

# From 2016 Sample LHAP

*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:** 2016-2017, 2017-2018 and 2018-2019
- c. **Income Categories to be served:** Very-low, low and moderate
- d. **Maximum award:** \$75,000 for developments over 50 units  
\$150,000 for developments with 50 units or less that include Special Needs units.
- e. **Terms:**
  1. **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.
  2. **Interest Rate:** 0%.
  3. **Term:** A minimum of 15 years is required by Florida Statutes. (Best practice: 50 year term).
  4. **Forgiveness/Repayment:**
    - a. For 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.
    - b. For 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.
  5. **Default/Recapture:** 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 are meet all the above requirements and:

1. Are in areas of immediate need due to lack of available units.
2. 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.