


LHAP Strategy Design and Amendments

sponsored by
Florida Housing Finance Corporation's Catalyst Program

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Catalyst Training Schedule



Register Now For SHIP Catalyst Training

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

Hotline: 1-800-677-4548


www.flhousing.org



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Overview

- Amending or Revising an existing LHAP
- Housing Strategy Help
- Guidance on 3 Year Update to LHAP




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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 15/16 funds.
- **Question:** Spend 15/16 on new strategy?
- **Answer:** NO, 15/16 funds are governed by old LHAP.
- **Solution:** Amend old LHAP



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Amend the LHAP when it's Important **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




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Technical Revisions 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



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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
Subject: LHAP Amendment & local gov't name
- In email, state if this as a **plan amendment** or **technical revision**.



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Use newest LHAP Template www.floridahousing.org



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"LHAPs submitted on out-of-date forms or in incorrect format will be rejected"




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Section II. Housing Strategies

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

Confirm Strategy Title corresponds with Code

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



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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)

Do not combine strategies

Example: Rehab and Demo/Reconstruction




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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



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Housing Strategies: d. Maximum Award

- List by income category, consistent with HDGC
- Maximum award includes all hard, soft and **delivery cost**
- Grants: usually \$10K or less and limited to disaster, rent subsidies, emergency repair, or foreclosure prevention
- 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 Assistance: What is typical rent and availability?
- Purchase Assistance: Award driven by housing cost and what target market can afford


Be Realistic



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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 2nd mortgage

Variations Available

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

Grants must be approved by FHFC

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




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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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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, loss of homestead
- Conversion to rental,
- Death of homeowner(s).

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


What happens when SHIP recipient dies? Repayment or eligible heirs?

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Housing Strategies: Recipient Selection Criteria

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



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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.
- Examples: restrictions against assisting mobile homes or households receiving SHIP funds more than one time
- Referencing a separate policy: either summarize the policy in the affected strategies or attach the document as an exhibit

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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

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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




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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



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SHIP Rental Development

- When referring to FHFC, state the program or funding
- An RFA issued by FHFC will not require a local government to issue an RFP, but comply with LHAP and local procurement policy
- Avoid specific terms to allow room to work with developer
- Minimum Affordability Period: 15 years
- Have a monitoring plan in place



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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



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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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Project Delivery Cost Examples

Rehabilitation:

- Initial Inspection
- Work Write Up/Cost Estimate
- Construction inspections/oversight



Outsource to 3rd Party:

- Service Delivery Fee

Purchase Assistance:

- Housing Counseling
- Inspection

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Administrative Costs

- Advertising
- Outreach and Pre-screening
- Applications and Eligibility Determination
- Office space, Utilities, Copier, Computers
- Tracking and Reporting
- LHAP Work
- Prep for the Monitor

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Section I. Efforts

Get an "A" For Effort

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

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