



HOP Update: Non-profit Input Made Meaningful Improvement

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The Homeownership Pool Program more commonly known as HOP, provides a pool of funds where members, including non-profit organizations, for profits, cities, counties and USDA rural development can make reservations for individual homeownership projects. One of the biggest challenges being faced by non profit organizations' participating in the HOP program was the fact that funds were depleted from the pool before any reservation could be made. In an effort to quantify this problem and other challenges faced by non profit organizations participating this program, the Florida Housing Coalition surveyed non profit organizations participating in the HOP program.

SURVEY RESULTS

The survey had a list of seven questions directed to non profit HOP members. The survey was mailed to 24 non-profits, of which 58 percent or 14 members responded. Of the 14 respondents 10 are Community Housing Development Organizations (CHDOs). For the funds that became available in October 2007, 8 of the 14 agencies were able to make 42 reservations of HOP funds. Twenty three of these reservations were made by one organization reserving funds from the Self-Help set aside.

Of the 14 respondents, eight had begun construction on a total of 43 units when HOP funds were depleted. None of the units that had started construction under the HOP program will be purchased by income eligible buyers, with the exception of one non-profit organization that had received local funds to build additional non-HOP units. In order to complete the HOP units, this organization moved funds targeted for purchase assistance to the HOP program. This in turn reduced the overall number of units they could produce.



The opportunity for CHDOs to reserve HOP funds is a meaningful improvement to the HOP program. Now the FHFC and housing advocates around the state need success in lifting the cap off Sadowski funding so that this oversubscribed program can be funded at a level that responds to the need.

The biggest concern for non profit developers under this program was the requirement that the foundation on a home must be poured before funds can be reserved. One non-profit organization stated that in order to pick up a building permit they must invest \$16,000 to \$20,000. It will cost an additional \$20,000 to \$30,000 to put the foundation in place. That is a huge initial investment for many non-profit organizations.

Once this investment is made there was no guarantee that the project would be funded. Those organizations with large financial resources could reserve up to 10 projects in one day. Funds were wiped out of the pool within days. Smaller non-profits with fewer resources would make the initial investment only to find out that there were no funds left in the pool when they were ready to make a reservation.

CHANGES TO HOP MADE BY FHFC

The results of the survey and the comments provided by the nonprofit organizations were made available to the Florida Housing Finance Corporation. In response to the concerns voiced by these organizations, FHFC recently amended the HOP rule, chapter 67-57 of the Florida Administrative Code and will now allow members that have been certified as a CHDO to make reservations in the name of the homebuyer prior to starting construction on a new home. This one change will have a huge impact on the ability of non profits to compete and complete affordable housing projects under the HOP program.

For additional information on the most recent changes to the rule please visit www.floridahousing.org/FH-ImageWebDocs/HOP/RuleHearing_5-7-08.pdf.