


## LHAP Strategy Design and Amendments

sponsored by  
Florida Housing Finance Corporation's Catalyst Program

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### AFFORDABLE HOUSING CATALYST PROGRAM

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## Catalyst Training Schedule



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

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## Download Documents from GoToWebinar




### The LHAP Governs Specific SHIP Allocations EXAMPLE

- Community completed LHAP for 16/17 through 18/19 funds
- New LHAP includes a new strategy
- Still working to expend 14/15 funds.
- **Question:** Spend 14/15 on new strategy?
- **Answer:** NO, 14/15 funds are governed by old LHAP.
- **Solution:** amend old LHAP




### Amend the LHAP Anytime **UPDATE**

- **Plan amendment:** add or delete a strategy, requiring review committee approval:
  - Approved (with no comments)
  - Approved with Comments
  - Tabled or Approval is Withheld
- **Technical Revision:** updating an existing strategy




### Technical Changes to Existing Strategies EXAMPLES

- Changing SHIP deferred loan from 10 years to 15 years
- Adding a priority to applicant selection
- Increasing Maximum Award amount
- **TIP:** Include updated Housing Delivery Goals Chart




### Procedures for Amending the LHAP

- Initially submit documents electronically in their current file format (word, excel)
- Use underline/strikethrough for LHAP changes (different than when submitting whole LHAP)
- Send main LHAP document & exhibits affected
- Email [robert.dearduff@floridahousing.org](mailto:robert.dearduff@floridahousing.org)  
Subject: LHAP Amendment & local gov't name
- In email, state if this as a **plan amendment** or **technical revision**.




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**New Template**  
"LHAPs submitted on out-of-date forms or in incorrect format will be rejected"



### Guidance on Specific Strategies



#### Purchase Assistance

- Assistance = difference between what target market can afford and housing cost
- No statutory or regulatory cap on maximum assistance amount
- Do not include underwriting terms if first mortgage lender determines loan eligibility
- Rehab or Not Rehab?
- Define First Time Homebuyer





### Owner-Occupied Rehabilitation

- Goals: work to fully repair home. May also be neighborhood improvement
- Challenges with Rehab often are in the implementation
  - Inspections
  - Managing Expectations of the Homeowner
  - Work Write Ups
  - Approaches to change orders
  - Evaluating Contractors



### Strategy Recommendations: Developers of Homeownership

- How will funds be awarded to developer?
  - Terms of developer award
- What will be passed along to the buyer?
  - Terms of Buyer Assistance
- Recipient selection section describes buyer
- What is the sponsor selection criteria?
- Procurement policy – attach or describe

### SHIP Rental Development

- New construction or repair of rentals
- Limited by statute to 25% of allocation
- Minimum Affordability Period: 15 years
- Monitoring: required annually if more than \$10,000 project and no one else is doing it

### SHIP Rental Assistance

Rental Assistance = Helping individual renter

- No Monitoring required
- Rent Deposit
- Eviction Prevention
- Rent Subsidy
  - Subsidy recipient must be Very Low Income and be homeless or special needs





### Section II. Housing Strategies

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

Confirm Strategy Title corresponds with Code


Code	Description
12	Special Needs-Rental
13	Rental Assistance (Tenant)-Rental
14	Rehabilitation-Rental



### Section II. Housing Strategies

#### Summary of Strategy

- Concise and clear description
- Describe type of activity
- Do not include loan terms, selection, income categories, etc. required in other sections
- Strategies must be self contained (do not reference other strategies)




### Fiscal Years Covered

- List all years covered. Do not use "all years"

#### Income categories to be served

- List one or all the defined income categories "very low, low and moderate"
- Do not use "all income groups"
- If not funding a specific group leave it off
- Consistent with Housing Delivery Goals Chart




### Correct This Income Categories Text

**BEFORE**

Income Categories to be served:

- Very-Low Income - No contribution
- Low Income - \$100.00 contribution
- Moderate Income - \$250.00 contribution

**AFTER** Income Categories to be served:  
Very-Low, Low, Moderate



### Housing Strategies: Maximum Award

- List by income category, consistent with HDGC
- Rehab and Purchase Assistance: list maximum amount households may receive.
- Rental Development: include 'maximum per rental unit' as well as 'maximum for entire development'

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### Maximum Award Considerations

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

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### Terms of the Award

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

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### Terms 1. Loan or Grant

**Loan, deferred loan or grant**

- Loans: "secured by a recorded mortgage & note"
- State 'subordinate mortgage', not 2<sup>nd</sup> mortgage

**Grants must be approved by FHFC**

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

**Variations Available**

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

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### Terms 2. Interest Rate

- Include interest rate for SHIP assistance if any
- If none state 0%. For grants, state N/A

### Terms 3. Years

- State number of years loan is secured
- For grants, state N/A
- Put maturity date on the RECORDED LOAN.
- What is default # of years of vague mortgage, according to Statute 95.281 (1) (b)?

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### Sample Years Text Needs Improvement

**BEFORE**

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

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

**AFTER Term: 10 years.**

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### Terms 4. Forgiveness

State if any portion of the loan will be forgiven

- Some never forgive: repaid upon property transfer
- Some forgive at end of term
- Some prorate forgiveness over the term

Do not refer to default situations in this section

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

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### Terms 5. Repayment

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

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### Terms 6. Default

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

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

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

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**Housing Strategies:  
Recipient Selection Criteria**

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

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**Housing Strategies:  
Sponsor/Developer Selection**

- A sponsor is an entity to which an award of funds has been made.
- If this is done by an RFP process, please provide a general overview of that process and give a summarized list of requirements
- Selection criteria may include:
  - ❖ Experience
  - ❖ Financial capacity
  - ❖ Leveraged funds for project
  - ❖ Availability of land

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**Housing Strategies:  
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.
- 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.

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**Formally Update LHAP every 3 years**  
Two Entities must approve it

- City or County Commission
- Florida Housing Finance Corporation
  - LHAP Review Committee Members
  - FHFC Review may take 45 Days

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**Section I. General Information**

- A. Interlocal Agreement
- B. Purpose of Program
- C. Fiscal Year Covered by the Plan
- D. Governance
- E. Local Housing Partnership
- F. Leveraging
- G. Public Input
- H. Advertising and Outreach
- I. Waiting List/Priorities

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**1st Qualified 1st Served OR Priority**

- Use strategy language or insert new language. Does Priority apply to all or some strategies?
- Common: first priority for households qualifying as Special Needs
- Also: Essential Service Personnel

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**Section I. General Information**

- J. Discrimination
- K. Support Services and Counseling
- L. Purchase Price Limits
- M. Income Limits, Rent Limits and Affordability
- N. Welfare Transition Program
- O. Monitoring and First Right of Refusal
- P. Administrative Budget: 5 or 10%?
- Q. Program Administration
- R. Project Delivery Costs
- S. Essential Service Personnel

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**New: Project Delivery Costs**

Detail any Project Delivery Costs (PDC)

- "Cannot be any that would normally be included as administrative expenses"
- **Reasonable** Costs related to
  - Cost of the project, and
  - Type of strategy

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**Section I. Efforts**

Get an "A" For Effort

- T. Efforts to incorporate Green Building
- U. Efforts to meet the 20% Special Needs set-aside
- V. Efforts to reduce homelessness

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Questions  
and  
Evaluation

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