



WINTER 2008

HOUSING NEWS

Volume 24, Number 1

The Journal of the Florida Housing Coalition, Inc. NETWORK

\$6.2 Billion Stimulus for Florida's Economy at Stake: Housing Trust Funds Must be Used for Housing

Preservation of Affordable Rental Housing in the State of Florida 5

Making the Case for Preservation with Data 8

The Foreclosure Freefall in Florida: An Affordable Housing Perspective 11

Foreclosure Counseling 15

The Florida Housing Coalition's 21st Statewide Annual Conference 16

Community Land Trusts: On the Move in Florida 17

The Affordable Housing Advisory Committees Make a Comeback 24

SHIP Clips 28

Coalition News 30

From the Editor - Jaimie Ross
President, Florida Housing Coalition

The cap on the Affordable housing trust funds went into effect in July, 2007. That means that the distribution of monies collected from the revenue dedicated to affordable housing from the Sadowski Act is now limited to a maximum of \$244 million per year. But in the 2008 legislative session, over \$596 million is available for appropriation out of the state and local housing trust funds. This is because for several years the monies distributed into the trust funds was not allowed to be spent—a total of \$348.8 million. That means the question for the 2008 Legislature is whether to spend those housing monies now and if so, on what.



The Sadowski Workforce Housing Coalition Calls for Repeal of the Cap and Appropriation of the Monies in the State and Local Housing Trust Funds for Housing.

housing. But adherence to that philosophy is not necessary to conclude that all the monies in the housing trust funds should be spent on housing. The more compelling reason at this particular point in Florida's history is the economy. **Spending all \$596 million of this money on housing would give Florida's economy a \$6.2 billion boost.**

HOUSING IS FLORIDA'S ECONOMIC ENGINE.

Florida is in an economic downturn. And there is no end to this downturn in the immediate future. We need to stimulate the economy. There is no better way to stimulate the economy than to invest money in the housing industry.

WHY SPEND ALL THE MONIES IN THE STATE AND LOCAL HOUSING TRUST FUNDS ON HOUSING?

The monies in the trust funds are there because they were collected and distributed into the trust funds for the express purpose of providing affordable housing. Those philosophically committed to ensuring that taxes imposed for a particular purpose should be spent only for that purpose would find this enough rationale for spending the monies in the trust funds on

- State Housing Dollars Leverage Private Sector Investment: For every \$1 million of state funding for housing over \$6.05 million of housing is built and/or sold. That means that the appropriation of the \$596 million in the trust funds on housing would yield 39,005 units.
- State Housing Dollars to Bring in Free Federal Money: Without sufficient state housing dollars, our

Continued on page 3



BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

Jeff Bagwell, CHAIR

Keystone Challenge Fund, Inc.,
Lakeland

Annetta Jenkins, VICE CHAIR

Local Initiatives Support Corporation,
West Palm Beach/South Florida

Jaimie Ross, PRESIDENT

1000 Friends of Florida,
Tallahassee

Gregg Schwartz, TREASURER

Tampa Bay C.D.C.,
Clearwater

Sophia Sorolis, SECRETARY

City of St. Petersburg,
St. Petersburg

Melvin Philpot, PAST CHAIR

Progress Energy Florida,
St. Petersburg

Mark Hendrickson, AT LARGE

The Hendrickson Company,
Tallahassee

Robert Von, AT LARGE

Meridian Appraisal Group, Inc.,
Maitland

Michelle Braum

Wachovia,
Jacksonville

Ed Busansky

First Housing Development
Corporation of Florida,
Tampa

Holly Duquette

Florida Power & Light,
Juno Beach

James "Jim" Dyal

American Realty Development, LLC.,
Tampa

Charles "Chuck" Elsesser

Florida Legal Services,
Miami

Denise Freedman

Bank of America,
Tampa

Cora Fulmore

Mortgage & Credit Center,
Winter Garden

Wight Greger

City of Jacksonville,
Jacksonville

Dan Horvath

Community Enterprise Investments, Inc.,
Pensacola

Jack Humburg

Boley Centers, Inc.,
St. Petersburg

Jeff Kiss

Kiss & Company,
Winter Park

Tei Kucharski

Florida Solar Energy Center,
Cocoa

Sandra Martin Seals

Reliance Housing Foundation, Inc.,
Ft. Lauderdale

William "Bill" O'Dell

Shimberg Center for
Affordable Housing,
Gainesville

Earl Pfeiffer

Florida Home Partnership Inc.,
Ruskin

George Romagnoli

Pasco County Community
Development,
New Port Richey

ADVISORY COUNCIL

Helen Hough Feinberg

RBC Capital Markets,
St. Petersburg

STAFF

ADMINISTRATION

Michael Davis

Executive Director

Pam Davis

Workshop Coordinator

Tom Flagg

Financial Manager

Danielle Wright

Operations & Conference Manager

FINANCIAL SERVICES COMMITTEE

Dana Chestnut

Washington Mutual,
Atlanta, GA

David Christian

Regions,
Tampa

Peter McDougal

Citibank,
Miami

Runa Saunders

National City,
Ft. Pierce

Deana Lewis

SunTrust Bank,
Pensacola

TECHNICAL ADVISORS

Aida Andujar

South Florida Office

Lydia Beltrán

South Florida Office

Michael Chaney

North Florida Office

Hana Eskra

South Florida Office

Stan Fitterman

Central Florida Office

Evelyn Rusciollelli

Central Florida Office

Gladys Schneider

Southwest Florida Office

BOARD OF DIRECTORS

Bob Ansley

Orlando Neighborhood Improvement
Corporation,
Orlando

The Florida Housing Coalition is a nonprofit, statewide membership organization whose mission is to act as a catalyst to bring together housing advocates and resources so that Floridians have a quality affordable home and suitable living environment.

The Housing News Network is published by the Florida Housing Coalition as a service to its members and for housing professionals and others interested in affordable housing issues.

Jaimie Ross, Editor.

Email: info@flhousing.org, Web site: www.flhousing.org

Florida Housing Coalition, Inc., Phone: (850) 878-4219, Fax: (850) 942-6312, 1367 E. Lafayette Street, Suite C, Tallahassee, FL 32301.

The Florida Housing Coalition would like to recognize
BANK OF AMERICA, CITIBANK, NATIONAL CITY, WACHOVIA and WASHINGTON MUTUAL,
for their partnership, leadership and support as our **PLATINUM SPONSORS.** *We are deeply appreciative.*

Bank of America



National City



WACHOVIA

citibank



Washington Mutual



Senator King



Senator Geller



Rep. Saunders

Repeal of Cap Bills filed in House and Senate - Senator Geller and Senator King are co-sponsoring Repeal of the Cap legislation, SB 74.

Representative Ron Saunders has the identical bill in the House, HB 5.

private sector developers are unable to access free federal tax credits- leaving millions of dollars to be used by other states at Florida's expense.

- **Multiplier Effect:** For every million dollars of state funding, \$10.36 million of economic activity is generated by housing construction. That means that with an appropriation of \$596 million, Florida could generate \$6.2 billion in economic activity.
- **Job Creation:** For every every million dollars of state funding, 106 jobs are created—that means that with an appropriation of \$596 million we can expect 63,000 jobs to be created.
- **Sales Tax Revenue:** For every every million dollars of state funding for housing \$98,711 of sales tax revenue flows to the state directly from purchase of building material and supplies. With an appropriation of \$596 million that would generate \$58.8 million in sales taxes for Florida.

Economic Impact of Sadowski Act, White Paper analysis performed by: Mark Hendrickson, the Hendrickson Company.

THE MORTGAGE FORECLOSURE CRISIS AND FLORIDA'S AFFORDABLE HOUSING PROGRAMS.

The foreclosure crisis in Florida provides further evidence of the value in investing in Florida's affordable housing programs. Florida has been hard hit by foreclosures due to the subprime lending crisis. Borrowers who are losing their homes because they took out adjustable rate mortgages without the ability to make the payments upon reset (without selling or refinancing), are typically not the buyers in Florida's affordable housing programs. Florida's homeownership programs using SHIP or mortgage revenue bonds, receive home buyer counseling and are put into fixed rate long-term mortgages. If they are not qualified for a prime loan they go through credit repair programs until they are ready to become homeowners. (See article on page 14)

Much of the housing stock being foreclosed is beyond the purchase price of low income buyers. But there are some good opportunities due to the downturn in the market to purchase land and homes at reduced prices for the benefit

of Florida's low income population. This is yet another reason for the Florida Legislature to appropriate all the monies in the state and local housing trust funds for housing.

2008 PROVIDES A ONE TIME OPPORTUNITY.

We have a one time opportunity in 2008 to stimulate the economy with housing money. Because of the cap on the trust funds, we will never again have anything close to \$596 million to invest in housing—at most we will have \$244 million (with negligible annual increases). That means none of Florida's programs like CWHIP, or the Preservation Loan Program to assist the extremely low income (See article on page 5) will have the opportunity to be funded.

It is not fiscally responsible to use housing dollars to fill the various gaps in the budget for programs that could not possibly boost Florida's economy the way housing would. Investing housing dollars in housing provides an immediate return to the state in increased documentary stamp taxes, in addition to the ripple effect of creating employment for the construction industry and all the other businesses related to the production and sale of affordable housing.

THERE IS NO "EXCESS" OF SADOWSKI TRUST FUND MONIES.

Proponents of balancing the budget by raiding Florida's housing trust funds assert that there is an "excess" of housing trust fund monies—"cash that has just been accumulating year after year"—implying that somehow this money was not needed or spent on affordable housing as it could or should have been. The fact is that all the monies in the housing trust funds could and would have been spent on affordable housing if the legislature had appropriated those monies. There has been an intentional withholding of the Sadowski monies to the detriment of our economy, our workforce, and our most vulnerable populations, including the elderly, veterans, and people with special needs.

The cap of the Sadowski Act trust funds will already sweep approximately \$183.6 million dollars for fiscal year '07-'08 and '08-'09 from housing programs to general revenue. The Florida Legislature needs to think well about financial investment in our state's economy and use the balance of housing trust fund monies for housing.





Villa Maria is a 1924 building with classic Mediterranean structure, and 34 one-bedroom and studio units serving extremely low income elderly. This beautiful historic property sits one block from the ocean in an urban setting among upscale condominiums.

When Roberto Datorre, president of the Miami Beach Community Development Corporation (MBCDC), first saw the Villa Maria Apartments he did not know the scope of the battle he was about to encounter. Knowing that this apartment complex was worth preserving, Datorre used every means possible to keep Villa Maria from being demolished by the initial buyer of the property, who planned to construct a six-story luxury condominium.

Preservation of Affordable Rental Housing in the State of Florida

BY HELEN HOUGH FEINBERG

The Affordable Housing Study Commission selected the topic of Preservation in 2004-2005 due in part to the Commission’s evaluation of strategies for housing extremely low income (“ELI”) households the preceding study year and in consideration of the significant focus on preservation throughout the country. Timing was ideal for a comprehensive review given that the affordability restrictions for thousands of rental units were due to expire in the coming years. Given the magnitude and importance of the topic, the Commission chose to dedicate an additional year to discovery, evaluation of programs and development of recommendations. This extended review culminated in the Commission’s 2006 comprehensive strategy for preserving rental housing in Florida.



housing developments. These programs include HUD, Rural Development, Florida Housing Finance Corporation and local programs which serve households with incomes ranging from below 30% AMI up to 80% AMI. The Commission estimates that over the next five years, the affordability periods for 12,958 units will expire and over the next 10 years, the affordability periods for 17,190 units will expire.

A cumulative total of 237,674 units are estimated to expire over time.

INVENTORY		
Affordability Periods	Projected Expirations	Cumulative
Already Expired	15,703	
Within 5 years	12,958	28,661
Within 10 years	17,190	45,851
Within 15 years	8,961	54,812

THE EXTENT OF THE PROBLEM – THOUSANDS OF EXPIRING UNITS ON THE HORIZON: To develop effective recommendations that encourage preservation of multifamily units restricted for low income households, the Commission studied each of the programs that fund affordable

EXPIRING PROPERTIES 2007-2015:

43,830 units at risk by 2015

- **Highest concentrations in 5 counties**
- **75% of total in 13 counties**
- **Families and the elderly are most affected**
- **120,000 Floridians (est.) affected**

BARRIERS TO PRESERVING AFFORDABLE HOUSING: The Commission also examined the myriad of barriers to preserving affordable rental units, including:

- **Financial Barriers** – programs require low rents which generate limited surplus funds to address maintenance and capital needs issues; limited subsidy, complex rules and sponsoring agencies with a multitude of rules and limited flexibility discourage purchasers who desire to maintain affordability.
- **Information Barriers** – preservation strategies generally require buyers with an intent to maintain affordability to take a proactive approach before an owner converts units to market or sells to a market purchaser. Information on owner strategies and existing funding layers is not readily available to assist in creating a viable and specific preservation strategy for a property. Furthermore, programs providing the subsidy that will be part of any financing plan may not be available when the seller markets the property.
- **Capacity Barriers** – Non-profits and public housing authorities have the mission to engage in preservation activities but do not always have the financial resources or knowledge of the development process to effectively engage in preservation activities.

THE IMPORTANCE OF PRESERVING UNITS WITH PROJECT-BASED RENTAL ASSISTANCE: While the Study Commission applied a broad definition of “preservation” to consider any rental units acquired or rehabilitated with programs that impose affordable use restrictions, we quickly recognized the particular value of units with project-based rental assistance. These units constitute some of the most

affordable rental housing in the state. The following represent the number of units estimated to be available in the State of Florida that offer rental assistance:

- Rural Development: 11,171 units
- HUD Programs with rental assistance: 28,422

These units enjoy the benefit of significant federal subsidy funding that will terminate if the units are converted to market rate. The units also serve a wide range of households including elderly, persons with disabilities, families and farmworkers. Generally, tenants of a project with expiring rental assistance will receive a special “enhanced” voucher. However, some tenants have problems finding appropriate affordable housing even with this voucher. Moreover, once a tenant is no longer eligible under the program (for any reason), the rental assistance is permanently lost and will not be transferable to another person. This makes preserving

100 Units X \$300 (Assumed Average Operating Subsidy)	= \$30,000 per month
\$30,000 per month X 12 months	= \$360,000 annually
\$360,000 annually X 20 years	= \$7,200,000 over 20 years
Present Value of Federal Rental Assistance	= \$4,129,171 at a PV Rate of 6.00%

the actual unit important in ensuring the continuation of the subsidy. Consider the potential loss in federal funding if a 100 unit property with project based rental assistance is lost to the affordable housing inventory through demolition or conversion to market rate:

Housing ELI (*extremely low-income*) households is a very expensive proposition. Florida Housing Finance Corporation Programs are required to fund \$85,000 per unit to house ELI and the actual per unit cost is significantly greater when all factors of the development financing are considered. Rehabilitating existing projects with federal rental assistance can be much more cost effective, making it important to ensure that resources are available to sustain these development as safe, decent and affordable housing.

SELECTED RECOMMENDATIONS: The Affordable Housing Study Commission’s Final 2006 Report should be reviewed for the complete list of preservation recommendations. The following represent a few key measures that the Commission felt would encourage preservation.

- **Florida Housing Finance Corporation should create a Preservation Set-Aside for 9% Housing Credits:** The Commission deliberated extensively over this particular recommendation. At that time, Florida was the only state in the nation not prioritizing preservation in its housing credit program, by using a set aside, additional points or some other form of prioritization. Florida’s long standing strategy of encouraging new construction has served the state well, but the time had come to address the escalating loss of projects with expiring subsidies. In the end, the Commission determined there was significant risk associated with changing the existing point system –we would either over-compensate and disadvantage new construction properties or under-compensate and not achieve the intended goal. The Commission recommended a set-aside in the competitive 9% housing tax credit program as the best solution. This approach would likely result in a minimum number of preservation units being funded, as well as encourage an increase in preservation applications which might enjoy alternative funding if 9% credits were not received. The Commission was pleased to see Florida Housing incorporate such a set aside in the Universal Cycle.

WHY PRESERVATION MAKES SENSE

- Florida loses 2 units for every one it builds
- Preserving one unit costs 1/3 to 1/2 the cost of building one new unit
- Preservation can extend the useful life of thousands of existing units in “good bones” buildings already paid for by taxpayer dollars
- Preservation prevents displacement of thousands of low, very low and extremely low income families and individuals

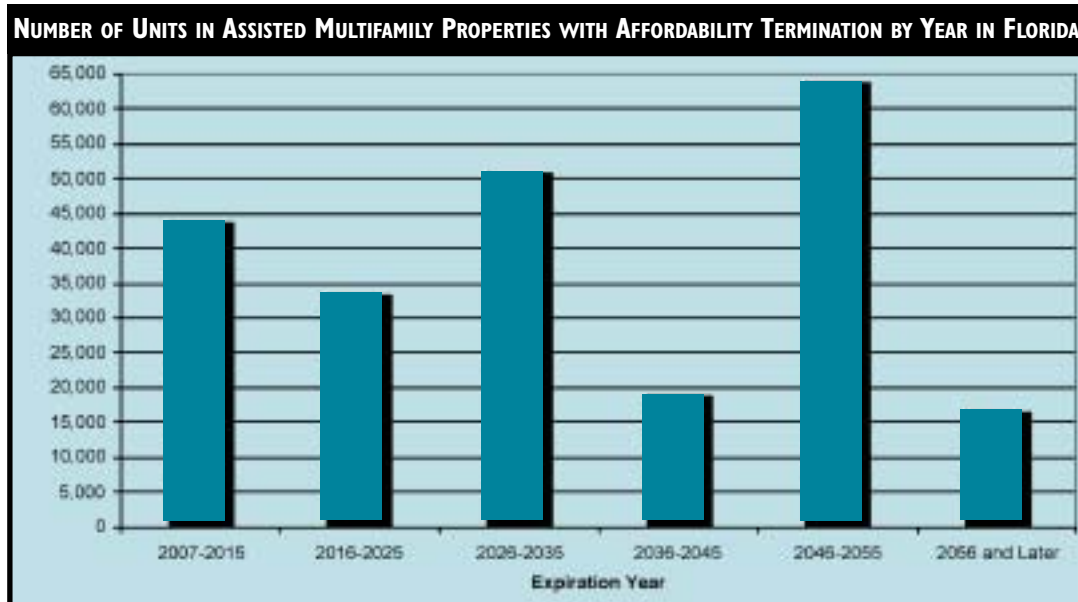
- **The Florida Legislature should appropriate \$25 million for the creation of an affordable housing preservation bridge loan program to be matched by private lenders to create a program totaling a minimum of \$50 million. This appropriation should not supplant funding for existing affordable housing programs. The Commission arrived at this recommendation after noting a lack of affordable housing friendly bridge loan programs in the private sector, and hearing from the Wisconsin Housing and Economic Development Authority on the success of their bridge loan product. Some of the obstacles to using private bridge loans for preserving affordable housing include:** Private loans are generally 75%-

80% of a property’s value before considering the cost of additional rehabilitation; a private lender may not be willing to underwrite 9% or 4% low income housing tax credits as “take-out” financing; and it is rare to find a seller content to wait up to a year while a prospective buyer applies for funding through the lengthy universal cycle. The Commission believes there is significant value in a bridge loan program oriented towards preservation, which would use a one-time appropriation of state dollars to leverage significant private and foundation sources for a revolving program. The Commission was pleased to see SB 1362 filed by Senator Fasano (R) to fund a bridge loan program and we are hopeful that this proposed legislation will be passed in the 2008 session.

- **Full Funding Remains Critical:** In closing, preservation of affordable housing cannot occur without availability of subsidy from the State and Local Government Housing Trust Funds. Full funding of the Trust funds and full utilization of funding is necessary not only to preserve affordable units, but to ensure progress towards the goal that all Floridians have access to safe, decent and affordable housing as set forth in the Florida Statutes Chapter 420.0003. 🏠

For a copy of the Commission’s complete preservation strategy, as well as previous annual reports, please visit the Study Commission’s website at www.floridahousing.org/AHSC.

HELEN HOUGH FEINBERG serves as Manager of the Housing Group for RBC Dain Rauscher. She has been responsible for structuring housing transactions for state and local issuers totaling approximately \$7 billion for over 20 years. Helen has structured many types of mortgage-backed financings including open indenture single family issues, REMIC CMOs, tax-exempt and taxable refundings, mortgage portfolio sales, 501(c)(3) multi-family open indentures, as well as virtually every type of multi-family transaction. Helen has a B.A. in economics and Spanish from Wake Forest University, and has completed graduate work in finance at the University of South Florida. She is a registered General Securities Representative and a registered Municipal Securities Representative as well as a registered Municipal Securities Principal. Helen has served as a member of Fannie Mae’s Housing Impact Advisory Council and serves as a member of the Florida Housing Coalition Advisory Council. She currently serves as the chair of the Affordable Housing Study Commission.



Source: Florida Housing Data Clearinghouse, Shimberg Center for Affordable Housing (2007)

Making the Case for Preservation with Data

BY PATRICIA ROSET-ZUPPA

Preservation of the affordable housing stock has been a major research focus for the Florida Housing Data Clearinghouse at the Shimberg Center for Affordable Housing at the University of Florida. This focus grew out of a mounting concern at the federal and state level about the loss of units in the assisted housing stock, and the impact this has on residents and local communities. To underpin the anecdotal evidence of properties already lost and to enhance the understanding of properties at risk of loss, the Clearinghouse started an effort to collect preservation-related data three years ago. In 2006, we developed a broader research agenda around this topic and partnered with the Florida Housing Finance Corporation to undertake a research project with support from the John D. and Catherine T. MacArthur Foundation. The project has two major objectives: to improve the availability of data at the national level and to enhance Florida's capability to produce information that will contribute to solutions to the housing supply challenges.

PRESERVATION DEFINED AND DEFENDED

Preservation of assisted multifamily housing means both maintaining affordability for low income households for an extended period, and keeping these properties in good physical and financial condition. Assisted multifamily properties have finite periods of affordability under the terms of their subsidies and use restrictions. At the end of the period of affordability, when market rents can be charged, the housing will likely be lost to low income families unless other funding can be secured to keep it affordable. Affordable housing developments can be at risk of loss prior to maturity of a subsidized mortgage if an owner decides to prepay the loan, which can be a financially attractive option in a strong local market. A property is also at risk if it faces large capital needs and repairs, but lacks the reserves and cash flow to address these. This situation can lead to default and foreclosure.

In Florida, nearly two out of three low income renter households pay more than 40 percent of their income for rent. Preservation is an important strategy to address the existing and growing demand for affordable housing by low-income families. While new construction efforts also contribute to the supply of affordable units, new construction alone cannot catch up to the housing need and is often not as cost efficient as preservation of existing properties.

FLORIDA'S ASSISTED HOUSING INVENTORY

The cornerstone of our research has been the Assisted Housing Inventory (AHI) that is available on our website at fhousingdata.shimberg.ufl.edu/AHI_introduction.html. This is a database of multifamily properties in Florida that are privately-owned and funded under programs by the U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture Rural Development (RD), Florida Housing Finance Corporation and Local Housing Finance Authorities. AHI currently reports on 23 housing programs and lists more than 2,200 developments with over 272,000 units. In addition to general development data such as address, target population and housing programs, the AHI holds preservation-specific information such as expiration year of funding or use restriction, type of ownership and approximate year built.

LOST HUD-ASSISTED PROPERTIES

The preservation discussion has long focused on older assisted HUD properties built during the 1960s and early 1970s under the Section 221(d)(3) Below Market Interest Rate and Section 236 programs. The earliest properties first became eligible for prepayment in the 1980s and several owners decided to convert to market rate housing at that time. The preservation discussion was extended to the so-called newer assisted properties funded with HUD Section 8 project-based rental assistance and constructed between the mid 1970s and the early 1980s. Many of these older and newer HUD-assisted properties now not only have the option to prepay the subsidized mortgage or opt-out of a rental assistance contract, but are also in a state of physical

deterioration. In Florida, an estimated 5,800 units in these HUD-assisted properties have already been lost to the affordable housing stock as a result of mortgage prepayment or rental assistance opt-out since the 1990s. This figure underestimates the total number of HUD-assisted units lost to the affordable inventory, since it does not include units lost to foreclosure and demolition.

GEOGRAPHIC CONCENTRATION OF AT-RISK PROPERTIES

A simplistic approach to assess the number of units at risk of loss is to base the analysis only on the end date of the subsidy or period of affordability. This analysis is somewhat complicated for subsidized properties with more than one funding layer and multiple end dates,

which applies to more than half of the subsidized properties in AHI. To address this challenge, the end date of the most restrictive funding program was used. The 2007 data show that the largest number of units are at risk during 2046-2055 (63,774 units), followed by 2026-2035 (50,930 units) and 2007-2015 (43,830 units). The majority of units at risk after 2025 are funded by Florida Housing Finance Corporation programs. Prior to 2025, the majority of at-risk units are funded under HUD. This implies that many extremely low-income households are at a high risk of displacement in the next

two decades, since more than 76 percent of all HUD units are estimated to serve this income group.

The immediate concern is for those units at risk to lose affordability restrictions by 2015. Almost 50 percent of these units are concentrated in five counties: Miami-Dade, Duval, Hillsborough, Pinellas, and Orange. An additional 25 percent of units at risk by 2015 are located in the following eight counties: Palm Beach, Broward, Brevard, Escambia, Polk, Alachua, Lee, and Seminole.

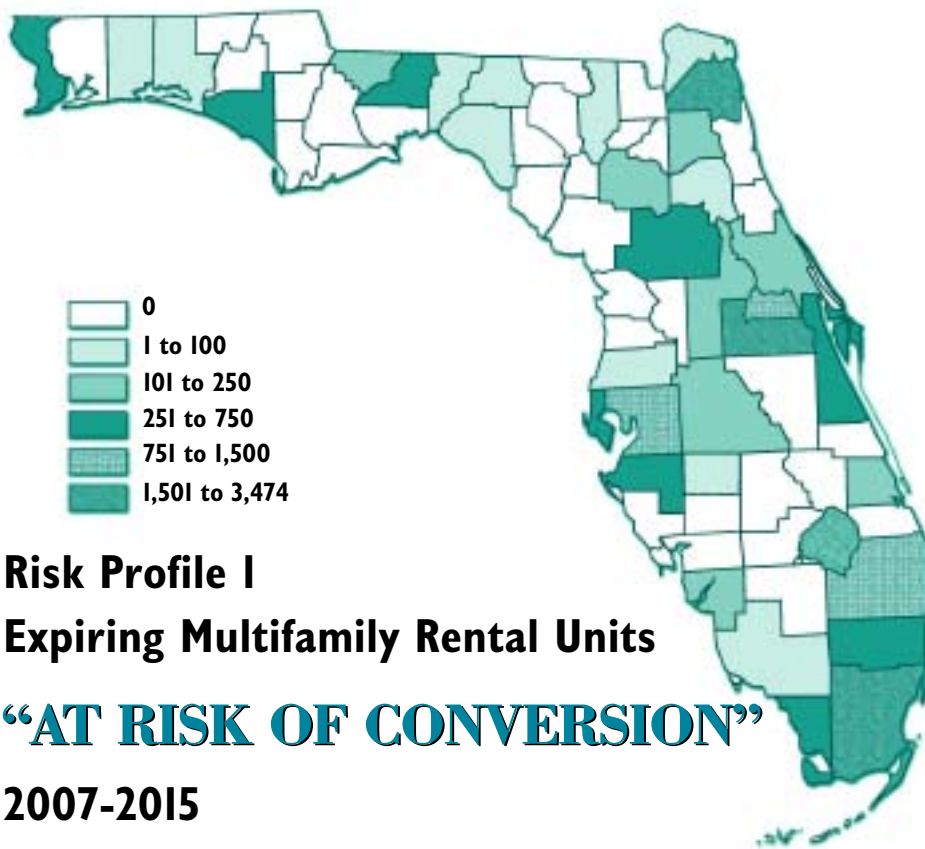
RISK PROFILES TO TARGET RESOURCES

The Assisted Housing Inventory is a useful tool for creating nuanced risk profiles that, in turn, can inform policy



IN FLORIDA, AN ESTIMATED 5,800 UNITS IN THESE HUD-ASSISTED PROPERTIES HAVE ALREADY BEEN LOST TO THE AFFORDABLE HOUSING STOCK AS A RESULT OF MORTGAGE PREPAYMENT OR RENTAL ASSISTANCE OPT-OUT SINCE THE 1990s.

Total Units at Risk for Conversion 2007 - 2015



Risk Profile I Expiring Multifamily Rental Units “AT RISK OF CONVERSION” 2007-2015

Data Source: Shimberg Center for Affordable Housing, University of Florida, 2007

Notes: 1) Risk of conversion for units assisted through local, state and federal housing programs is based on: expiration of affordability between 2007 and 2015, ownership is for-profit/limited dividend/other, target population is family, and HUD project rent to Fair Market Rent percentage is below 100 percent. 2) This risk profile is an assessment of risk developed by the Shimberg Center for Affordable Housing based on available data. The risk profile is a general indicator of heightened risk that a property may leave the affordable housing stock.

decisions about how to preserve affordable housing and which communities to target. We created two risk profiles of properties at risk by 2015, based on specific property characteristics (instead of only considering the end of the subsidy restriction). The first risk profile identifies properties at high risk of conversion to market rate housing. The second risk profile determines which properties are at high risk of deterioration and default.

The risk profile for conversion to market rate housing is based on three parameters: ownership is for profit or limited dividend, target population is family, and the project rent as a percentage of the Fair Market Rent is below 100 percent. As found by a 2006 HUD study, these are characteristics of properties that prepaid or opted out of a rental assistance contract. It confirms the general assumption that profit-motivated owners are driven by financial returns. If the project rent is lower than Fair Market Rent, the market offer opportunities to improve cash flow when converting to market rate housing. Our analysis identified 136 developments with 16,803 units at

risk of loss by 2015. Of these, a total of 98 developments with 10,499 units are exclusively funded by HUD.

The risk profile for deterioration and default is built on the following parameters: ownership is non-profit, target population is family, and the approximate year built is prior to 1987. These characteristics are deemed indicators of higher risk of deterioration and default. The 2006 HUD study found that the majority of developments in foreclosure served families and had lower physical condition scores. This risk profile also assumes that the risk of deterioration and default mostly affects non-profit entities, because of the lack of capital reserves and limited access to capital from other sources. The analysis identified 37 developments with 4,928 units at risk. Of these, a total of 25 developments with 2,578 units are exclusively funded by HUD.

Estimating the number of units at risk based on affordability expiration dates and property characteristics is by no means an exact science that can predict owners' decisions. Also, not every property identified to be at risk will be worth preserving. But the judicious use of data can provide a general picture of the extent of the potential problem and the opportunity to preserve much needed affordable housing.

The Florida Housing Data Clearinghouse is a joint project of the Shimberg Center for Affordable Housing at the University of Florida and the state of Florida through funding from Florida Housing Finance Corporation.



PATRICIA ROSET-ZUPPA works as a Research Analyst for the Shimberg Center for Affordable Housing. She brings to her role more than ten years of experience in research on urban planning issues and analysis of development feasibility in the private and non-profit sector. She is also enrolled in the Ph.D. program of the College of Design, Construction and Planning at the University of Florida. She can be reached at roset@dcp.ufl.edu.



The Foreclosure Freefall in Florida: An Affordable Housing Perspective

BY GLADYS SCHNEIDER
FLORIDA HOUSING COALITION

INTRODUCTION

It has been called a “tsunami of foreclosure” nationwide and Florida is among five states at the epicenter. Expected to crest in 2008-09, the worst is yet to come with most experts blaming the crisis on weakening the economy domestically as well as negatively affecting institutional trading and the international banking industry. It is estimated that over two million homes in America will go into foreclosure by 2008-09. It seemed like a fairy tale as Florida’s homeowners and real estate investors watched home prices skyrocket from 2003 to 2006. Construction was booming and lines formed for pre-sales at condominiums and subdivisions. For homeowners, their equity ballooned, causing many to treat their homes as ATM machines, drawing out cash for home improvements, investing in second homes, and consumer spending. New homeowners jumped into the game, able to obtain financing from hybrid type mortgages with adjustable rates. Investors played a flipping game, buying homes with equity only mortgages, expecting to sell at a profit a few weeks or months later as values continued to spiral upward. Websites such as www.condoflip.com flaunted the reckless market where homes were purchased sight unseen by investors using online mortgage and real estate products. Vacant land was also gobbled up with most vacant lots in the huge pre-platted subdivisions of the 1970’s being traded at least once during the 2003-2006 period.

Financing for the real estate bubble came from a favorable credit market. Interest rates were low which made purchasing more attractive. Mortgage backed securities increased



the secondary market for mortgages, providing more credit. Lenders were encouraged to be lenient with buyers, overlooking their actual income and ability to repay. The subprime mortgage market, serving those with lower credit rating and with looser lending criteria, offered exotic products, such as the 2/28 adjustable rate mortgage, Hybrid Arms and Option Arms. A low fixed teaser rate was in effect for the first two years,

which was reset to a much higher amount that increased monthly payments by over 30 percent. Prepayment penalties of up to 15 percent of the loan principal were in effect during the low interest period, severely discouraging a refinance to avoid the interest rate reset. The predatory nature of these loans led them to buyers with poor credit and lower ability to repay once the rates reset. According to the Center for Responsible Lending, there is a preponderance of subprime and predatory loans among minority communities and within inner city areas.

The high volume of these mortgages began to reset in 2006 and 2007, leaving thousands of buyers in homes they were unable to pay for or sell. The perfect storm occurred when home appreciation ground to a halt and lenders tightened credit. At the same time, the construction boom flooded the market with vacant inventory, dooming the upward price of homes and limiting the ability to sell. Since the loans had already been sold into the secondary market, there were no original lenders to negotiate with and foreclosure ensued.

The negative effects of the foreclosure crisis carry over into many sectors. Local governments will see a decline in the tax base as values fall and economic production will suffer

due to construction, spending and employment slowdowns. In Florida, where housing starts have fallen from 272,000 in 2005 to just 90,000 in 2008, the potential change in property taxes will be a projected loss of \$589 million. State sales taxes will be reduced by \$148 million or more. On a local level, neighborhoods that saw the most speculation will suffer with empty homes boarded up with for sale, for rent and public notice signs dotting the streetscape. The clustering of foreclosures leads to further decline in property values and damages the quality of neighborhoods. Unemployment has been gradually increasing but the trend is becoming clearly evident with the precipitous drop in construction. Even school districts are seeing a drop in enrollment as families relocate to find work. (Global Insight, The Real Estate Bubble)

THE NATIONAL RESPONSE.

The national response began on September 20, 2007, when the Federal Reserve Chairman, Ben Bernanke testified before the House of Representatives Committee on Financial Services on subprime mortgage lending and mitigating foreclosures. In his statement he urged cooperation among holders of mortgage backed securities and loan servicers, as well as federal action to encourage the Federal Housing Administration to “collaborate with the private sector to expedite the refinancing of creditworthy subprime borrowers facing large resets.” To prevent inflation and loosen credit, the Fed has made minor reductions in the prime inter-

- **Massachusetts passed a 60-90 day delay on foreclosures to allow a review for predatory or unfair treatment. The state also entered into an agreement with the largest subprime lender in the state to immediately stop foreclosures until the Attorney General is provided with documentation. The state has also banned predatory foreclosure rescue schemes. The Boston Bar is providing training for pro bono lawyers willing to assist homeowners facing foreclosure. The Massachusetts legislation is specifically restricted to foreclosures of primary residences where the mortgagor owns no other real estate.**
- **In New York, a one year moratorium has been proposed on court ordered foreclosures. Buffalo, NY is requiring banks holding foreclosed properties to maintain them to protect neighborhood appearance and property values.**
- **In Ohio, local sheriffs have been asked to give homeowners a 60 day foreclosure abatement on auctioning the homes they occupy. A similar effort allows homeowners to remain in their homes as renters or tenants at will. This prevents clusters of vacant homes that become a public safety hazard.**
- **The City of Baltimore, filed suit against Wells Fargo Bank for predatory and discriminatory lending. The city claims that the bank was steering minority home buyers into high-cost subprime loans.**
- **In Cleveland, the city filed against 21 banks claiming that subprime lending in inner city neighborhoods has created a nuisance and damaged property values and city tax collections.**

est rate. (Testimony, Chairman Ben S. Bernanke, Subprime Mortgage Lending and Mitigating Foreclosures, Before the Committee on Financial Services, U.S. House of Representatives, September 20, 2007).

The Joint Economic Committee of the U.S. Congress prepared a report in October, 2007 with a broad overview of the problem with specific recommendations. The study clearly showed that the subprime mortgages were the source of the foreclosure problem. Between 1998 and 2007, prime fixed rate mortgages had a fairly steady rate of foreclosure of two percent. Adjustable rate prime mortgages had a slightly higher rate of 4 percent. The subprime fixed rate mortgages fluctuated from 8 percent to 15 percent and down to 10 percent by 2007. But the subprime adjustable rate mortgage foreclosure rate grew steadily upward from 14 to 16 percent. The report noted that in Florida there were 708,195 outstanding subprime loans with a third quarter estimate of 157,341 subprime foreclosures, or 22 percent. The fact that the majority of resets started in 2007 and 2008 indicates that there will be an even higher percentage of foreclosure among this loan category. By the 3rd quarter the report estimated that the cumulative loss in property value in Florida was over \$12 billion and the cumulative loss in property taxes was \$89 million.

The report recommendations include increased funding for counseling, statutory reform and streamlined conversion to FHA loans. An important reform that affordable housing providers

consider a standard practice is that the federal government should require lenders to determine that the borrower has the ability to repay a loan at the fully-indexed rate and assume fully amortized payments. (The SubPrime Lending Crisis: The Economic Impact on Wealth, Property Values and Tax Revenues, and How We Got Here. Report and Recommendations by the Majority Staff of the Joint Economic Committee. Sen. Charles E. Schumer and Rep. Carolyn B. Maloney. October, 2007.)

The U.S. Treasury responded with a three part plan to counter the expected 1.8 million interest rate resets among subprime mortgages. The first part is mortgage counseling through the HOPE NOW alliance to avoid preventable foreclosures. The HOPE NOW alliance has grown to include as members 90 percent of the subprime servicing market including the major non-profit mortgage counseling organizations, trade associations and investors.

Second, the mortgage industry is encouraged to develop new products that will enable people to stay in their homes. An example already implemented is the FHASecure program which allows eligible borrowers to refinance into FHA loans. Congress passed the Mortgage Forgiveness Debt Relief Act, which prevents borrowers who receive a reduction in their interest rate and debt to avoid having to pay income taxes on the relief.

Third, a systematic streamlining process is envisioned that will help borrowers quickly navigate a workout solution that follows a loss mitigation strategy for the mortgage industry. This streamlining walks a fine line with abrogating the contracts among investors in mortgage backed securities, who use a strategy for mortgage modifications provided by the American Securitization Forum. This system is a myriad of complications both operationally and financially as loan originators must be located to help fast track troubled homeowners into refinancing, rate freezes and term modifications. (Remarks by Treasury Secretary Henry M. Paulson, Jr. on Housing and Capital Markets before the New York Society of Securities Analysts, January 7, 2008)

The plan has been criticized as “too little, too late,” particularly by the Center for Responsible Lending. The CRL estimates that only 7% of holders of subprime mortgages will qualify for the program. Hundreds of thousands of 2/28 ARM’s made in 2005 will have already reset and will not be eligible for a modification. Also, those who have already fallen behind in their payments will not qualify as the program is only for those loans not in delinquency. Finally, the plan is in effect voluntary.

Lenders and services have had the opportunity to modify mortgages yet according to a Moody’s Investor Services study, only 1 percent of resetting subprime mortgages had been modified through July of 2007. There is little to guarantee that those borrowers who receive modifications will not lose the equity in their homes due to pre-payment penalties or be put into another bad loan. There

remains the business as usual incentive for servicers, lawyers and lenders to reap the profitable fees generated from the foreclosure process. (Statement of Center for Responsible Lending in Response to President Bush’s Plan to Address Foreclosure Crisis, December 6, 2007)

**HOW FLORIDA HOUSING PROGRAMS
BUCK THE FORECLOSURE TREND**

Lee County Housing Development Corporation has built over 200 homes for very low and low income buyers. Applicants must complete a homebuyer training course plus undergo any credit rebuilding needed to qualify for a first mortgage from a financial institution. All loans are fixed interest with reduced closing costs. Foreclosure rates among these homeowners is almost nonexistent.

THE FLORIDA EXPERIENCE.

Florida’s foreclosure rate has landed it second in the nation. Florida has experienced foreclosure filings for over 200,000 properties in 2007, according to Realtytrac, a company that publishes the largest database of foreclosure properties. Realtytrac, the foreclosure data provider for the Wall Street Journal’s Real Estate Journal, estimates that when year end activity is collected, it is likely that 14,000 homeowners will have lost their Florida homes to foreclosure sales. Florida’s foreclosure rate ranks it second highest in the nation, based on November activity, with one foreclosure filing for every 282 households. In comparison, the U.S. rate was one foreclosure for every 555 households.

HOW HAS THIS AFFECTED THE AFFORDABLE HOUSING INDUSTRY

Two questions emerge for the Florida situation. How many of the foreclosures are for non-homesteaded, that is investor owned properties? And to what extent are the foreclosures

affecting subsidized homes- properties purchased with some type of program assistance such as SHIP, HOME, or HOP? The use of best practices among SHIP and other affordable subsidized housing including homebuyer counseling and the use of prime, fixed rate mortgages protected these homeowners. Data from some areas indicate that investor properties are the majority share of the foreclosures. For example, of the 1,441 foreclosures filed in Lee County in December, 2007, 433, or 31 percent, were for primary, home-steaded residences. This doesn't lessen the painful losses experienced by those households who lose their homes. (News-Press, January 9, 2008)

During the bubble, residential prices increased over 80 percent in Florida while incomes remained relatively flat. Florida's affordable housing providers watched land costs spin out of reach while at the same time previously subsidized homes were sold off as buyers cashed in on the bounty. While subsidies were repaid and recaptured, the returns were no longer adequate to subsidize new buyers. Many communities resorted to shared equity mortgages



"Foreclosure calls to us have skyrocketed in just three months. We are now getting up to 50 new calls a day from families facing foreclosure. Just shy of 100% of those calls are from families we did not counsel or train or finance. In most cases, when a family is properly trained, counseled, and financed, they do not go into default. The best foreclosure prevention initiative is pre-purchase training and counseling. Our comprehensive homeownership services now include foreclosure intervention clinics geared toward quick collection of family data for negotiation with the lender."

Arden Shank
Executive Director & President
Neighborhood Housing Services



"Like most housing counseling agencies we have seen a marked increase in foreclosure clients from 2006 to 2007. We have experienced a 222% increase during that time period (148 foreclosure clients in 2006, 328 in 2007). The majority, if not all of these homeowners have not had the benefit of pre-purchase counseling or first time homebuyer education. According to our figures, the foreclosure clients that have received either homebuyer education or pre-purchase counseling is less than 1% of our total foreclosure clients. This statistic validates the effectiveness of pre-purchase education and counseling. Since the inception of our foreclosure program we have provided services to 1,168 area residents."

Gregg Schwartz
President & CEO, Tampa Bay CDC

and community land trust models to preserve the affordable housing inventory.

Foreclosure rate increases among SHIP subsidized homes is not expected to mimic the national trend. Most first mortgages with SHIP assistance have fixed interest rates and are not part of the subprime market. The pre-purchase homebuyer counseling process that is commonplace with the SHIP program gives the SHIP homebuyer a better understanding of mortgage responsibilities.

CONCLUSION

While foreclosure is always a reality in the homeownership business, the typical causes are unexpected medical expenses or loss of employment. Just as Florida has weathered its share of natural disasters, it will recover from the subprime mortgage crisis eventually and with significant intervention. The good news is that the assisted inventory is minimally affected, due to the best practices followed by the state's affordable housing providers, both public and private.





Training Foreclosure Counselors

BY CORA FULMORE



ike Homebuyer Counseling, Foreclosure Counseling requires one-on-one relationships that require trust and confidence in the counselor, the family in foreclosure and the process. Foreclosure counselors are seen by lenders as facilitators to mitigate losses, while buyers and owners see the counselor as an advocate. Counselors must design a plan that achieves the objective of the owner based on their willingness and capability. The counselor establishes a course of action with specific tasks to be followed. Knowledge of the servicing practices, foreclosure laws and options are essential for the counselor. The counselor must start by evaluating the situation to determine where in the process a delinquency or default might be. Since Florida requires a judicial process for the foreclosure of a real estate mortgage, the counselor needs to understand the timeframe and procedures involved.



Cora Fulmore, President of the Mortgage and Credit Center and Florida Housing Coalition Board Member, provides homebuyer counseling and foreclosure prevention training with the Florida Housing Coalition.

The foreclosure counselor will be familiar with the causes of delinquency. These include divorce, marital problems, or the death of a family member. Job loss or reduction in income can trigger foreclosure as well as a major illness and medical bills. Other causes include excessive financial

obligations, poor money management, unexpected repairs or other problems such as substance abuse. The consequences of foreclosure are dire: the loss of shelter, loss of credit, extreme stress on the family, and unexpected tax consequences. The counselor must evaluate the financial

picture and pinpoint the time constraints with regard to late payments and reinstatement. The homeowner needs to be given realistic advice and to understand if the problem is curable or not.

In working with the lender or servicer, the counselor will be able to determine if the property should be sold and what type of sale. Other options include a deed in lieu of foreclosure or a short sale. All of this is based on the financial condition of the owner.

The role of the counselor will be greater with the systematic streamlining of mortgage modifications proposed by the U.S. Treasury. If the loan servicer is willing and the originator of the mortgage can be located, there is a complex plan for modifying mortgages. This will be advanced territory for the state's mortgage counselors.



The next Foreclosure Prevention Workshop offered by the **Florida Housing Coalition** will be on **April 1, 2008 at the Crowne Plaza Hotel in West Palm Beach.**

For those working toward the joint homebuyer counseling certification from and the Florida Housing Coalition and NeighborWorks, attendance at this workshop will serve as one of the required courses for that certification.

This workshop will address:

- Foreclosure prevention through best practices for homebuyer counseling, underwriting, and subordination policies, so that barring unexpected illnesses or loss of employment, there would be no foreclosure.

- Foreclosure intervention and the foreclosure counselor's role, for those rare instances when assisted housing is in trouble, and for the all too common instances when those who did not have the benefit of affordable housing assistance, entered into the sub-prime mortgage market.
- Changes to the credit market that will affect future low income affordable housing buyers.

Who Should Attend:

- * Housing Counseling Providers
- * Community Lenders
- * Local Government Housing Administrators
- * Nonprofit Affordable Housing Developers

There is no fee for this training. Go on-line www.flhousing.org or Call 1-800-677-4548 to register.

The Florida Housing Coalition's 21st Statewide Annual Conference

SAVE THE DATE



SEPTEMBER 15-17TH, 2008



GREEN HOUSING TRACK

Building green is an integral component to building affordable. The 2008 conference will highlight Green Housing with an entire track devoted to what it means to build green, providing practical guidance from the cost benefit analysis and financing of green housing to what strategies and products make the most sense. Workshops will feature speakers from Florida and around the nation who can model best practices from their own experience.



PUBLIC POLICY PLENARY

National and state experts engage in a lively discussion about the new environment for affordable housing, including what effect the market rate housing slump has on affordable housing, climate change and green housing, and what our industry should be doing to move affordable housing to the forefront during this time of budget deficit.

...AND DOZENS OF WORKSHOP SESSIONS COVERING NUTS AND BOLTS AND CUTTING EDGE AFFORDABLE HOUSING ISSUES.

In addition to our traditional expo showcasing a variety of financial resources for affordable housing, we will have a green expo. Contact the Florida Housing Coalition at 850/878/4219 if you are interested in reserving an exhibit space.



FEATURING
State of the State Address by **Tom Pelham**, Secretary, Florida Department of Community Affairs



and **Steve Auger**, Executive Director, Florida Housing Finance Corporation



Community Land Trust Institute
Networking Reception for
Community Land Trusts

THANK YOU

Our annual conference would not be possible without our Partners for Better Housing at all levels. We especially recognize our

PLATINUM SPONSORS

BANK OF AMERICA • CITIBANK • NATIONAL CITY • WACHOVIA • WASHINGTON MUTUAL

GOLD SPONSORS

Credit Union Housing Partners, LLC. • FHL Bank of Atlanta • Progress Energy of Florida • Regions • SunTrust



One of the 10 homes built for and sold by the Hannibal Square Community Land Trust in Winter Park; highlighted in the Summer Conference 06' issue of the Housing News Network Journal.

Community Land Trusts: *On the Move in Florida*

BY GLADYS SCHNEIDER
FLORIDA HOUSING COALITION

Just one year ago in Florida, there were 17 community land trusts and the formation of 12 more were being considered by various local governments or housing nonprofit organizations. This year, 24 community land trusts are in operation and 10 are in exploratory stages. The Florida Community Land Trust Institute and the Florida Housing Coalition have been assisting both established and exploratory Community Land Trusts around the state, with particular emphasis on those issues raised at the Florida CLT caucus.



COMMUNITY LAND TRUSTS
COORDINATED WITH
INCLUSIONARY HOUSING
PROGRAMS

Community land trusts were formed and considered for many reasons. Over the past three years CLTs were contemplated in Florida as a response to out of control property value inflation. They were also viewed as an adjunct to inclusionary housing ordinances under consideration around the state. One of the most important rationales for the community land trust model is to provide a permanent inventory of affordable housing.

At the Florida Community Land Trust Caucus, sponsored by SunTrust and held at the Florida Housing Coalition's annual conference last September, participants addressed a variety of issues of common concern. The most pressing was the ad valorem tax issue, which is presently being re-addressed by the 2008 legislature (see sidebar on page 23). The caucus participants also touched on the critical need for CLT homebuyer education, sufficient operating funding for the community land trust, and the know-how to set price points. At the caucus, we announced the launch of the Florida CLT blog, hosted by the Florida Community Land Trust Institute. This site is an opportunity for community land trusts and the curious to post questions and comments as well as link to valuable sites and resources.

Many Florida communities are examining inclusionary housing ordinances not only to create a more balanced share of affordable housing, but also to create a sustainable inventory. Several communities, including the City of Destin, Palm Beach County, Martin County, and St. Lucie County view the community land trust as the receiving end of housing units that are mandated under some type of land use requirement for the production of affordable housing units. In Monroe County, funds that have been generated from a fee in lieu provision have been transferred to the Middle Keys Community Land Trust to offset impact fees for the Woods Corner Plantation CLT project. In Lee County, linkage fees have been considered for both residential and commercial projects, with the funds used for CLT activities, including land acquisition.

HOW TO USE THE BLOG

Log on to our website, www.flhousing.org and click on Nonprofit Developer Tools. Scroll down to the Community Land Trust Blog link which will take you to floridactinstitute.blogspot.com.

Continued on page 18

RESALE FORMULAS FAVORED IN FLORIDA: APPRAISAL, INDEX, AND HYBRIDS

As any community land trust enthusiast has learned, the development of the ground lease is an extensive exercise in legal, economic, and organizational planning. This document provides for the renewable 99 year term for the land beneath the affordable unit. The resale formula contains the specific language required to establish the shared equity position of the land trust. This identifies how much the community land trust homebuyer can expect to receive upon resale of the home. An informal survey of Florida's community land trusts indicates that most employ an appraisal method to establish the proportionate share of the appreciation that will belong to the home seller. Many utilize a simple 25 percent of appreciation share. That is, the home is appraised at initial purchase and again at the time of resale. If the initial appraisal of the improved portion of the home is for example, \$150,000, and by the time of the resale, the appraisal is \$200,000, then the appreciation amount is \$50,000. The seller would be entitled to 25 percent of \$50,000, which is \$12,500. The purchase proceeds will also cover the first mortgage balance and in some optional cases the down payment and equity of the buyer. Several CLTs who utilize the appraisal method allow for an increasing share the longer the home is owned.

For example, in Citrus County, the share is 25 percent for the first five years. After that, the share increases annually until it is capped at 50 percent after 10 years of ownership. This method encourages stability and rewards the CLT homeowner for longevity in the home. An alternative that is less frequent is the index method. An index factor, for example, income level or CPI is applied on an annual basis. This method encourages long-term ownership but since the amount is basically guaranteed, there must be incentives built in to ensure that the homes are properly maintained. In one CLT, an index method of 3 percent annually is employed, which caps in ten years. This will encourage short term stability and encourages residents to move into other housing choices after a decade.

PUBLICLY OWNED LAND SUBLEASED TO COMMUNITY LAND TRUSTS

Not all land that is developed for affordable housing must be owned by the CLT. In fact, land can be owned by a local government, leased to a CLT, who then subleases the land to its lower income buyers. While this might sound like "public housing," it is in effect a great way to ensure permanent affordability and tax exempt status for the ground portion of the property.

CLT STORIES FROM AROUND THE STATE

SOUTHWEST FLORIDA

CHARLOTTE COUNTY: PEACE RIVER COMMUNITY HOUSING TRUST. In just over one year, the land trust used Hurricane Housing Recovery and Homeownership Pool (HOP) funds to purchase land and build 10 homes in Punta Gorda and Charlotte County. Buyers tend to have very low or low incomes and did not income qualify for more costly housing solutions.

LEE COUNTY HOUSING DEVELOPMENT CORPORATION/CLT. Using funding from the Florida Housing Finance Corporation CLT demonstration program, the CLT is preparing to close on the first of seven homes in Fort Myers. Partners also include Lee County SHIP, Homeownership Pool (HOP), and the City of Fort Myers



Charlotte County puts *community* in community land trust.

SHIP. These scattered site single family homes will serve buyers with very low to low income ranges with first mortgages of approximately \$52,000.

SARASOTA COMMUNITY HOUSING TRUST. The CHT has completed 10 homes and is working on development plans for 82 new townhomes and condominiums in three locations in downtown Sarasota. Two of the projects will be located on County-owned land, the third on City-owned land. The City and County have offered to assist with predevelopment expenses. Two of the projects are funded by the CWHIP program. The CHT also provides homebuyer training and credit counseling. The CHT works with local housing providers such as Goodhomes of Manasota and Habitat for Humanity.

HABITAT FOR HUMANITY OF KEY WEST AND THE LOWER KEYS. Habitat uses the CLT model for its homes and has just been awarded a 99 year lease on land and is working on a similar arrangement made last year on two tracts that would result in 12 and 16 homes.



Middle Keys Community Land Trust Woods Corner under construction.



Habitat for Humanity Community Land Trust Duplex



Habitat for Humanity Community Land Trust Triplex

SOUTH FLORIDA

MIDDLE KEYS COMMUNITY LAND TRUST. Recently honored as one of the area’s “Unsung Heroes” by the Community Foundation of the Florida Keys, the land trust is completing a 16 unit complex called Woods Corner in Islamorada. Part of the impact fees on this project are being offset by a transfer from Monroe County of inclusionary housing fee proceeds in the amount of \$53,000. Woods Corner is also a “green” community for low and moderate income households with units priced from \$130,000 to \$190,000. Partners in the Woods Corner project include the Village of Islamorada, which donated the land, the Florida Housing Finance Corporation (HOME), and Monroe County (SHIP). When Woods Corner is completed, the land trust will have constructed 24 homeownership units. In addition, they own and manage an affordable rental property with 14 units.

BAHAMA CONCH VILLAGE COMMUNITY LAND TRUST, KEY WEST. Florida’s oldest CLT, this organization was recently awarded a 99 year lease from the City of Key West to develop 6.6 acres of land for 60-70 units of affordable housing and other mixed uses. The CLT has completed 7 out of 15 single family homes plus owns and manages a variety of apartments and single room occupancy units in the village at the heart of old Key West.



Lafrance Sr. Apartments Grand Opening- a Delray Beach CRA property managed by the Delray Beach Community Land Trust.



Delray Beach CLT house warming.

DELRAY BEACH COMMUNITY LAND TRUST

2007 was a great year for the Delray Beach Community Land Trust! We achieved a level of success that exceeded everyone's expectations. The tremendous level of support that we have received from all corners of the community is the primary reason for all of our accomplishments during our second full year of operation. The City of Delray Beach and the Community Redevelopment Agency have been the primary sponsors of the DBCLT, providing land, financing for home construction and acquisition, and technical support. Our membership ranks swelled to over 450 members this year, and reflects the wonderful diversity of the City of Delray Beach.

The DBCLT has received a total of 46 single family lots from the CRA and the City. Twenty-one new homes have been constructed to date, and another 16 homes are currently under construction. Over 200 individuals and families have applied for DBCLT home ownership opportunities, since our inception and we have been able to secure mortgage commitments for a large percentage of those families. We continue to provide counseling and support to the rest of the families that applied as they pursue the dream of home ownership.

*Joseph E. Gray
Executive Director
Delray Beach Community Land Trust*

SOUTHEAST FLORIDA

COMMUNITY LAND TRUST OF PALM BEACH COUNTY, INC.

This CLT has an agreement with Palm Beach County for operations funding and has hired its first executive director, Cindee LaCourse-Blum. The CLT is planning a board retreat and has asked the Florida Housing Coalition to facilitate the meeting. The CLT of Palm Beach is seeking opportunities for land trust projects throughout the county and will be in a good position to manage properties developed pursuant to Palm Beach County's inclusionary housing ordinance.

NORTHWOOD RENAISSANCE CLT. This neighborhood based CLT is completing 14 single family homes in West Palm Beach. This organization has a well rounded bank of activities including economic development and neighborhood work. Its housing programs include multifamily ownership and scattered site infill housing. There is a monthly CLT orientation meeting for prospective buyers to learn about the program.



621 32nd Street: recently completed Northwood Renaissance CLT home in West Palm Beach.



The Araujo's and their new home.



THE ALPHABET STREET CLT

The Alphabet Street CLT is a program of Adopt-A-Family and I am excited to report that we sold our first house in May of 2007. Our CLT is a neighborhood based CLT that has received support from the City of Lake Worth, The Lake Worth Community Redevelopment Agency as well as from the Tropical Ridge Neighborhood Association. Cristina and Rigoberto Araujo overcame tremendous odds to make their dream of home ownership a reality. The Araujo's were able to purchase the home with a mortgage amount just under \$100,000 - truly affordable housing. Since purchasing the home Cristina has been selected to serve as the Secretary of the Tropical Ridge Neighborhood Association and they recently were awarded the coveted "Tropical Ridge Yard of the Month." (the sign in the photo).

*Matt Constantine,
Director of Housing for Adopt-A-Family
of the Palm Beaches, Inc.*

HOUSING PARTNERSHIP, INC. This Palm Beach County organization is using funds provided through the Florida Housing Finance Corporation CLT demonstration loan project for ten new homes in Jupiter. Four of the 10 homes have now closed.

THE COALITION FOR ATTAINABLE HOMES, INC., INDIAN RIVER COUNTY, will use the community land trust model to work with Indian River County as well as municipalities to use surplus land for affordable housing. The organization is researching multiple opportunities for single family land trust ownership as well as town homes and condos. The Coalition for Attainable Homes is a broad representation of lenders, service providers and businesses including real estate. The Florida Housing Coalition recently provided technical assistance on a mixed use project in the community of Gifford that would provide 14 CLT units on site with a commercial grocery and office facility. The CLT hopes to work with private sector developers to fulfill affordable housing mitigation requirements.

NORTHEAST FLORIDA

ESCAMBIA COUNTY COMMUNITY LAND TRUST. The land trust has a variety of activities including housing, both owner and rental, education- life skills and credit counseling, and child care. These ambitious tasks form the organization's mission to build and strengthen the community in Pensacola and Escambia County. The CLT has purchased a 144 unit apartment building used for rental housing and operating support. The organization has acquired 10 parcels of land totaling 9 acres for future housing and community development. Ten families are in the process for homeownership.

FRANKLIN COUNTY HOUSING COALITION. This is a housing organization hoping to use the CLT ground lease model to provide housing for lower income families. As a coalition, the organization is working in a grass roots manner. The City of Carabelle recently donated two lots, one of which will have a home built by Habitat for Humanity.

GENERAL HOME DEVELOPMENT,

Two projects as they relate to Community Land Trusts

Our first is with Workforce Housing Ventures, a long running non profit serving both Pasco and Pinellas County. We are currently in the works for a number of New Homes with this partnership, utilizing the CLT formulas that were taught and discussed during the workshops offered by the Florida Housing Coalition. The CLT formula, combined with our attractively designed, energy efficient homes makes the opportunity of affordable units a reality.

Another project is with St. Petersburg Neighborhood Housing Services. Having worked with SPNHS over the years they turned to GHD for our guidance and resources, helping them secure the 10 lots for their CLT. SPNHS needed not only the backing to secure these lots but the builder who could construct and carry this project.

We are quite excited to be a part of these projects as we see this as a start to the solution in ever rising home costs.

*Jerome Hendrickson
GHD of Pinellas, Inc.*



CENTRAL FLORIDA

WESTSHORE ALLIANCE COMMUNITY DEVELOPMENT CORPORATION. This project is a CWHIP participant and will produce 57 Community Land Trust town homes in Tampa. Along with the Florida Housing Finance Corporation, partners include Neighborhood Lending Partners, and the Federal Home Loan Bank. The townhouses will sell for \$150,000 to \$160,000 with down payment assistance from the City of Tampa.


PINELLAS COUNTY. The Housing Finance Agency of Pinellas County has established a land trust program utilizing the 99 year ground lease for use with its for and nonprofit partners for a variety of owner or rental developments.


FLORIDA LOW INCOME HOUSING ASSOCIATES, INC. CITRUS COUNTY. This project involved the purchase of 10 existing homes from a builder utilizing funding from the Florida Housing Finance Corporation CLT demonstration. The homes were resold to buyers in the low to very low income range with a below market interest rate of 2 or 3 percent.


These homes have been closed and occupied as land trust homes. This project is an example of how to use the current market downturn to increase the supply of housing that is permanently affordable.


IN SUPPORT OF CLT SUCCESS


As communities in Florida continue to develop and use community land trusts as an integral part of their continuum of housing, we will continue to provide assistance, with particular attention to the following:



-  **Community Land Trust homebuyer counseling.** In addition to the counseling that all first time home buyers must have, it is essential that specialized training be available to ensure that homebuyers understand the differences between fee simple ownership and the restrictions on ownership present in the ground lease. It is also important to provide marketing materials that clearly differentiate between land trust housing and market rate housing.

 **Structuring subsidies for CLT units.** Since subsidies are often needed for both the buyer and the land portion of the project, it is important to ensure that funding requirements are met. For example, if SHIP funds are to be used for land acquisition, it is important that the jurisdiction's Local Housing Assistance Plan allow for subsidy to remain with the property through a series of potential income eligible buyers. When subsidy is provided to the buyer for the improvement, it is important that resale formulas account for either the repayment of the subsidy amount or its re-assignment to the new income eligible buyer. The market downturn has presented challenges to land trusts as market rate homes can now compete with appreciated restricted homes, reducing the pool of interested buyers. Most land trusts continue to serve very low and low income buyers rather than those with higher incomes.

 **Education of lenders, appraisers, originators, processors, title professionals.** These services are available but the staff are often unfamiliar with the peculiarities of closing a land trust deal. A training session for lenders and other closing professionals is recommended. Closing involving layered funding plus ground leases and other CLT documents can be cumbersome for even the most experienced housing provider.

 **CLT stewardship and operating fund.** Keeping the organization financially stable is an ongoing challenge. Community land trusts need sources of money for their own organizations, as well as a stewardship fund for assisting CLT homeowners with unexpected expenses which may arise from time to time. Sources of operating income include transfer fees on re-sales, developer fees, and community based fund raising activities.

 **CHDO training.** Many CLTs have been encouraged to become Community Housing Development Organizations. Benefits include eligibility for HOME set-asides as well as board representation by homeowners or low income representatives. The Florida Housing Coalition provides CHDO training as well as board of directors orientation and strategic planning workshops.

 **Emphasizing a sense of community.** The community land trust is a legal tool but the foundation for success for community land trusts is based on local support and homeowner participation. Neighborhood stability, pride, and a sense of belonging embody the spirit in the traditional land trust model. 

SENATOR BENNETT AND REPRESENTATIVE FITZGERALD HAVE FILED IDENTICAL BILLS (SB 796, HB 431) TO PROVIDE DIRECTION ON PROPERTY ASSESSMENT OF COMMUNITY LAND TRUST PROPERTIES.

193.017 Assessment of structural improvements on land owned by a community land trust used to provide affordable housing.

- 1) As used in this section, the term "community land trust" means a non-profit entity that is qualified as charitable under s. 501(c)(3) of the Internal Revenue Code and has as one of its purposes the acquisition of land to be held in perpetuity for the primary purpose of providing affordable homeownership.
- 2) A community land trust may convey structural improvements located on specific parcels of land to provide affordable housing, which are identified by a legal description contained in and subject to a ground lease having a term of at least 99 years, to natural persons or families who meet the extremely-low, very-low, low, and moderate income limits specified in s. 420.0004, or the income limits for workforce housing, as defined in s. 420.5095(3). A community land trust shall retain a preemptive option to purchase any structural improvements on the land at a price determined by a formula specified in the ground lease which is designed to ensure that the structural improvements remain affordable.
- 3) In arriving at just valuation under s. 193.011, a structural improvement that provides affordable housing on land owned by a community land trust and subject to a 99-year or longer ground lease shall be assessed using the following criteria:
 - (a) The amount a willing purchaser would pay a willing seller is limited to the amount determined by the formula in the ground lease.
 - (b) If the ground lease and all amendments and supplements thereto, or a memorandum documenting how such lease and amendments or supplements restrict the price at which the improvements may be sold, is recorded in the official public records of the county in which the leased land is located, the recorded lease and any amendments and supplements, or the recorded memorandum, shall be deemed a land use regulation during the term of the lease as amended or supplemented.

Section 2. This act shall take effect July 1, 2008.



The Affordable Housing Advisory Committees Make a Comeback

SHIP Administrators, Are You Ready?

BY EVELYN RUSCIOLELLI
FLORIDA HOUSING COALITION

Along with a multitude of housing mandates passed in the 2007 legislative session, HB 1375 also requires SHIP communities to appoint an Affordable Housing Advisory Committee that will deliberate on an incentive package mainly targeting regulatory reform. Many will remember the initial SHIP enacting legislation that required a nine member affordable housing advisory committee to recommend specific initiatives to encourage or facilitate affordable housing. That nine member AHAC had to recommend at a minimum, two incentive strategies to be adopted by local governments; expedited processing of development orders or permits for affordable housing projects and a process to consider, before adoption, policies, procedures, ordinances, regulations or plan provisions that increase the cost of housing. Many local governments took this requirement seriously, adopting ordinances and appointing an ombudsman to assist affordable housing developers through the process. But many others adopted the required incentive language without an enacting resolution or ordinance that would put the incentive to work. Local governments were allowed to sunset their AHAC after completing their review, but some kept their AHAC, seeing them as an opportunity to assist housing staff and foster the public's opinion on affordable housing.



This new AHAC grows from nine members to 11, with some leeway for committee size given to local governments that receive the minimum SHIP allocation. Incentive review areas are relatively the same except for one additional incentive: “(k) The support of development near transportation hubs and major employment centers and mixed-use developments.” But now, the Committee does not sunset. It is required to review the established policies and procedures, ordinances, land development regulations, and adopted local government comprehensive plan and recommend specific action or initiatives to encourage or facilitate affordable housing triennially. The AHAC must also review and evaluate the implementation of affordable housing incentives and submit that report triennially. Local governments that receive the minimum SHIP allocation may opt out of the triennial review. Another key improvement to the process is a new requirement that the advisory committee be cooperatively staffed by the local housing department and the local planning department to ensure an integrated approach to the work of the advisory committee.

As the SHIP Administrator, what does all this mean to you? Let's take a look at the necessary steps, you and counterpart from the planning department need to take and when you need to take them, the resources you will need, and how you can make this committee work most effectively.

STEP 1 – Consider Staffing the AHAC

WHEN: *Now*

420.9076 (9) requires a cooperative staffing of the AHAC by department or divisions having authority to administer local planning or housing programs to ensure an integrated approach to the work of the advisory committee. Now is the time to sit down with your Planning Department and design a staffing plan. The advisory committee is going to require a lot of planning information and they will have many questions of both planning and housing staff. It is imperative to have a staff member from both venues present at all meetings. Other things to consider are scheduling and advertising meetings, recording minutes, preparing agendas and materials. Have these duties outlined and assigned before the first Committee Meeting.

Although your local government probably has an advertisement and application process for seeking members to local committees, both housing and planning staff should assist by recruiting citizens that not only meet membership requirements but have also been active supporters in the affordable housing and planning incentive areas. It is also helpful if they have a rapport with the commission/council and or planning department. Ask existing members of any active housing or planning committees to apply if the appropriate areas of professional interest are matched. Your Economic Development Council (EDC) may also be a good source for recommendations. The EDC has a large membership with various backgrounds and they understand the correlation between new business recruitment and employer housing needs.

STEP 2 – Recruit your members.

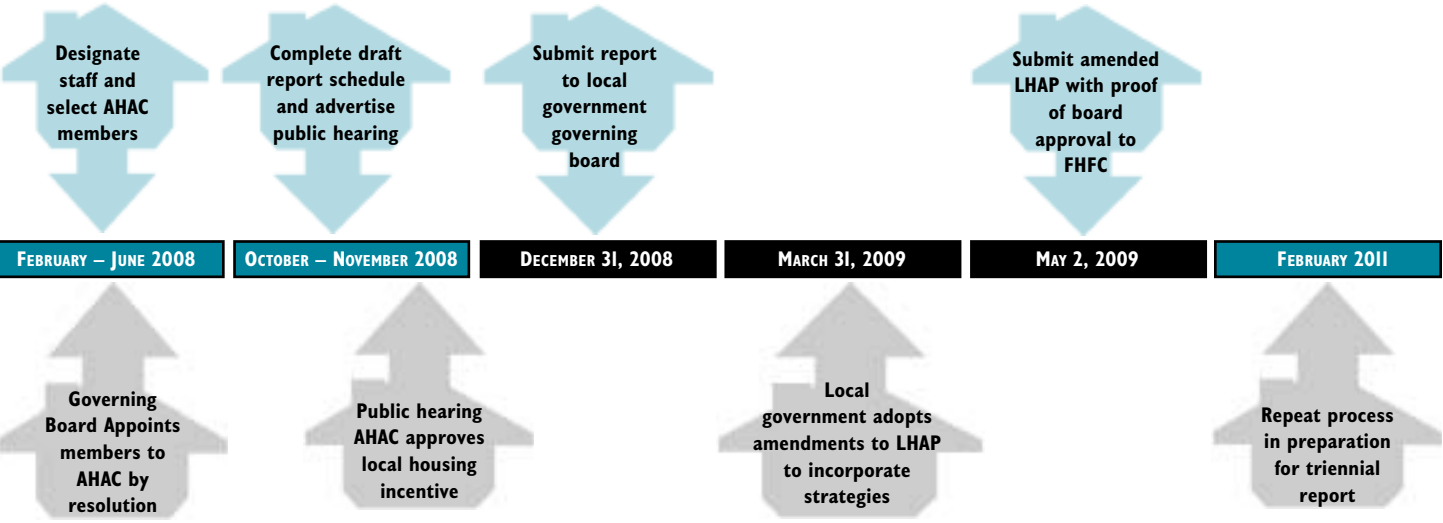
WHEN: *Now*

If local government waits until the June 30, 2008 deadline the advisory committee will only have six months to complete its review, write the report, hold a public hearing and submit its recommendations to the commission/council.

If your local government administers the SHIP program under an inter-local agreement for other local governments under one local housing assistance plan, you may request approval from Florida Housing Finance Corporation to use the same advisory committee.

Continued on page 26

HOUSING INCENTIVE PLAN AND AFFORDABLE HOUSING ADVISORY COMMITTEE TIME LINE



Dates in teal are recommended timeline to meet deadlines.

Dates in blue are statute or rule deadlines.

STEP 3— Governing Board of a county or municipality shall appoint the members of the affordable housing advisory committee by resolution.

WHEN: *By June 30, 2008*

Ensure that there is at least one applicant for each of the eleven positions. Prepare your agenda and resolution appointing the members of your AHAC.

STEP 4— Schedule meeting of AHAC and Notice meeting of AHAC which is subject to Government in the Sunshine rules.

WHEN: *Within two weeks of appointment speak with members of the AHAC to determine what days and times are best for them to meet.*

Schedule the first meeting and advertise as required by your local government. In preparation for this first meeting, think about electing a Chairman as well as decide which staff will attend to take minutes, gather technical information, schedule speakers and assist with other committee requests. Plan to review Government in the Sunshine meeting requirements and consider product deadlines for public hearing and submission to the commission/council so that you can schedule enough meetings to complete the review prior to the public hearing deadline.

STEP 5— Complete draft report, schedule and advertise Public Hearing.

WHEN: *October 2008*

FS 420.9076 (5) lists requirements of the Public Hearing notice. There is no template for the report, but it is advisable to write an introduction listing the review points and statutory requirements, then finalize with the incentive strategies approved. This report would then be recommended for adoption by the commission/council. It is also suggested that you list the incentive areas and a reason why they did or did not recommend that incentive strategy.

STEP 6— AHAC approves local housing incentive strategies and recommendations during the public hearing.

WHEN: *November 2008*

Keep minutes or recording and a sign in sheet of the

Public Hearing. This Public Hearing is not required to be held at a commission/council meeting. It can be a Public Hearing held only before the advisory committee.

STEP 7— Submit report to local government governing board.

WHEN: *By December 31, 2008*

Make any necessary revisions to your report and have the advisory committee chairman sign and date it prior to submission. Although it is not mentioned in the rule or statute, it is recommended that it also be submitted during a regular meeting of your city or county commission/council. Have members of the advisory committee present at the board meeting to present the report and answer any questions. This public meeting also provides you with a dated record of the report submittal.

STEP 8— The governing body of the 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.

WHEN: *Within 90 days of receipt of recommendations from AHAC. (3/30/09)*

The amendment must include, at a minimum, the local housing incentive strategies required under s.420.9071 (16) which require assurance that permits as defined in s. 163.3164(7) and (8) for affordable housing projects are expedited to a greater degree than other projects; and an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption; which are the same two incentives currently required. The local government must consider the strategies specified in 420.9076 paragraphs (4) (a)-(k) as recommended by the advisory committee. Prepare the agenda item and plan amendment for commission/council approval.

STEP 9— Notify the Florida Housing Finance Corporation via certified mail of the amendment to the LHAP and include a copy of the approved amended LHAP.

WHEN: *Immediately after adoption*

STEP 10— Transmit to the Florida Housing Finance Corporation an electronic copy of the report which has been submitted to the local governing board for consideration.


WHEN: *No later than May 2, 2009*

The advisory committee has completed their initial work and met all its deadlines. Now consider keeping the advisory committee active for the next three years. 420.9076 (8) (a)(b) allows the advisory committee to perform other duties at the request of the local government including mentoring affordable housing partners, assist with funding applications, develop partnerships and create best practices for affordable housing development. They can assist your housing program by ensuring implementation of the adopted incentives. Ask them to look for resourceful ways to assist the moderate income home-buyers with a purchase without requiring SHIP down payment assistance, especially with current market conditions. At this time when SHIP funding is reduced it is important to utilize their expertise. Consider having the advisory committee review affordable housing projects and meet with developers or other affordable housing advocates that knock on your door. They can relieve you of the time consuming public requests for information or assistance with their affordable housing projects. Allow the advisory committee to assist with your housing program. They will

become your best ally and supporter with the ability to influence affordable housing views which will lead to positive changes for your housing program and community.

Although all SHIP jurisdictions must submit their initial report by December 31, 2008, the next report is due the December before your next three-year Local Housing Assistance Plan due date. For those communities that have LHAPs due May 2, 2010, the report completed on December 31, 2008 will suffice.

LHAP DUE DATE	REPORT DUE DATE
May 2, 2010	December 31, 2008
May 2, 2011	December 31, 2010
May 2, 2012	December 31, 2011
May 2, 2013	December 31, 2012

The Florida Housing Coalition is providing web-based training on the incentive plan process and is available for technical assistance through telephone, email or site visits. Visit www.flhousing.org for announcements of these workshops and plan to attend. Future articles will provide updates on incentive plan content for discussion and consideration. For assistance, please call the Coalition at (800) 677-4548. 

At a minimum, each advisory committee shall submit a report to the 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, as defined in s. 163.3164(7) and (8), for affordable housing projects is expedited to a greater degree than other projects.
- (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.



Frequently Asked SHIP Questions

UPDATE REGARDING LEGAL RESIDENT STATUS AND SHIP PROGRAM ELIGIBILITY:

In response to a question related to the Florida Housing Finance Corporation's Monitoring RFP dated July 27, 2007, the Florida Housing Finance Corporation posted on its Web site that citizenship/legal residency documentation had to be obtained for every household member included in a SHIP application. It was also stated that the revised Section 3-12 F of HUD Handbook 4350.3 REV-1, CHG-2 ("Occupancy Requirements for Multifamily Subsidized Housing Programs") had to be followed. This section requires non-citizens to provide verification of immigration status sufficient to document legal residency for eligibility.

Please note that the Florida Housing Finance Corporation has concluded that the section 3-12 F of HUD Handbook 4350.3 REV-1, CHG-2 does NOT apply to the SHIP Program. Therefore, the following guidance is provided:

If an individual is in the country illegally, it is not good public policy for him or her to benefit from public assistance. It may, in fact, be illegal. Consult your county/city attorney before proceeding further. SHIP administrators should consult with their attorneys in those instances when they are confronted with information that an individual is an undocumented alien. It is not necessary, however, for SHIP administrators to actively ask for proof of citizenship or legal alien status when qualifying applicants for SHIP assistance.

Q: *Please clarify the new language which will be effective in February, 2008 regarding the training of SHIP staff as defined in 67-37.005 (16).*

A: The language in 67-37.005(16) is intended to assure that new or inexperienced staff or staff taking on new responsibilities that are involved in the processing of SHIP applications, eligibility determination or other day to day administration of activities governed under the LHAP to be properly trained through the Catalyst Program. It is not intended to force training on staff that are already trained in the SHIP program nor is it intended to require training of local government staff that work in a tangential manner with the program (finance, auditing, etc.).

The responsibility of asking for training will still primarily fall on the local SHIP administrators as it is a benefit to you,

but the Florida Housing Finance Corporation will have the ability to require training when they see an issue that needs to be resolved.

Q: *Is there a new term which will have to be used in the Annual Reporting?*

A: Yes, the term "Sub Recipient" was added under the new SHIP Rule to identify those organizations or individuals that are contracted by the local government to administer a portion of the SHIP program and are compensated by SHIP "Administrative Expenditures" funds. The Sub Recipients include those in the traditional administrative set aside. Identifying Sub Recipients on the Annual Report will allow the Florida Housing Finance Corporation to know where all Administrative Expenditure funds are being spent. This requirement is not intended to require you to list your lenders, inspectors or other

vendors that are involved in the SHIP process that are compensated through program funds. Addition of the term "Sub Recipient" will be effective February, 2008.

Q: *A staff person in our office is income eligible and needs foreclosure assistance. Is there any rule that would prevent her from applying for SHIP assistance?*

A: This is not an uncommon question as it appears that similar cases have occurred in other jurisdictions. To avoid any concerns about conflict or favoritism, make sure that the applicant is held to the same application standards and overall qualification process as any other applicant. In addition, it is recommended that Personnel Policies and Procedures are reviewed since some jurisdictions prohibit employees from benefiting from their assistance programs.

Have you got a question about the SHIP program? Free telephone technical assistance is available to help you successfully implement your SHIP funded work. Call the Florida Housing Coalition's SHIP telephone line at (800) 677-4548.



Lydia Beltrán

Q: *An applicant was income certified in March, 2007 for the Purchase Assistance Program and is now applying for the Single Family Rehabilitation Program. Does the applicant have to be re-income certified?*

A: The SHIP monitors and Florida Housing's compliance staff indicate that an applicant must receive assistance within one year of the date of the Income Certification Form. Therefore, a re-certification of income will depend on the date of the Income Certification Form associated with the Purchase Assistance Program and the schedule of the rehabilitation work to be completed.

Q: *Our HHRP funds will be expended in June, 2008. What should be done with the program income that will be received?*

A: The Emergency Rule (67ER06-45) "Uses of and Restrictions upon HHR Program Funds" states that eligible counties and eligible municipalities shall maintain the HHR program funds

and any repayments, recoveries, or program income in a separate trust fund. The local entity shall use any such repayments, recoveries, or program income to further affordable housing objectives consistent with the HHR program, regardless of when such money is recycled. At the termination of the HHR Program, any such repayments, recoveries, or program income may be deposited into the local government's Local Housing Trust Fund.

Q: *An applicant has guardianship of a grand child. There is a savings account that the applicant does not have access to unless a court order is provided. Do I count the savings account as an asset?*

A: No, HUD 4350.3 requires you to only count assets for which the person has access. In this case, the applicant does not have access even though they he/she has guardianship of the child.

Q: *Do I pay documentary stamps and intangible taxes on my SHIP second mortgage when I assist a home buyer?*

A: Documentary stamps must be paid on SHIP second mortgages. However, intangible taxes do not have to be paid on SHIP second mortgages. The statutory basis for addressing intangible tax is outlined in Chapters 199 and 201, F.S. Section 199.183 (1), F.S. 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" 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.



Correction to SHIP Clips (Journal Fall 2007)

The following information is a correction/clarification regarding the inclusion/exclusion of a student being away at college.

The change in the HUD Handbook related to "exclusion" of a student applies IF the student has a lease agreement while away from home only when counting people living in a household for purposes of "determining the size of a unit". However, for purposes of the SHIP Program, counting household members is conducted to determine household size for purposes of "Income Limits". Note that this section of the Handbook (determining household size for purposes of income limits) has not changed; therefore, students should be counted regardless of whether he or she is away at college and has a lease agreement.

Section 3-8 (3-6(E)(4)(c) states that when "determining family size for income limits," the owner must include children who are away at school but who live with the family during school recesses.



COALITION NEWS

**SAVE THE DATE
MARCH 26, 2008
HOUSING DAY AT THE CAPITOL**



On February 8th, the Florida Housing Coalition was invited to discuss affordable housing recommendations with the Governor's Commission on Disabilities. Governor Crist created the Commission in July, 2007, to advance public policy and work with state agencies and organizations on behalf of Floridians with disabilities. Michael Chaney met with the subcommittee on independent living to discuss the current housing resources



and recommendations outlined in the Coalition's publication entitled "Addressing the Housing Needs of Individuals with Developmental Disabilities." Although targeted to the housing needs of those with developmental disabilities, this 190-page publication addresses policy decision-making topics relevant for serving a variety of extremely low-income populations. The publication is available on the Coalition's website, www.flhousing.org.



Danielle Wright, the Operations and Conference Manager at the Florida Housing Coalition, has been appointed to serve as a Commissioner on the Leon County Housing Finance Authority. In addition to issuing multi-family and single family bonds, the Leon County HFA serves as the SHIP and CDBG Advisory Committee for Leon County.

FLORIDA HOUSING WORKSHOP SCHEDULE

CORE CURRICULUM

Development Process	March 19, 2008	Orlando
Understanding the Income Qualification Process	April 8, 2008	Jacksonville

ADVANCED CURRICULUM

Income Compliance and Program Management	March 11, 2008	Jacksonville
A Quantitative Analysis of the SHIP Program	April 16-17, 2008	Boca Raton
Pre-Development Process	April 29-30, 2008	W. Palm Beach
Planning, Financing and Developing Affordable Housing for Ownership	May 14, 2008	Miami
Planning, Financing and Developing Affordable Rental Housing	June 11-12, 2008	Orlando

ELECTIVES

Get SHIP Shape for your Monitoring Visit	May 6, 2008	Orlando
Year 15	May 29, 2008	Boca Raton
Creating and Sustaining Affordable Housing for Long-term Affordability	June 24, 2008	W. Palm Beach

WEBINARS

March 5, 2008	Affordable Housing Advisory Committee (Registration required)	On Line Internet Based – Webinar
March 12, 2008	Affordable Housing Advisory Committee (Registration required)	On Line Internet Based – Webinar



MEMBERSHIP APPLICATION

PARTNERS FOR BETTER HOUSING MEMBERSHIP

Partners for Better Housing Membership is for those who wish to support the work of the Florida Housing Coalition by making a tax deductible donation of \$500 or more. Partners for Better Housing members receive subscriptions to *Housing News Network*, free job vacancy posting service on the Coalition's Web site and unlimited membership rates for registration at the conference. Partners at the Patron Level or higher receive complimentary conference registrations (as indicated below). Partners also receive recognition at the conference, in all conference-related publications, the Coalition's Web site and in each triennial issue of *Housing News Network*.

- | | | | |
|-----------------------------------|-----------------------------|----------------------------------|----------------------|
| <input type="checkbox"/> \$20,000 | Platinum Sponsor (20 comps) | <input type="checkbox"/> \$2,500 | Co-Sponsor (3 comps) |
| <input type="checkbox"/> \$10,000 | Gold Sponsor (10 comps) | <input type="checkbox"/> \$1,000 | Patron (1 comps) |
| <input type="checkbox"/> \$5,000 | Sponsor (6 comps) | <input type="checkbox"/> \$500 | Contributor |

BASIC MEMBERSHIP

Basic membership is for those who wish to subscribe to *Housing News Network*, post job vacancy announcements free of charge on the Coalition's Web site and receive membership rate registrations at the annual conference. An individual member receives one subscription and one member rate registration. Organizational members receive up to five subscriptions and five member rate registrations. All memberships are on a unified membership cycle, memberships are due on August 1st and expire on July 31st of each year. (Please indicate additional names, addresses and phone numbers on an attached sheet.) Each membership is entitled to be represented by one voting member at the coalition's annual meeting as designated below.

- | | |
|-------------------------|--|
| Student | <input type="checkbox"/> \$25 |
| Individual | <input type="checkbox"/> \$75 (payment by personal check only) |
| Nonprofit Organizations | <input type="checkbox"/> \$150 |
| Government Agencies | <input type="checkbox"/> \$200 |
| Private Organizations | <input type="checkbox"/> \$250 |

Authorized Representative (please print or type):

Title: _____ Signature: _____

Organization: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____ County: _____

Phone: (____) _____ Fax: (____) _____ Email: _____

Make check payable to:

Florida Housing Coalition • 1367 E. Lafayette St., Suite C, Tallahassee, FL 32301 • Phone: (850) 878-4219 • Fax: (850) 942-6312
The Florida Housing Coalition, Inc. is a 501(c)(3) organization. One hundred percent of your tax deductible contribution goes to the Florida Housing Coalition, Inc. No portion is retained by a solicitor. Registration number SC09899 Federal ID#59-2235835

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE 1-800-435-7352 WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.



PARTNERS FOR BETTER HOUSING

The Florida Housing Coalition thanks the following organizations and individuals for their commitment to improving housing conditions in the state of Florida.

Bank of America



PLATINUM SPONSOR

citibank

National City



WACHOVIA

Washington Mutual



GOLD SPONSOR

REGIONS



SPONSOR



Fannie Mae
PARTNERSHIP OFFICES



HSBC
The world's local bank



FLORIDA ASSOCIATION OF REALTORS®



Freddie Mac



First Housing



Florida Housing
FLORIDA CORPORATION



CO-SPONSOR

ATLANTIC HOUSING PARTNERS, LLC
CAPITAL CITY BANK
CARLISLE DEVELOPMENT GROUP, LLC
COALITION OF AFFORDABLE HOUSING PROVIDERS

COMERICA BANK
ENTERPRISE COMMUNITY PARTNERS
FINLAY DEVELOPMENT, LLC
GATEHOUSE GROUP, INC.

GREYSTONE & COMPANY, INC.
PINNACLE HOUSING GROUP
RBC CAPITAL MARKETS
REZNICK GROUP, P.C.

RICHMAN GROUP OF FLORIDA, INC
STEARNS, WEAVER, MILLER, WEISSLER, ALHADEFF,
& SITTERSON, P.A.

PATRON

AMERINATIONAL COMMUNITY SERVICES, INC.
BANK UNITED, FSB
CENTERLINE CAPITAL GROUP
CITY OF TAMARAC
COMMUNITY ENTERPRISE INVESTMENTS, INC.

CORNERSTONE GROUP DEV. CORP.
FLORIDA COMMUNITY LOAN FUND, INC.
HENDRICKSON COMPANY
JAIMIE ROSS
JPMORGAN CHASE

KEYSTONE CHALLENGE FUND
MERCANTILE BANK
MERIDIAN APPRAISAL GROUP, INC.
MERIDIAN COMMUNITY SERVICES GROUP, INC.
PNC MULTIFAMILY CAPITAL

PRUDENTIAL FINANCIAL
RAYMOND JAMES & ASSOCIATES, INC.
RELIANCE HOUSING FOUNDATION, INC.
SELTZER MANAGEMENT GROUP, INC.

CONTRIBUTOR

BROAD AND CASSEL
CYGNET PRIVATE BANK
HANDS OF CENTRAL FLORIDA, INC.
HOMES IN PARTNERSHIP, INC.
KISS AND COMPANY, INC.

MORTGAGE & CREDIT CENTER, INC.
NATIONAL HOME BUILDING & REMODELING II
PACKARD CONSULTING
SAXON, GILMORE, CARROWAY, GIBBONS, LASH
& WILCOX, PA

SEACOAST NATIONAL BANK
SHIMBERG CENTER FOR AFFORDABLE HOUSING -
UNIVERSITY OF FLORIDA
SQUIRE, SANDERS, DEMPSEY

TRANSATLANTIC BANK
VESTCOR DEVELOPMENT CORPORATION, INC.
WILSON MANAGEMENT COMPANY



Florida Housing Coalition
1367 East Lafayette Street, Suite C
Tallahassee, FL 32301

ADDRESS SERVICE REQUESTED

PRSRST STD
U.S. POSTAGE
PAID
TALLAHASSEE, FL
PERMIT NO. 502