



# Legislative Wrap-Up 2009: Changes to SHIP

**W**hile the Legislature failed to fund SHIP, it did go forward with a number of changes; the more significant provisions are summarized below:

## Manufactured Housing

Manufactured housing is now eligible for SHIP funds – provided it is constructed after June 1994 and installed in accordance with the installation standards for mobile or manufactured homes contained in ruled of the Department of Highway Safety and Motor Vehicles. A maximum of 20% of SHIP funds may be used for manufactured housing.

## Foreclosure

SHIP statute is revised to create a permissible use for SHIP funds that may not be in the local HAP- specifically, it may provide a one-time relocation grant to SHIP income eligible tenants who are being evicted due to the foreclosure of the rental property they are living in. The tenant's rent payments must be current and the grant is limited to \$5,000. But this new eligible use of SHIP funds is only good through July, 1, 2010.

## Green Provisions

The local HAP shall describe initiatives to encourage or require innovative design, green building principles, storm-resistant construction, or other elements that

reduce long-term cost relating to maintenance, utilities, or insurance.

## Preservation

Each county and each eligible municipality is encouraged to develop a strategy within its local HAP which provides program funds for the preservation of assisted housing. (Definitions are added for “assisted housing” and “preservation”). If and when preconstruction /due- diligence activities for preservation show that preservation of the units is not feasible, the SHIP funds (not to exceed 3% of the annual local housing distribution) are deemed a program expense rather than an administrative expense of the SHIP program.

## Prohibition of Use of SHIP funds as a Grant

A new section is created that provides the SHIP jurisdiction may award funds as a grant for construction, rehabilitation, or repairs as part of disaster recovery or emergency repairs or to remedy accessibility or health and safety deficiencies. Any other grants must be approved as part of the local housing assistance plan.

## Miscellaneous

- The FHFC is authorized to withhold up to \$5 million for disasters, and another \$5 million to purchase properties subject to SHIP liens that are in foreclosure.

Of course, these provisions are of no consequence this year, as the Legislature chose not to fund SHIP, except for the \$30 million appropriation for down payment assistance for the federal tax credit Homebuyer program (see article on next page).

- 420.9071- amends the definition of “annual gross income” to permit the definition by standard practices used in the lending industry as detailed in the local housing assistance plan and approved by the corporation”
- Local housing assistance plans are now required to specifically address persons with disabilities and include information on the number of persons served with disabilities in the annual report.
- The upper limit of income eligibility is raised to 140% of area median income. There is, of course, no requirement to assist persons or households with such high incomes, but it is now permissible, regardless of whether it is a high cost area.
- The AHAC requirement to have one member from local planning agency is changed to provide that if the local planning agency is comprised of the governing board of the county or municipality, it may appoint a designee who is knowledgeable in the local planning process. (This avoids having an elected official from having to serve on the AHAC). **HNN**