statistical Area (MSA) or County), Florida.

**Signature of the SHIP Administrator or His/Her Designated Representative:**

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Name \_\_\_\_\_ Title \_\_\_\_\_  
 (print or \_\_\_\_\_)

H. **Household Data** (to be completed by Head of Household only)

<b>Household elects to not participate.</b>						_____ (Initials of Household Head)			
<b>Head of Household Data</b>									
<b>By Race / Ethnicity</b>						<b>By Age</b>			
White	Black	Hispanic	Asian	American Indian	Other	0 - 25	26 - 40	41 - 61	62 +
<b>Household Members Data</b>									
<b>Special Target / Special Needs</b> (Check all that apply to any member)									
Farm worker	Developmentally Disabled	Homeless	Elderly	Special Needs (define)	Special Needs (define)	_____	_____	_____	_____



--	--	--	--	--	--

**NOTE:** Information in this Section H is being gathered for statistical use only. No resident is required to give such information unless they desire to do so. Refusal to provide information in this Section will not affect any right household has as residents. There is no penalty for households that do not complete the form.

**FLORIDA HOUSING FINANCE CORPORATION**

227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301-1329; (850) 488-4197; Fax (850) 488-9809

**RESIDENT INCOME CERTIFICATION - RENTAL HOUSING  
State Housing Initiatives Partnership (SHIP) Program****A. Certification Information** (select one) Initial Certification (IC)

Effective Date: \_\_\_\_\_

 Annual Recertification (AR)

Effective Date: \_\_\_\_\_

**B. Subsidy Use** (check all that apply) Multifamily Rental Other Transitional Housing**C. Household Information:** Include all household members

Member	Full Name	Relationship to Head	Age
1		HEAD	
2			
3			
4			
5			
6			
7			
8			

**D. Assets:** All household members including assets owned by minors

Member	Asset Description	Cash Value	Income from Assets
1			
2			
3			
4			
5			
6			
7			
8			
Total Cash Value of Assets		D(a) \$	
Total Income from Assets		D(b)	\$
If line D(a) is greater than \$5,000, multiply that amount by the rate specified by HUD (applicable rate <u> .06 % </u> ) and enter results in D(c), otherwise leave blank.		D(c)	\$

E. **Anticipated Annual Income:** Includes unearned income and support paid on behalf of minors.

Member	Wages / Salaries (include tips, commission, bonuses and overtime)	Benefits / Pensions	Public Assistance	Other Income	Asset Income
1					(Enter the greater of box D(b) or box D(c), above, in box E(e) below)
2					
3					
4					
5					
6					
7					
8					
Totals	(a)	(b)	(c)	(d)	(e)
Enter total of items E(a) through E(e). This amount is the <b>Annual Anticipated Household Income</b>					\$

F. **Recipient Statement:** The information on this form is to be used to determine maximum income for eligibility. I/we have provided, for each person set forth in Item C, acceptable verification of current and anticipated annual income. I/we certify that the statements are true and complete to the best of my/our knowledge and belief and are given under penalty of perjury.

**WARNING:** Florida Statute 817 provides that willful false statements or misrepresentation concerning income and assets or liabilities relating to financial condition is a misdemeanor of the first degree and is punishable by fines and imprisonment provided under S 775.082 or 775.83.

_____	Date _____
Signature of Head of Household	
_____	Date _____
Signature of Spouse or Co-Head of Household	
_____	Date _____
Signature of Household Member (over 18 years)	
_____	Date _____
Signature of Household Member (over 18 years)	
_____	Date _____
Signature of Household Member (over 18 years)	
_____	Date _____
Signature of Household Member (over 18 years)	

G. **SHIP Administrator Statement:** Based on the representations herein, and upon the proofs and documentation submitted pursuant to item F, hereof, the family or individual(s) named in item C of this Resident Income Certification is/are eligible under the provisions of Chapter 420, Part V, Florida Statutes, the family or individual(s) constitute(s) a: (check one)

\_\_\_\_\_ **Extremely Low Income (ELI) Household** means individuals or families whose annual income does not exceed 30% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

\_\_\_\_\_ **Very Low Income (VLI) Household** means individuals or families whose annual income does not exceed 50% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

\_\_\_\_\_ **Low Income (LI) Household** means individuals or families whose annual income does not exceed 80% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

\_\_\_\_\_ **Moderate Income (MI) Household** means individuals or families whose annual income does not exceed 120% of the area median income as determined by the U.S. Department of Housing and Urban Development with adjustments for household size.

Maximum Income Limit: \_\_\_\_\_

**Number of Bedrooms:** \_\_\_\_\_ **Rent Limit:** \_\_\_\_\_ **Tenant Rent Contribution:** \_\_\_\_\_

Based upon the \_\_\_\_\_ (year) income limits and rent limits for the following Florida Metropolitan Statistical Area (MSA) or County: \_\_\_\_\_

**Signature of the SHIP Administrator or His/Her Designated Representative:**

Signature \_\_\_\_\_ Date \_\_\_\_\_  
 Name \_\_\_\_\_ Title \_\_\_\_\_  
 (print or type)

H. **Household Data** (to be completed by Head of Household only)

<b>Household elects to not participate.</b>						_____	(Initials of Household Head)			
<b>Head of Household Data</b>										
<b>By Race / Ethnicity</b>						<b>By Age</b>				
White	Black	Hispanic	Asian	American Indian	Other	0 - 25	26 - 40	41 - 61	62 +	
<b>Household Members Data</b>										
<b>Special Target / Special Needs</b> (Check all that apply to any member)										
<b>Farm worker</b>	<b>Developmentally Disabled</b>	<b>Homeless</b>	<b>Elderly</b>	<b>Special Needs (define)</b>	<b>Special Needs (define)</b>	_____	_____	_____	_____	

NOTE: Information in this Section H is being gathered for statistical use only. No resident is required to give such information unless they desire to do so. Refusal to provide information in this Section will not affect any right household has as residents. There is no penalty for households that do not complete the form.

SHIP Program  
Procedures Manual (rev. 1/2018)

**FILE CHECKLIST FOR SHIP REHABILITATION OR PURCHASE ASSISTANCE**

<b>General Documents</b>	<b>Date Received/ Initials</b>	<b>Comments</b>
Authorization for the Release of Information Form		
Income Verification Form(s)		
Income Certification Form		
Proof of Property Ownership (i.e. Deed or tax assessor document for rehabilitation assistance)		
Application for Program Assistance		
Letter of Commitment		
Lien Document with Recapture Provisions		
<b>Rehabilitation Documents</b>		
Initial Property Inspection		
Work Write-up and Cost Estimate		
Documentation of Contractor Eligibility or Licensure and Certification of Non-Debarment		
Contractor(s) Bid or Proposals		
Contractor/Home Owner or Home Buyer Contract		
Contractor Warranty Notice		
Work Inspection Reports		
Construction Payment Requests		
Certificate of Occupancy or Completion		
Final Payment Release		
Change Orders (if applicable)		
<b>Purchase Assistance Documents</b>		
HUD 1 Settlement or Closing Disclosure		
Copy of First Mortgage Document		
Release of Liens (for any repairs performed)		
Title Policy for Title Insurance		
Final Inspection Report		

**NOTICE OF RIGHT TO CANCEL**

**LENDER:** Housing & Community Development  
111 South Orange Avenue  
Sarasota, FL 34236

**DATE:**  
**HOME:**

**BORROWERS/OWNERS:**  
**ADDRESS:**  
**CITY/STATE/ZIP:**  
**PROPERTY:**

You are entering in to a transaction that will result in a mortgage/lien/security interest on/in your home. You have a legal right under federal law to cancel this transaction, without cost, within THREE BUSINESS DAYS from whichever of the following events occurs last:

- (1) The date of the transaction, which is \_\_\_\_\_; or
- (2) The date you received your Truth in Lending disclosure; or
- (3) The date you received this notice of your right to cancel.

If you cancel the transaction, the mortgage/lien/security interest is also cancelled. Within 20 CALENDAR DAYS after we receive your notice, we must take the steps necessary to reflect the fact that the mortgage/lien/security interest on/in your home has been cancelled, and we must return to you any money or property you have given to us or to anyone else in connection with this transaction.

You may keep any money or property we have given you until we have done the things mentioned above, but you must then offer to return the money or property. If it is impractical or unfair for you to return the property, you must offer its reasonable value. You may offer to return the property at your home or at the location of the property. Money must be returned to the address below. If we do not take possession of the money or property within 20 CALENDAR DAYS of your offer, you may keep it without further obligation.

**HOW TO CANCEL**

If you decide to cancel this transaction, you may do so by notifying us in writing, at:

Sarasota Office of Housing and  
Community Development  
111 S. Orange Ave.  
SARASOTA, FL 34236

You may use any written statement that is signed and dated by you and states your intention to cancel, or you may use this notice by dating and signing below. Keep one copy of this notice because it contains important information about your rights.

If you cancel by mail or telegram, you must send the notice no later than MIDNIGHT OF \_\_\_\_\_ ( or MIDNIGHT of the THIRD BUSINESS DAY following the latest of the three events listed above). If you send or deliver your written notice to cancel some other way, it must be delivered to the above address no later than that time.

**I WISH TO CANCEL**

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

The undersigned each acknowledge receipt of two copies of NOTICE OF RIGHT TO CANCEL and one copy of the Federal Truth in Lending Disclosure Statement.

Each borrower/owner in this transaction has the right to cancel. The exercise of this right by one borrower/owner shall be effective to all borrowers/owners.

\_\_\_\_\_  
BORROWER/OWNER

\_\_\_\_\_  
DATE

**NOTICE TO CUSTOMER REQUIRED BY FEDERAL LAW  
MORTGAGE FOR REHABILITATION WORK**

You have entered into a transaction on May 6, 2015, which may result in a lien, mortgage, or other security interest on your home. You have the right under federal law to cancel this transaction, if you desire to do so, without any penalty or obligation within three (3) business days from the above date or any later date on which all material disclosures required under the Truth in Lending Act have been given you. If you so cancel the transaction, any lien, mortgage, or other security interest on your home arising from this transaction is automatically void. You are also entitled to receive a refund of any down payment or other consideration if you cancel. If you decide to cancel this transaction, you may do so by notifying:

**Theresa Sumner, SHIP Coordinator  
P.O. Box 1366  
Green Cove Springs, FL 32043**

by mail or telegram received not later than midnight of May 11, 2015. You may also use any other form of written notice identifying the transaction if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

**I HEREBY CANCEL THIS TRANSACTION**

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(Applicant's Signature)

\_\_\_\_\_  
(DATE)

\_\_\_\_\_  
(Applicant's Signature)

Receipt is herewith acknowledged of the foregoing NOTICE, each of the undersigned CUSTOMERS having received two (2) copies thereof this the 6<sup>th</sup> day of May, 2015.

\_\_\_\_\_  
(CUSTOMER)

\_\_\_\_\_  
(CUSTOMER)

**EFFECT OF RESCISION.** When a customer exercises his right to rescind under paragraph (a) of this section, he is not liable for any finance or other charge, and any security interest becomes void upon such rescision. Within ten (10) days after receipt of a notice of rescision, the creditor shall return to the customer any money or property given as earnest money, down payment, or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the creditor has delivered any property to the customer, the customer may retain possession of it. Upon the performance of the creditor's obligations under this section, the customer shall tender the property to the creditor, except that if return of the property in kind would be impracticable or inequitable, the customer shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the customer, at the option of the customer. If the creditor does not take possession of the property within ten (10) days after tender by the customer, ownership of the property vests in the customer without obligation on his part to pay for it.

**CONFIRMATION CERTIFICATE**

WHEREAS three (3) business days have elapsed since the undersigned have received two (2) copies of this document, so that this transaction may be consummated, the undersigned and each of them hereby certify and warrant that they have not exercised any right which they may have to rescind the transaction, that they do not desire to do so, and that they ratify and confirm the transaction in all respects.

Dated this 11<sup>th</sup> day of May, 2015.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Applicant

State Housing Initiatives Partnership (SHIP) Program  
Annual Report and Local Housing Incentives Certification

On Behalf of \_\_\_\_\_ (Local Government), I hereby certify that:

1. The Annual Report information submitted electronically to Florida Housing Finance Corporation is true and accurate for the closeout year \_\_\_\_\_ and interim years \_\_\_\_\_.
2. The local housing incentives or local housing incentive plan have been implemented or are in the process of being implemented. Including, at a minimum:
  - a. Permits as defined in s.163.3164 (15) and (16) for affordable housing projects are expedited to a greater degree than other projects; and
  - b. There is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption.
3. The cumulative cost per newly constructed housing per housing unit, from these actions is estimated to be \$ \_\_\_\_\_.
4. The cumulative cost per rehabilitated housing per housing unit, from these actions is estimated to be \$ \_\_\_\_\_.

Staff Member responsible for submitting annual report to FHFC: \_\_\_\_\_

\_\_\_\_\_  
 Witness Signature Date

\_\_\_\_\_  
 Chief Elected Official or Designee Signature Date

\_\_\_\_\_  
 Witness Printed Name

\_\_\_\_\_  
 Chief Elected Official or Designee Printed Name

\_\_\_\_\_  
 Witness Signature Date

\_\_\_\_\_  
 Witness Printed Name

or

ATTEST (Seal)

\_\_\_\_\_  
 Signature Date

420.9075 (10) Each county or eligible municipality shall submit to the corporation by September 15 of each year a report of its affordable housing programs and accomplishments through June 30 immediately preceding submittal of the report. The report shall be certified as accurate and complete by the **local government's chief elected official or his or her designee**. Transmittal of the annual report by a county's or eligible municipality's chief elected official, or his or her designee, certifies that the local housing incentive strategies, or, if applicable, the local housing incentive plan, have been implemented or are in the process of being implemented pursuant to the adopted schedule for implementation.



MORTGAGE  
(\_\_\_ COUNTY SHIP)

This Mortgage made on or as of this \_\_\_ day of \_\_\_\_\_, between \_\_\_ and \_\_\_ County, a political subdivision of the State of Florida, acting through the Board of County Commissioners whose address is \_\_\_, hereinafter called "Mortgagee".

WITNESSETH, that to secure the payment of an Indebtedness in the principal amount of \_\_\_\_\_ Dollars and No Cents (\$\_\_\_\_\_) without interest thereon, which shall be payable in accordance with a certain promissory note herein called "NOTE", bearing even date herewith, a true and correct copy of which, exclusive of the signature of the mortgagor, is annexed hereto and made a part thereof, and all other indebtedness which the Mortgagor is obligated to pay to the Mortgagee pursuant to the provisions of the Note and this Mortgage, the Mortgagor hereby grants, conveys and mortgages to Mortgagee:

All that certain lot, piece or parcel of land situated in \_\_\_ County, Florida, described as follows:

That part of Lot \_\_\_ ... in Florida.

TOGETHER, with all appurtenances thereto and all the estate and rights of the Mortgagor in and to such property or in anywise appertaining thereto; all buildings and other structures now or hereafter thereon erected or installed and all fixtures and articles of personal property now or hereafter attached to, or used in, or in the operation of, any such land, building or structure which are necessary to complete use and occupancy of such building or structure for the purpose for which they were or are to be erected or installed, including, but not limited to, all heating, plumbing, bathroom, lighting, cooking, laundry, ventilating, refrigerating, incinerating and air conditioning equipment and fixtures, and all replacements thereof and additions thereto, whether or not the same are or shall be attached to such land, buildings or structures in any manner;

TO HAVE AND TO HOLD the mortgaged property and every part thereof unto the Mortgagee, its successors and assigns forever for the purposes and uses herein set forth.

And the Mortgagor further covenants and agrees with the Mortgagee as follows:

1. The Mortgagor will promptly pay the principal of, and interest on the indebtedness evidenced by the Note and all other charges and indebtedness provided therein and in this Mortgage, at the times and in the manner provided in the Note and in this Mortgage,
2. The Mortgagor will pay when due, as hereinafter provided, all ground rents, if any, and all taxes assessments, water rates and other governmental charges, fines and impositions, of every kind and nature whatsoever, now and hereafter imposed on the mortgaged property, or any part thereof, and will pay when due every amount of indebtedness secured by any lien of which the lien of this Mortgage is expressly subject.
3. This Mortgage and the Note were executed and delivered to secure moneys advanced in full to the Mortgagor by the Mortgagee as or on account of a loan evidenced by the Note, for the purpose of making the improvements described or referred to in the (1) Construction Contract, description of materials: to or on the mortgaged property, and for such other purpose, if any, described or referred to therein, which improvements are hereinafter collectively called "Improvements", or (2) Purchase Contract.
4. No building or other structure or improvement, fixture or personal property mortgaged hereby shall be removed or demolished without the prior written consent of the Mortgagee. The Mortgagor will not make, permit or suffer any alteration of or addition to any building or other structure or improvement now or which may hereafter be erected or installed upon the mortgaged property, or any part thereof, nor will the Mortgagor use, or permit or suffer the use of, any of the mortgaged property for any purpose other than the purpose or purposes for which the same is now intended to be used, without the prior written consent of the Mortgagee. The Mortgagor will maintain the mortgaged property in good condition and state of repair and will not suffer or permit any waste to any part thereof, and will promptly comply with all

the requirements of Federal, State and local governments, and of any departments, divisions or bureaus thereof, pertaining to such property or any part thereof.

5. The Mortgagor will not voluntarily create, or permit or suffer to be created or to exist, on or against the mortgaged property, or any part thereof, any lien superior to the lien of this mortgage, exclusive of the lien or liens, to which this Mortgage is expressly subject, as set forth in the granting clause above,
6. (a) The Mortgagor will keep all buildings, other structures and improvements, including equipment, now existing or which may hereafter be erected or installed in the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies, in such amounts and manner, and for such periods, all as may be required from time to time by the Mortgagee. Unless otherwise required by the Mortgagee, all such insurance shall be carried in companies approved by the Mortgagee and all policies shall be in such form and shall have attached thereto loss payable clauses in favor of the Mortgagee and any other parties as shall be satisfactory to the Mortgagee. All such policies and attachments thereto shall be delivered promptly to the Mortgagee, unless they are required to be delivered to the holder of a lien of a mortgage or similar instrument to which this Mortgage is expressly subject, in which later event, certificates thereof, satisfactory to the Mortgagee, shall be delivered promptly to the Mortgagee. The Mortgagor will pay promptly when due, as hereinafter provided, all premiums on such insurance, and in every case in which payment thereof is not made from the deposits therefor required by this Mortgage, the Mortgagor shall promptly submit to the Mortgagee for examination receipts or other evidence of such payment as shall be satisfactory to the Mortgagee. The Mortgagee may obtain and pay the premium on (but shall be under no obligation to do so) every kind or insurance required hereby if the amount of such premium has not been deposited as required by this Mortgage, in which event the Mortgagor will pay to the Mortgagee every premium so paid by the Mortgagee.
 

(b) In the event of loss, or damage to the mortgaged property, the Mortgagor will give to the Mortgagee immediate notice thereof by mail, and the Mortgagee may make and file proof of loss if not made otherwise promptly by or on behalf of the Mortgagor. Each insurance company issuing any such policy is hereby authorized and directed to make payment thereunder for such loss to the Mortgagor and the Mortgagee jointly, unless the amount of the loss is payable first to the holder of a lien under a mortgage or similar instrument to which this Mortgage is expressly subject; and the insurance proceeds, or any part thereof, if received by the Mortgagee, may be applied by the Mortgagee, at its option, either in reduction of the indebtedness hereby secured, or to the restoration or repair of the mortgaged property damaged. In the event of foreclosure of this Mortgage, or of any transfer of title to the mortgaged property in extinguishment of such indebtedness, all right, title and together with such policy and appropriate assignment of such right, title and interest which shall be made by the Mortgagor.
7. The Mortgagee, by any of its agents or representatives, shall have the right to inspect the mortgaged property from time to time at any reasonable hour of the day. Should the mortgaged property, or any part thereof, at any time require inspection, repair, care or attention of any kind or nature not provided by this mortgage as determined by the Mortgagee in its sole discretion, the Mortgagee may, after notice to the Mortgagor, enter or cause entry to be made upon the mortgaged property and inspect, repair, protect, care for or maintain such property as the Mortgagee may in its sole discretion deem necessary, and may pay all amounts of money therefor as the Mortgagee may in its sole discretion deem necessary and expenses reasonably incurred for doing so shall become part of the indebtedness secured hereby, shall become immediately due and payable, and shall bear interest at the highest rate allowed by law.
8. The principal amount owing on the Note together with interest thereon and all other charges, as therein provided, and all other amounts of money owing by the Mortgagor to the Mortgagee pursuant to and secured by this mortgage, shall immediately become due and payable without notice or demand upon the appointment of a receiver or liquidator, whether voluntary or involuntary, for the Mortgagor or any of the property of the Mortgagor, or upon the filing of a petition by or against the Mortgagor under the provisions of any State Insolvency Law, or under the provisions of any Bankruptcy Act as amended, or upon the making by the Mortgagor of an assignment for the benefit of the Mortgagor's creditors. The Mortgagee is authorized to declare, at its option, all or any part of such indebtedness due and payable upon the happening of any of the following events:
  - (a) Nonperformance by the Mortgagor of any covenant, agreement, term or condition of this Mortgage or of the Note (except as otherwise provided in subdivision (a) hereof. or of any other agreement heretofore, herewith or hereafter made by the Mortgagor with the Mortgagee in connection with such indebtedness, within thirty days after the Mortgagor has been given notice of such nonperformance.
  - (b) Failure of the Mortgagor to perform any covenant, agreement, term or condition in any such instrument creating a lien upon the mortgaged property or any part thereof, which shall have priority over the lien of this Mortgage.

- (c) The Mortgagee's discovery of the Mortgagor's failure in any application of the Mortgagor to the Mortgagee to disclose any fact deemed by the Mortgagee to be material, or of the making therein, or in any of the agreements entered into by the Mortgagor with Mortgagee (including but not limited to, the Note and this Mortgage) of any misrepresentation by, on behalf of, or for the benefit of the Mortgagor.
- (d) The sale, lease, or other transfer of any kind or nature of the mortgaged property, or any part thereof.
- (f) The Mortgagor's use of the mortgaged property for any purpose other than as a group residence for "Low-Income Persons" and Very-Low Income Persons" who are also "Persons Who Have Special Housing Needs" as those terms are defined by Rule 67-37.002 (21) Florida Administrative Code (Revised 11/22/2009),

The Mortgagee's failure to exercise any of its rights hereunder shall not constitute a waiver thereof. All the events in this Paragraph enumerated upon the happening of any of which the Note shall become, or may be declared to be, immediately due and payable are in this Mortgage called "events of default."

- 9. The Mortgagee may from time to time cure each default under any covenant or agreement in any instrument creating a lien upon the Mortgaged property, to such extent as the Mortgagee may exclusively determine, and each amount paid, if any, by the Mortgagee to cure any such default shall be paid by the Mortgagor to the Mortgagee, and the Mortgagee shall also become subrogated to whatever rights the holder of the prior lien might have under such instrument.
- 10. The Mortgagor is lawfully seized of the mortgaged property and has good right, full power and lawful authority to sell and convey the same in the manner above provided, and will warrant and defend the same to the Mortgagee forever against the claims and demands of any and all parties whatsoever.
- 11. This Mortgage and all the covenants, agreements, terms and conditions herein contained shall be binding upon and inure to the benefit of the Mortgagor and the heirs, legal representatives and assigns of the Mortgagor, and to the extent permitted by law, every subsequent owner of the mortgaged property, and shall be binding upon and inure to the benefit to the Mortgagee and its assigns. If the Mortgagor, as defined herein, consists of two or more parties, this Mortgage shall constitute a grant and mortgage by all of them jointly and severally, and they shall be obligated jointly and severally, under all the provisions hereof and under the Note. The word "Mortgagor" shall include the singular, and the use of any gender shall be applicable to all genders wherever the sense requires.
- 12. IN WITNESS WHEREOF, this Mortgage has been duly signed and sealed by the Mortgagor on or as of the date and year first above written.

Signed Sealed and delivered in the presence of:

AGENCY

\_\_\_\_\_  
Print Name: \_\_\_\_\_

By: \_\_\_\_\_  
President/CEO

\_\_\_\_\_  
Print Name: \_\_\_\_\_

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

I HEREBY CERTIFY that on this \_\_\_\_ day of \_\_\_\_\_, the undersigned notary public authorized in the state and county named above to take acknowledgments, personally appeared \_\_\_\_\_ who is personally known to me or who has produced \_\_\_\_\_ as identification, and who (did/did not) take an oath and is known to be the person or persons described in and who executed the foregoing instrument, and who acknowledged before me that (he/she) executed the same.

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Notary Public, State or Florida  
My Commission Expires:

PROMISSORY NOTE  
 \_\_\_ COUNTY SIHP)

\$ \_\_\_\_\_, Florida \_\_\_\_\_

FOR VALUE RECEIVED \_\_\_ promises to pay to the order of the Board of County Commissioners of \_\_\_ County, a political subdivision of the State of Florida at \_\_\_\_\_, or such other place as it may direct in writing, the principal sum of \_\_\_\_\_ (\$ \_\_\_\_\_) without interest thereon, payable in lawful money of the United States or its equivalent fifteen years from date,. The unpaid principal balance of this Promissory Note shall be amortized as follows:

If the apartment units improved with funds provided pursuant to this Promissory Note are continuously occupied exclusively by "Low-Income Persons" and "Very-Low Income Persons" who are also "Persons Who Have Special Housing Needs" as these terms are defined by Rule 67-37.002 (21), Florida Administrative Code (Revised 11/22/2009) and the Maker maintains that property as required by the Security Agreement referred to herein, one fifteenth (15) of the original principal balance shall be deemed paid by the Maker to the County on each anniversary date of this Promissory Note until fully paid. The County shall inspect the property annually to determine whether those maintenance obligations have been met. Those maintenance obligations shall be deemed to have been met for any year in which the County fails to inspect the property.

The undersigned jointly and severally further agree to pay all costs of collection, including a reasonable attorney's fee in case the principal of this note is not paid when due or at the respective maturity thereof, or in case it becomes necessary to protect the security hereof, whether suit be brought or not.

This Promissory Note is secured by a Security Agreement as described in Forms UCC-1 recorded in the Public Records maintained by the Clerk of Courts for \_\_\_ County, Florida, and with the Secretary of State for the State of Florida.

Demand, protest and notice of demand and protest are hereby waived by the Maker.

Upon the happening of any of the following events, each of which shall constitute a default hereunder, all liabilities of the undersigned to the Lender shall thereupon or thereafter, at the option of the Lender, without notice or demand, become due and payable: (a) failure of the Maker to perform any agreement hereunder or to pay principal hereon when due; (b) failure to re-certify in accordance with the requirements of the agreement signed with the County on \_\_\_\_\_, paragraph 3; each tenant as a very-low or low income tenant annually upon the anniversary date of this Note; (c) the filing of any petition under the Bankruptcy Code or any similar federal or state statute, by or against the Maker; (d) an application for the appointment of a receiver or the making of a general assignment for the benefit of creditors by, or the insolvency of the Maker; (e) the entry of a judgment against the Maker; (f) the issuing or any writ of attachment or writ of garnishment, or the filing of any lien, against the property of the Maker; (g) the taking of possession of any substantial part of the property of the Maker at the instance of any government authority;(h) the use of the mortgaged property for any purpose other than as a group residence for "Low-Income Persons" and "Very-Low Income Persons" who are also "Persons Who Have Special Housing Needs" as those terms are defined by Rule 67-37.002 (21), Florida Administrative Code (Revised 11/22/2009); (i) the sale, lease, or other transfer of any kind or nature of the mortgaged property or any part thereof; (j) failure of the Maker to maintain the property as required by the mortgage; (k) the existence of an event of default under the Security Agreement securing this Promissory Note; or (l) failure of the Maker to comply with the requirements of Chapter 67-37, Florida Administrative Code.

Pursuant to § 420.9075 (5) (g), Florida Statutes, in the event that the property securing this Promissory Note is offered for sale prior to the end of the fifteen year period, it shall be subject to a right of first refusal for purchase at the current market value by eligible non-profit organizations who would provide continued occupancy by Eligible Persons as that term is defined by Rule 67-37.002 (21), Florida Administrative Code.

Borrower's Address:

AGENCY

\_\_\_\_\_

By: \_\_\_\_\_

## SHIP Rental Agreement

The County, by ordinance, has adopted a Local Housing Assistance Plan (the LHAP) in accordance with Rule Chapter 67-37, Florida Administrative Code, as a part of the SHIP Program which contains a Special Needs Housing strategy (the Strategy) to provide funding for the purchase of new construction housing or existing housing and the rehabilitation of or additions to existing housing used for special needs housing groups as referred to in section 420.0004, Florida Statutes, including persons with disabilities.

### SCOPE OF SERVICES

The DEVELOPER operates group homes that provide housing to persons with developmental disabilities and will expended SHIP assistance for the **construction/ purchase/ rehabilitation** of group home units in **(Property Name)** to be used as special needs housing for persons with developmental disabilities.

The total amount of **construction/ purchase/ rehabilitation** will be **One Hundred Thousand and 00/100 Dollars (\$100,000.00)**, and shall be provided to the DEVELOPER

The SHIP funds that have been committed are for **(number)** clients whose income is below \_\_\_% AMI and accumulate from \_\_\_ separate allocation years, which each have a separate expenditure deadline. The dollar figures and expenditure deadlines are as follows:

<b>2018/2019</b>	<b>\$ _____</b>	<b>June 30, 2021</b>
<b>2019/2020</b>	<b>\$ _____</b>	<b>June 30, 2022</b>

Funds are considered expended when the assisted rental units have been **built or repaired** and are occupied by SHIP eligible tenants. The names and demographics of the SHIP assisted tenant must be provided to the SHIP Office, including annual income, number of household members, and age and race of the head of household.

### GOALS AND PERFORMANCE MEASURES

The units that shall be **built or repaired** shall be limited to households under **fifty (50) percent** of the area median income and will provide affordable housing for SHIP eligible individuals with special needs. Activity shall be completed within **five (5) months** of the issuance of the notice to proceed.

### TERMS OF ASSISTANCE

This SHIP assistance is provided as a forgivable loan with a term of **15 years**. As required by section 420.9075 (5)(g) of the Florida Statutes. A DEVELOPER that offers rental housing for sale before the **15 year period** must give a first right of refusal to eligible nonprofit organizations for purchase at the current market value for continued occupancy by eligible persons.

The DEVELOPER will pay when due all taxes assessments, water rates and other governmental charges, fines and impositions, of every kind and nature whatsoever, now and hereafter imposed on the mortgaged property, and will pay when due every amount of indebtedness secured by any lien of which the lien of this Mortgage is expressly subject. The DEVELOPER will keep all buildings now existing or which may hereafter be erected or installed in the land mortgaged hereby, insured against loss by fire and other hazards, casualties and contingencies

#### COMPLIANCE MONITORING

All projects must be in compliance with the rules and regulations of 24 CFR Part 5 (Income Limits, Annual Income, Rent, and Examinations for the Public Housing and Section 8 Programs) and the State Housing Initiatives Partnership Program as authorized by Florida Statutes, Chapter 420.907 and the Florida Administrative Code 67-37, and in particular related to:

- a. Income limits
- b. Definition of Affordability
- c. Maximum rent
- d. Non-discrimination

The manger of \_\_\_\_\_ must remain in contact with the SHIP Office during the 15 year SHIP affordability period and must remain in compliance with SHIP requirements. The manager must stay updated on income qualification training by completing re-training at least once every three years.

Once annually on (date) staff from the SHIP office will conduct a monitoring visit to review income compliance and affordability of rent/housing costs, as well as complete an inspection of the physical condition of the SHIP assisted units and the overall property.

30 Days prior to this monitoring visit, the DEVELOPER will provide the following:

- A completed annual re-certification of income eligibility for each SHIP-assisted rental unit using the attached residential income certification form and including required verification of household income and assets.
- Proof of Affordability of Units
- Certificate of Hazard Insurance naming the SHIP Office as co-insured

#### ATTACHMENTS:

1. Applicant Intake Forms, including Release of Information/Acknowledgment of SHIP terms signed by beneficiary
2. SHIP Resident Income Certification
3. Income Verification Forms
4. SHIP Manual

#### SIGNATURES

\_\_\_\_\_  
SHIP Office

\_\_\_\_\_  
Developer

## NOTICE OF COLLECTING SOCIAL SECURITY NUMBERS FOR GOVERNMENT PURPOSES

24 CFR Part 5 (General HUD Program Requirements; Waivers) §5.216 specifically states the following:

(b) **Disclosure required of assistance applicants.** Each assistance applicant must submit the following information to the processing entity when the assistance applicant's eligibility under the program involved is being determined.

- (1) The complete and accurate SSN assigned to the assistance applicant and to each member of the assistance applicant's household; and
- (2) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

(c) **Disclosure required of individual owner applicants.** Each individual owner applicant must submit the following information to the processing entity when the individual owner applicant's eligibility under the program involved is being determined:

- (1) The complete and accurate SSN assigned to the individual owner applicant and to each member of the individual owner applicant's household who will be obligated to pay the debt evidenced by the mortgage or loan documents; and
- (2) The documentation referred to in paragraph (g)(1) of this section to verify each such SSN.

The social security number is needed to determine eligibility under federal and state programs such as HOME, CDBG and SHIP that are determined eligible using 24 CFR part 5.

The applicant and household member hereby agree to allow the City to use the SS number to verify the following information:

- Employment
- Unemployment
- Pension
- Benefits
- Social Security
- Assets
- Child support

Signed by all adult household members

RECEIVED BY: \_\_\_\_\_

Print Name

\_\_\_\_\_

Signature

DATE: \_\_\_\_\_

**SHIP Tracking File Checklist**

*(This is not designed to be used as a complete file checklist for the purpose of successfully completing a compliance monitoring review, but should be used only for the purpose of inputting data into the automated tracking system.)*

<p>_____ Type of assistance (rehab, down payment assistance, etc.)</p> <p>_____ Amount of funds initially encumbered for applicant</p> <p>_____ Applicant name or project identifier</p> <p>_____ Amount of SHIP funds encumbered</p> <p>_____ Date SHIP funds encumbered</p> <p>_____ Applicants income level (ELI, VLI, Low or Moderate)</p> <p>_____ Contractor’s draw request(s) – if applicable</p> <p>_____ Total amount of funds expended (sum of draws)</p> <p>_____ Expenditure date (date funds are <u>fully</u> expended and unit is occupied)</p>	<p>INFORMATION FOR FORM 1</p>
<p>_____ Street address and City name</p> <p>Yes _____ No _____ Unincorporated area</p> <p>_____ Age of head of household</p> <p>_____ Number of persons in household</p> <p>_____ Race</p> <p>_____ Special Needs</p> <p># of BR _____ Rent Rate _____ # of bedrooms and monthly rental rate – if applicable</p>	<p>INFORMATION FOR FORM 2</p>
<p>_____ SHIP loan amount</p> <p>_____ SHIP grant amount</p> <p>_____ Amount of other public funds in unit/project</p> <p>_____ Amount of private funds in unit/project</p> <p>_____ Owner contribution</p> <p>Yes _____ No _____ Home ownership</p> <p>activity Yes _____ No _____ Construction activity</p> <p>_____ Sales price or value</p>	<p>INFORMATION FOR FORM 3</p>



## HOMEOWNERSHIP CODES

Code	Description
1	Purchase Assistance with Rehab
2	Purchase Assistance without Rehab
3	Owner Occupied Rehabilitation
4	Demolition/Reconstruction
5	Disaster Repair/Mitigation
6	Emergency Repair
7	Foreclosure Prevention
8	Impact Fees
9	Acquisition/Rehabilitation
10	New Construction
11	Special Needs

## RENTAL CODES

Code	Description
12	Special Needs-Rental
13	Rental Assistance (Tenant) -Rental
14	Rehabilitation-Rental
15	Demolition/Reconstruction-Rental
16	Disaster Repair/Mitigation-Rental
17	Emergency Repair-Rental
18	Foreclosure Prevention-Rental
19	Impact Fees-Rental
20	Land Acquisition-Rental
21	New Construction-Rental
23	Security and/or Utility Deposits-Rental
26	Rapid Re-Housing-Rental

## SHIP Technical Bulletin 2016-01

### Sub-Recipients Administering SHIP

Any local government participating in SHIP that uses a Sub-Recipient to administer all or part of the SHIP program should be aware of the following facts:

- 1. The SHIP rule defines a Sub-Recipient (see below) broadly as any person or non-state entity. This would include any non-profit, consultant or other entity actively performing any administrative function of the program including application intake, income verification, contract oversight, counseling, etc. The term Sub-Recipient should not be confused with the statutorily defined Eligible sponsor (see below) which refers to an entity that receives a funding award. There may be situations where it is difficult to determine when an entity is “awarded” funds, but in practice carry out the administration function for those funds. In these cases, the entity should be considered as a Sub-Recipient.**
- 2. Regardless of the use of Sub-Recipients, the local government is responsible (67-37.019 (10)) for monitoring the SHIP funds being expended through the Sub-Recipient. The responsibility for compliance with the requirements cannot be passed along. Contracts reviewed during recent compliance reviews have shown that, in some instances, this monitoring is not being carried out and/or is not well documented.**
- 3. Any Sub-Recipient administering SHIP funds must, by definition, be under contract with the local government to perform these services. The contract should detail all responsibilities of the Sub-Recipient. The contract should also include pertinent references required by rule. Recent compliance reviews of contracts have shown that, in some instances, these items are not included and are, in fact, generally lacking in detail.**
- 4. A well written contract that is updated periodically will protect both the local government and the Sub-Recipient and ensure that program regulations are being met. A recommended contract term would coincide with the term of the LHAP.**

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*67-37.002 (28) “Sub Recipient” means a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP program.*

*420.9071 (11) “Eligible sponsor” means a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons.*

*67-37.019 (10) Any local government receiving SHIP funds which administers any portion of the SHIP program through a Sub Recipient shall bear responsibility for actions of the sub recipient and shall monitor all sub recipients to insure compliance is maintained on all SHIP funded activities...*

*...Any contract or agreement between the local government and sub recipient shall detail the policies and procedures that shall be adhered to in the management of the SHIP activities.*

*67-37.019 (11) Any contract or document establishing the relationship between a SHIP eligible local government and a non-state organization which is a Sub Recipient receiving SHIP funds shall contain the standard audit language on Form DFS-A2-CL. (Effective 7/05) of the Florida Single Audit Act in the document.*



# Frequently Asked Questions

## General Administration Questions

**Question:** My county is about to begin receiving its new allocation of SHIP funds. I think I am supposed to advertise the new funds, but since I have such a waiting list for all my SHIP strategies, do I actually have to advertise this when it will be a long time before new applicants will be able to receive assistance?

**Answer:** No, you do not need to advertise. In your community's case, you do not have to advertise at this time, since you have a waiting list for every strategy. This exemption is outlined in section 420.9075 (3)(b) of the SHIP Statute, which addresses local housing assistance plans:

“The county or eligible municipality or its administrative representative shall advertise the notice of funding availability... at least 30 days before the beginning of the application period. If no funding is available due to a waiting list, no notice of funding availability is required.”

The statute is not specific about exactly how long a waiting list must be before you are not required to advertise. For this reason, your community should create its own policy on this issue. Although you are not required to advertise the strategies that have waiting lists, your jurisdiction might still consider advertising it if the waiting list is short or just in order to remind local citizens of SHIP's impact on their community.

The frequency at which new applications are taken should be based on considerations like the rate at which you expend funds, how long it takes to process applications, the pace of the contractors you work with, etc. Of course, a community might have a waiting list for one strategy, but not another. In this case, the community must advertise the availability of funding for the strategy with no waiting list. Furthermore, you should consider advertising now for strategies that are currently not funded, in

anticipation of funding them sometime within the next year. A disaster mitigation strategy is the most common example of this situation. By advertising now—even if the strategy is currently unfunded—your community will not have to comply with the 30-day advertising requirement at the time when a disaster strikes, and a quick response is critical.

**Question:** How do I meet my expenditure deadlines?

**Answer:** From the time your city or county receives a SHIP distribution, you have three years to fully expend the money and meet your expenditure deadline. For most jurisdictions, it is not difficult to spend funds in this three-year timeframe. Pay attention to the looming encumbrance deadline, which pertains to any SHIP revenue received two years ago. There is also a deadline for the annual reports of September 15th each year. If you use the SHIP tracking software as you administer your program throughout the year, this report should not take long to complete. Nonetheless, it is important to start working on your reports at the end of July or beginning of August as these must be approved by your city or county commission and your chief elected official must sign a set of certification forms for the reports before sending them to the FHFC.

**Question: Can I help an applicant more than once with the SHIP program?**

**Answer:** Yes, you can, depending on your local laws. There is nothing in the SHIP rule or statute that specifically addresses this issue. It is a local policy decision. Many local communities have added a provision to their LHAP noting that an applicant cannot be assisted more than once with the SHIP program funding. If only one-time assistance is available, however, it is important to consider if the SHIP assistance provided is thorough and fully addresses an applicant's needs. If an applicant purchases an existing home, for example, are there resources available to make needed repairs, or will the applicant be back soon to apply for assistance from your rehabilitation strategy? Similarly, when providing rehabilitation services, review the initial home inspection and consider whether repair priorities—including health hazard concerns, code violations, upgrading of electrical systems, and even energy efficiency—can be addressed with one-time assistance. As you consider limiting applicants to one-time assistance, you may need to increase your per unit subsidy level and other policies in order to ensure that a one-time recipient of services has been comprehensively assisted.

**Question: Is there a way to brand SHIP to give its contribution a more memorable impact?**

**Answer:** SHIP now has a logo to brand this funding source and help increase awareness of its contribution to affordable housing projects across Florida. The logo is available by emailing [info@flhousing.org](mailto:info@flhousing.org) with the message "SHIP Logo Requested".

Use the SHIP logo to help brand all your success stories and SHIP information. Include it on posters at ribbon cutting events, as well as any permanent plaques or signage that memorializes a housing development's completion. Also add a contractual requirement for your sub recipients to identify SHIP with their housing work with the logo. You may choose to include it on your SHIP brochure, website and application. Provide the logo to reporters when your work generates positive media stories. Including this logo in your work may also serve to remind you of the importance of continually documenting SHIP's positive impact on your community and sharing this message of success as broadly as possible.

**Question: Does Florida's Open Records law include an exemption for documents associated with individuals receiving SHIP housing assistance?**

**Answer:** No, SHIP housing files are not exempt from the Florida Open Records law. However, the law provides for a very limited exemption of certain information that may be included in the files of your housing assistance applicants. The Florida Statutes outline a list of exceptions to the open records law. Section (3)(bb)1 of the Florida Statutes outlines several exceptions that are relevant to SHIP housing files: "Medical history records, bank account numbers, credit card numbers, telephone numbers, and information related to health or property insurance furnished by an individual to any agency pursuant to federal, state, or local housing assistance programs are confidential and exempt." Elsewhere, social security numbers are exempted as well. Despite these exemptions, it is strongly recommended that you check with your legal counsel prior to denying anyone access to a public record.

## Income Qualification Questions

**Question:** I understand the policy for documenting child support income. Most of our applicants have initiated a file with the Child Support Enforcement Office, which provides a printout of the money it has collected for those people who have initiated files with their office. This printout often shows that no money has been collected. The Child Support Enforcement office can only provide this printout for individuals who have initiated a file with their office. For this reason, can I use the Child Support Enforcement Office printout as documentation that the applicant's child support is not being received and that the applicant has made every attempt possible to collect it?

**Answer:** Yes, you can use this printout. The SHIP program requires that the full amount of court-ordered child support be counted as household income regardless of the amount being received. This is true unless you can document that the applicant has exhausted all legal means of obtaining the support. If all legal means have been exhausted, then the actual amount received is counted as income. In Florida, there are two methods available to show that child support is not being received: filing a contempt of court hearing or establishing a file with the office of Child Support Enforcement.

If an applicant is pursuing the first option, the applicant must provide the SHIP office with documentation that a contempt of court hearing has been scheduled. If the applicant is pursuing the matter through Child Support Enforcement, adequate documentation would either be the printout mentioned above or a letter from the Child Support Enforcement Office stating that the applicant has initiated a file.

**Question:** What is the effective date when we must start using the new income limits chart each year?

**Answer:** You must begin using the new income limits no later than when they are posted to the Florida Housing website. However, if your jurisdiction would like to begin using them as soon as HUD posts the data, usually a week before Florida Housing, that is also acceptable. Your local government should use the chart at the time they do the final income certification.

**Question:** An applicant is separated, but not divorced. Do I count the income of the estranged spouse who is no longer living in the house as part of household income?

**Answer:** Yes, normally, because Florida law does not legally recognize separation. When an applicant is married and separated, count the estranged spouse's income as part of the annual household income. Consult with your city or county attorney to determine if the spouse should sign any SHIP recapture provisions. This rule also applies to cases of temporary separation when a spouse does not live in the house due to military service, attendance in college, offshore work, or other instances where a family member is temporarily residing in another location.

However, in some situations, it is clear that the applicant has no plan to reunite with the estranged spouse and the separation is permanent. In such a case, the applicant is essentially divorced for purposes of SHIP income eligibility determination. The spouse's income should not be counted as part of the annual household income, and the spouse should not be counted as a household member. The Florida Housing Finance Corporation's compliance division has noted that local housing administrators have the discretion to determine if an applicant's separation is permanent. The administrator should obtain as many details as possible to document that the SHIP recipient's separation is permanent. In cases of permanent separation, for example, the applicant and the estranged spouse maintain separate residences and file separate tax returns. Documentation that the separation has been ongoing for a long time further strengthens the case that the separation is permanent.

In cases where a separated applicant is requesting SHIP assistance with purchasing a house, Florida's joint property laws should be considered. Unless legally divorced, the State's laws will likely entitle the estranged spouse to legal claim of ownership of the new house being purchased. SHIP administrators should ensure that applicants are aware of this.

**Question: What is an acceptable timeframe for verifying information when all attempts to obtain third-party verification have been exhausted?**

**Answer:** When third-party verification is delayed and is not received within two weeks of its request, owners may consider original documents submitted by the tenant. However, HUD specifies items to be documented when third-party verification is not available. These items include (1) A written note to the file explaining why third-party verification is not possible; or a copy of the date-stamped original request that was sent to the third party; (2) Written notes or documentation indicating follow-up efforts to reach the third party to obtain verification; and (3) A written note in the file indicating that the request has been outstanding without a response from the third party.

**Question: When helping home buyers, do we have to include the income of a co-signer?**

**Answer:** No. First, review your program guidelines, as many communities do not allow co-signers under their housing programs. If the co-signer is not going to reside in the home being purchased, then he or she is not considered a household member for purposes of determining household size or annual income. Check who owns the home once it is purchased. Naturally, the co-signer's name and signature will be included on the first mortgage, since the co-signer is assuring the first mortgage provider that he or she will assume mortgage payments if the applicant fails to stay current on the mortgage. However, the co-signer should not be included on the title to the house. Ownership of the house must be fully in the SHIP applicant's name. You do not have to include the income of a co-signer, but you do have to include the income of a co-borrower. Co-signers are not listed on the warranty deed, but co-borrowers are. This will help you determine if it is a co-borrower or co-signer.

**Question: How should I estimate overtime? Should I use the information I have from what is reported on the household's income tax return?**

**Answer:** No, do not use a tax return to obtain overtime estimates. It only provides information about past overtime earned and you need an estimate of overtime to be earned in the next 12 months. Instead, you must rely on the estimated overtime information provided to you by the employer on the Verification of Employment form. Verification forms are the primary source of documentation for determining an applicant's annual income. The questions on this verification form should ask the employer to estimate all the earned income that the applicant is expected to receive during the next twelve months. The form should include a question specifically asking about the amount of overtime expected.

For some jobs, it is easy for the employer to provide an estimate for future overtime, based on the applicant's past history of receiving overtime and the employer's knowledge of future work to be performed. In other cases, however, an employer may indicate on the verification form that it is not possible to estimate future overtime. In such a case, you may wish to call the employer, explain the importance of fully estimating the applicant's income, and request that he or she make an informed guess about overtime earnings. If the employer is still not able to provide an estimate and if the employer cannot suggest a method that you could use to calculate overtime income, then do not count any overtime earnings.

**Question: Is there a requirement to document the citizenship or legal residency of SHIP applicants? Is legal status a requirement to receive a benefit under SHIP?**

**Answer:** SHIP does not require citizenship and residency documentation. You do not need to ask a question about citizenship on your SHIP application. However, it is not good public policy to use state tax dollars to benefit a household in which even one member is without legal status. While you do not have to proactively ask about citizenship, you should be mindful if something leads you to believe some household member does not have legal status. If you suspect that this applies to a SHIP applicant's household, please contact your City or County attorney.

**Question: An applicant's supervisor will not complete the third-party verification of employment income that we need to complete the eligibility determination. The company where the applicant works contracts with "The Work Number" for all wage and income related matters. The Work Number charges a fee to obtain income information. Should I pay this fee? Is this considered acceptable third-party income verification?**

**Answer:** Yes, this is acceptable third-party verification. Although it only provides year to date information rather than an estimate of income in the next 12 months, The Work Number is considered a valid, third party source. HUD's webpage on Upfront Income Verification (UIV) Tools addresses this: "An automated service that provides controlled access to a national database of almost 40 million employment and income records, The Work Number can provide quick and accurate employment and wage information."

The Work Number is a service of Equifax Verification Services, and you may pay to obtain its data. This is a program implementation expense that may be paid with SHIP administrative funds.

You should, however, be able to obtain data from The Work Number by working with your applicant. Any employee whose employment and income information are collected by The Work Number may request a free Employment Data Report (EDR). On the website <http://www.theworknumber.com/Employees/DataReport/index.asp> the applicant may log in or print out and mail an EDR request. Alternatively, call the client service center to request a copy of the report at (866) 604-6570.

**Question: In addition to the SHIP staff person, is the applicant the only other person who needs to sign the Income Certification Form?**

**Answer:** No, all adult household members must sign the Income Certification Form, also known as the RIC for Resident Income Certification. SHIP staff should use the version of the RIC that includes several signatures lines for household members. The signature requirements for all versions of the Florida Housing income certification form are the same as those for HUDs 50059 tenant certification. Florida Housing's staff notes that it is not important that the HUD certification statement differs from the verbiage on Florida Housing's certification statements. An excerpt from Appendix 7-A of the HUD-50059 Data Requirements indicates to "include the following certification statement to be signed and dated by the family head, any spouse or co-head, and all adult family members: " I/We certify that the information in Sections C, D, and E of this form are true and complete to the best of my/our knowledge and belief. I/We understand that I/we can be fined up to \$10,000, or imprisoned up to five years, or lose the subsidy HUD pays and have my/our rent increased, if I/we furnish false or incomplete information."

## LHAP and AHAC Topics

**Question:** Part of updating the LHAP entails creating a Housing Delivery Goals Chart for each of three allocation years. However, we do not know the amount of funding for any of future allocations. What level of funding should I add to these Charts?

**Answer:** Right now, no one knows the amount of future funding. It is likely that you will not know until well into the process of developing your LHAP. For this reason, Florida Housing's staff will not examine the charts in great detail, although these documents are required to be submitted as part of the whole updated plan. Florida Housing offers the following options for you as you estimate future funding on the goals charts. You can either:

- a) Submit with a \$0 estimated allocation and then amend those charts if an allocation comes through; or
- b) Use the allocation amount from the last allocation received.

**Question:** We are preparing to submit our new 3-year LHAP to Florida Housing Finance Corporation. Section I. "Program Details" contains Item V. "Describe efforts to reduce homelessness." What do we add for this item?

**Answer:** There is a lot of information you can provide here, depending on what your jurisdiction is doing. There is an increasing focus on using SHIP to assist homeless individuals

In the 2016 Florida legislative session, the bill SB1534 noted that "Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan which provides program funds for reducing homelessness." While this is not required, if your community chooses to provide a "rapid re-housing" SHIP strategy, this should be the first part of your answer to Item V.

Your response could include any of the following activities that you have been or will soon begin doing:

- You could include in Item V that SHIP staff stays updated about funding sources to pay past due rents and move-in assistance. The SHIP office works hand in hand with the lead agency of local homeless assistance continuum of care so that housing programs are complementary and not duplicative or working at cross-purposes.
- If your local government has sources other than SHIP addressing homelessness (including ESG, veterans benefits, or CDBG), the LHAP should note how SHIP staff can make referrals internally to other departments in their local government. You could also note: "Staff is mindful when giving advice about housing for homeless individuals to inquire if the person served in the military, as there is a whole set of additional resources for veterans."
- Indicate if you have a SHIP strategy to provide rent deposits or eviction prevention assistance, since such assistance may help households recover from homelessness or avoid becoming homeless.
- You can note if you refer people to the [floridahousingsearch.org](http://floridahousingsearch.org) website or the corresponding call center phone number 1 (877) 428-8844. Note in Item V that you provide this guidance: "The website and phone number help you identify affordable rental units for any area in Florida. They provide a list of properties. Each apartment or rental house can even be viewed on a map. Call up the phone number associated with a specific rental and ask if a unit is available for a person with your monthly income. If a unit is not available, asked to be placed on a waiting list and contacted when availability occurs."
- Almost every SHIP jurisdiction offers owner-occupied rehabilitation, and it is also acceptable to write about how this strategy helps keep homeowners in structurally secure homes. This reduces their risk of becoming homeless.



## AHAC Topics

In many cases, the Affordable Housing Advisory Committee (AHAC) topics referenced below are addressed in greater detail in the Florida Housing Coalition's 2017 publication "Affordable Housing Incentive Strategies: A Guidebook for AHAC Members and Local Government Staff."

**Question: Can the County Commissioners approve the incentives and adopt the amendment to the LHAP at the same time, or do they have to approve the incentives before adoption into the LHAP?**

**Answer:** There is nothing in the statute or rule that requires the incentives to be adopted prior to amending your LHAP. However, the incentives that are adopted may require a Comprehensive Plan Amendment or ordinance or policy change prior to incorporation into the LHAP that will need to be approved by your Board separately. In many cases, staff and commissioners need to take time to consider the policies and procedures that must be established before a new incentive strategy can be formally added to the LH

**Question: How does the Sunshine Law apply to our SHIP advisory committees?**

**Answer:** When dealing with advisory committees it is very important to keep in mind the requirements of Florida's open meetings laws. Any local government appointed committee that is part of a fact-finding commission, or any board or committee that has final decision-making authority is covered by these laws. There is a strong legislative and judicial presumption in favor of openness. If you have any questions about these requirements, consult with your city attorney, county attorney, or other appropriate legal counsel.

**Question: We submitted our advisory committee report to the Board of County Commissioners on November 12, before the December 31st deadline. Will November 12th mark the start of our 90-day clock for the Board to adopt any incentives or do we have until March 31st of next year?**

**Answer:** Yes, the commission will need to adopt any incentives within 90 days from November 12th. Your 90-day clock begins when the advisory committee submits its report to the Board. The last day allowed by statute to submit the AHAC Report to the governing body is December 31st, so many people assume that the deadline to adopt any incentives is March 31st, 90 days from December 31st.

**Question: Who specifically is supposed to lead the advisory committee meetings?**

**Answer:** There is no guidance in the SHIP Statute or Rule about who should lead meetings or about how many meetings should be held. However, we recommend that a committee chairperson be elected by the AHAC. The number of meetings is indexed to the volume of work which the AHAC members must do to accomplish its mandate; remember that the AHAC meeting is a public meeting and must be noticed. SHIP requires the committee to produce a written report of recommendations, which must be presented to your commission. Each committee member must vote on whether to accept each recommendation. The Statute outlines several topics that the committee must consider. Some committees have one or two outspoken and forward-moving leaders. Others do not, so staff must keep the group moving. As much as possible, encourage committee members to set their own plan for meeting and discussing these topics.

## SHIP Annual Report Questions

### Question: How do I properly track program income revenue?

**Answer:** Since most SHIP monies are used for loans, rather than grants, nearly all SHIP offices have program income in addition to the SHIP distribution from the state. This is particularly important now that the legislature has failed to fund SHIP for four consecutive years. The most common forms of program income are bank interest and loan repayments.

All program income should be deposited in the SHIP local housing trust fund, rather than retained in a separate account. Bank interest is easy to monitor, although you must remember that program income is tracked by the state fiscal year (July 1 – June 30), which differs from the local and federal government fiscal year. Funds received today are logged in with the current state fiscal year's funds. Therefore, if you receive a SHIP loan repayment in December 2018, you record this SHIP program income revenue on the 18/19 tracking spreadsheet. The expenditure deadline for this revenue is the same as for the SHIP allocation with which it is associated.

Work with your Finance Department to track another program income. Identifying the proceeds from the sale of a home is generally easy, because SHIP and all lien holders are contacted during this transaction. The same process occurs for tracking the repayment of SHIP funds during mortgage refinancing or a foreclosure.

### Question: What happens if I create a close out annual report, only to notice for the first time that I am out of compliance with one or more of the set-asides? For example, what if a jurisdiction I monitor has dedicated too low a percentage of its funds to the construction/rehabilitation set aside, and already expended all their funds for the year?

**Answer:** The most straight forward solution is often to re-assign assistance expenses between SHIP distributions. For example, all close out year funds have been expended. It is very likely that a significant amount of the jurisdiction's next distribution may also be expended as well. Identify one or two households assisted with the next distribution that comply with the construction/rehabilitation set-aside. After confirming that the LHAP(s) that govern these two SHIP allocations permit funds to be spent in this way, re-assign these expenses to the spreadsheet tracking for the close out allocation. Similarly, re-assign one or two close out year cases of set-aside non-compliant assistance to the spreadsheet for the next distribution. Check to see if you are in compliance, and if not, you can keep doing this until you are.

It is common to re-assign expenses from one SHIP distribution to another. You can do the same thing 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, staff may still fully reconcile SHIP tracking spreadsheets with the jurisdiction's general ledger.

## Documentation Questions

**Question:** Do I need to collect social security numbers (SSNs) or copies of social security cards for a SHIP application?

**Answer:** No, the SHIP program does not require the collection of social security numbers or cards. The Florida Statutes says that an agency may not collect an individual's SSN unless it has stated in writing the purpose for this collection and unless the collection is imperative for the performance of the agency's duties and responsibilities as prescribed by law: this is not true for SHIP. Instead, SHIP staff should establish an alternative identifier for household members, like a copy of a driver's license or a birth certificate. You can document household children with tax returns that include them as dependents, school's records showing the applicant's house is the child's permanent residence, or child custody documents showing 50% or more custody.

**Question:** What is the record retention policy for SHIP files?

**Answer:** Firstly, you must retain any applications you do not assist with SHIP funds. Start by identifying which SHIP distribution would likely have funded each application. You must keep the application for four years after the end of the three-year period when this distribution is closed out. If someone applies for but is not assisted from the 11/12 distribution, this distribution will be closed out on June 30, 2014. Thus, their file must be kept until June 30, 2018.

You must also retain documents for the households you assist with SHIP funds. Keep these records for five years after the loan has been released or satisfied, unless audits have not been released for the SHIP distribution that funded the assistance. If an applicant is assisted with 11/12 funds in July 2011, these funds will be audited in 2014, and you only need to keep the record until July 2016. However, if the applicant has a SHIP assistance loan that is forgiven in 2021, at the end of 10 years, you must retain the applicant's file for an additional five years from the 2nd date, until the year 2026.

Records can be retained in electronic form or microfilm. The standards used must comply with the Florida Administrative Code. Your City or County Clerk will have a record retention policy and will provide you with guidance on local record retention requirements. Your local requirements may be stricter than the State requirements.

The record retention requirements for the SHIP Program are outlined in the "State of Florida General Records Schedule for State and Local Government agencies," which is available at the Florida Department of State's website [www.dos.state.fl.us](http://www.dos.state.fl.us). Click on the link for "Library and Info. Services."







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