LHAP Strategy Design and Amendments

sponsored by
Florida Housing Finance Corporation’s Catalyst Program

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The LHAP Governs Specific SHIP Allocations

EXAMPLE

• Community completed LHAP for 16/17 through 18/19 funds
• New LHAP includes a new strategy
• Still working to expend 14/15 funds.
• Question: Spend 14/15 on new strategy?
• Answer: NO, 14/15 funds are governed by old LHAP.
• Solution: amend old LHAP.

Amend the LHAP Anytime

• Plan amendment: add or delete a strategy, requiring review committee approval:
  • Approved (with no comments)
  • Approved with Comments
  • Tabled or Approval is Withheld
• Technical Revision: updating an existing strategy

Procedures for Amending the LHAP

• Initially submit documents electronically in their current file format (word, excel)
• Use underline/strikethrough for LHAP changes (different than when submitting whole LHAP)
• Send main LHAP document & exhibits affected
• Email robert.dearduff@floridahousing.org
  Subject: LHAP Amendment & local gov’t name
• In email, state if this as a plan amendment or technical revision.

Technical Changes to Existing Strategies

EXAMPLES

• Changing SHIP deferred loan from 10 years to 15 years
• Adding a priority to applicant selection
• Increasing Maximum Award amount
• TIP: Include updated Housing Delivery Goals Chart

Amend the LHAP

UPDATE

www.floridahousing.org

Download New Template

“LHAPs submitted on out-of-date forms or in incorrect format will be rejected.”
Purchase Assistance
- Assistance = difference between what target market can afford and housing cost
- No statutory or regulatory cap on maximum assistance amount
- Do not include underwriting terms if first mortgage lender determines loan eligibility
- Rehab or Not Rehab?
- Define First Time Homebuyer

Owner-Occupied Rehabilitation
- Goals: work to fully repair home. May also be neighborhood improvement
- Challenges with Rehab often are in the implementation
  - Inspections
  - Approaches to change orders
  - Expectations of Homeowner Contractors
  - Work Write Ups

Strategy Recommendations: Developers of Homeownership
- How will funds be awarded to developer?
- Terms of developer award
- What will be passed along to the buyer?
- Terms of Buyer Assistance
- Recipient selection section describes buyer
- What is the sponsor selection criteria?
- Procurement policy – attach or describe

SHIP Rental Development
- New construction or repair of rentals
- Limited by statute to 25% of allocation
- Minimum Affordability Period: 15 years
- Monitoring: required annually if more than $10,000 project and no one else is doing it

SHIP Rental Assistance
- Rental Assistance = Helping individual renter
- No Monitoring required
- Rent Deposit
- Eviction Prevention
- Rent Subsidy
- Subsidy recipient must be Very Low Income and be homeless or special needs

Section II. Housing Strategies
Summary of Strategy
- Concise and clear description
- Describe type of activity
- Do not include loan terms, selection, income categories, etc. required in other sections
- Strategies must be self contained (do not reference other strategies)

Fiscal Years Covered
- List all years covered. Do not use "all years"

Income categories to be served
- List one or all of the defined income categories "very low, low and moderate"
- Do not use "all income groups"
- If not funding a specific group leave it off
- Consistent with Housing Delivery Goals Chart

Correct This Income Categories Text
BEFORE
Income Categories to be served:
- Very-Low Income - No contribution
- Low Income - $100.00 contribution
- Moderate Income - $250.00 contribution

AFTER
Income Categories to be served:
Very-Low, Low, Moderate
Housing Strategies: Maximum Award
- List by income category, consistent with HDGC
- Rehab and Purchase Assistance: list maximum amount households may receive.
- Rental Development: include ‘maximum per rental unit’ as well as ‘maximum for entire development’

Maximum Award Considerations
- Rehabilitation: Typical repairs and average costs
- Rental Housing: What is typical rent and availability?
- Purchase Assistance: Award driven by housing cost and what target market can afford

Terms of the Award
1. Repayment loan/deferred loan/grant
2. Interest Rate
3. Years
4. Forgiveness
5. Repayment
6. Default

Terms 1. Loan or Grant
Loan, deferred loan or grant
- Loans: “secured by a recorded mortgage & note”
- State ‘subordinate mortgage’, not 2nd mortgage

Grants must be approved by FHFC
- Usually limited to disaster/emergency repair, rental assistance, foreclosure prevention, barrier removal

Variations Available
- Deferred Payment Loans of Various Terms
- Direct Payment Loans at Various Terms
- Direct/Deferred Payment Loans at Various Terms

Terms 2. Interest Rate
- Include interest rate for SHIP assistance if any
- If none state 0%. For grants, state N/A

Terms 3. Years
- State number of years loan is secured
- For grants, state N/A
- Put maturity date on the RECORDED LOAN.
- What is default # of years of vague mortgage, according to Statute 95.281 (1) (b)?

Sample Years Text Needs Improvement
BEFORE
Term: 10 years.
AFTER
Term: 10 years. The SHIP mortgage and loan agreement is forgiven after ten (10) years IF the owner maintains the home:
- As principal residence
- Property taxes paid in full every year
- Insurance kept on the unit paid and up to date during the life of the loan.

Terms 4. Forgiveness
State if any portion of the loan will be forgiven
- Some never forgive: repaid upon property transfer
- Some forgive at end of term
- Some prorate forgiveness over the term

Do not refer to default situations in this section
- This section describes what happens when everything goes according to plan

Terms 5. Repayment
- State if payments are required during the term
- Another option: balloon payment at the end of the term
- Some forgive assistance, so no SHIP repayment is ever required.

Terms 6. Default
List situations where the loan does not remain in good standing through the term:
- Sale, transfer,
- Conversion to rental,
- Death of homeowner(s)
Use “outstanding balance” rather than “full loan amount” when addressing repayments.
Housing Strategies: Recipient Selection Criteria
- Only for applicants, not developers
- At a minimum state “first-qualified, first-served”.
- Add any special conditions, priorities for selection specific to the strategy.
- Do not include priorities already stated in Section I, waiting list/priority section. Reference to this section.

Housing Strategies: Sponsor/Developer Selection
- A sponsor is an entity to which an award of funds has been made.
- If this is done by an RFP process, please provide a general overview of that process and give a summarized list of requirements.
- Selection criteria may include:
  - Experience
  - Financial capacity
  - Leveled funds for project
  - Availability of land

Housing Strategies: Additional Information
- Use this section to detail anything that is not covered in a section above.
- This includes restrictions against assisting mobile homes or households receiving SHIP funds more than one time, for example.
- If you are referencing a separate policy document in the LHAP, either summarize the policy in the affected strategies or attach the document as an exhibit.

Formally Update LHAP every 3 years
- Two Entities must approve it
  - City or County Commission
  - Florida Housing Finance Corporation
    - LHAP Review Committee Members
    - FHFC Review may take 45 Days

Section I. General Information
- A. Interlocal Agreement
- B. Purpose of Program
- C. Fiscal Year Covered by the Plan
- D. Governance
- E. Local Housing Partnership
- F. Leveraging
- G. Public Input
- H. Advertising and Outreach
- I. Waiting List/Priorities

New: Project Delivery Costs
Detail any Project Delivery Costs (PDC)
- “Cannot be any that would normally be included as administrative expenses”
- Reasonable Costs related to
  - Cost of the project, and
  - Type of strategy

Section I. Efforts
- Get an “A” For Effort
  - T. Efforts to incorporate Green Building
  - U. Efforts to meet the 20% Special Needs set-aside
  - V. Efforts to reduce homelessness