LHAP Strategy Design and Amendments

sponsored by Florida Housing Finance Corporation’s Catalyst Program

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Catalyst Training Schedule

www.flhousing.org

Hotline: 1-800-677-4548

Overview

- Amending or Revising an existing LHAP
- Housing Strategy Help
- Guidance on 3 Year Update to LHAP

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 15/16 funds.
- **Question:** Spend 15/16 on new strategy?
- **Answer:** NO, 15/16 funds are governed by old LHAP.
- **Solution:** Amend old LHAP

Amend the LHAP when it’s Important

- **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

Technical Revisions 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

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 govt name
- In email, state if this as a plan amendment or technical revision.

Use newest LHAP Template

www.floridahousing.org

“LHAPs submitted on out-of-date forms or in incorrect format will be rejected”
Section II. Housing Strategies

Confirm Strategy Title corresponds with Code

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)

Do not combine strategies
Example: Rehab and Demo/Reconstruction

Income categories to be served
• List one or all 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

Fiscal Years Covered
• List all years covered. Do not use “all years”

Housing Strategies:
- d. Maximum Award
  • List by income category, consistent with HDGC
  • Maximum award includes all hard, soft and delivery cost
  • Grants: usually $10K or less and limited to disaster, rent subsidies, emergency repair, or foreclosure prevention
  • Rental Development: include ‘maximum per rental unit’ as well as ‘maximum for entire development’

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

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

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

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

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)?

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, loss of homestead
- Conversion to rental
- Death of homeowner(s).

Use "outstanding balance" rather than "full loan amount" when addressing repayments.

What happens when SHIP recipient dies?
Repayment or eligible heirs?

Housing Strategies: Recipient Selection Criteria
- Only for applicants, not developers
- At a minimum state "first-qualified, first-served"
- Do not include priorities already stated in Section I, waiting list/priority section. Reference to this section.
- Add any special conditions, priorities for selection specific to the strategy.

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
  - Leveraged funds
  - Financial for project capacity
  - Availability of land

Housing Strategies: Additional information
- Use this section to detail anything that is not covered in a section above.
- Examples: restrictions against assisting mobile homes or households receiving SHIP funds more than one time.
- Referencing a separate policy: either summarize the policy in the affected strategies or attach the document as an exhibit.

Guidance on Specific Strategies
- 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

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

Owner-Occupied Rehabilitation
- Goals: work to fully repair home. May also be neighborhood improvement
- Challenges with Rehab often are in the implementation

SHIP Rental Development
- When referring to FHFC, state the program or funding
- An RFA issued by FHFC will not require a local government to issue an RFP, but comply with LHAP and local procurement policy.
- Avoid specific terms to allow room to work with developer
- Minimum Affordability Period: 15 years
- Have a monitoring plan in place
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

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

Section I. General Information
• J. Discrimination
• K. Support Services and Counseling
• L. Purchase Price Limits
• M. Income Limits, Rent Limits and Affordability
• N. Welfare Transition Program
• O. Monitoring and First Right of Refusal
• P. Administrative Budget: 5 or 10%?
• Q. Program Administration
• R. Project Delivery Costs
• S. Essential Service Personnel

Section I. General Information
• T. Efforts to incorporate Green Building and Energy Saving Product and Processes
• U. Efforts to meet the 20% Special Needs set-aside
• V. Efforts to reduce homelessness

1st Qualified 1st Served OR Priority
• Use strategy language or insert new language. Does Priority apply to all or some strategies?
  • Common: first priority for households qualifying as Special Needs
  • Also: Essential Service Personnel

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

Project Delivery Cost Examples
Rehabilitation:
  • Initial Inspection
  • Work Write Up/Cost Estimate
  • Construction inspections/oversight
Outsource to 3rd Party:
  • Service Delivery Fee
Purchase Assistance:
  • Housing Counseling
  • Inspection

Administrative Costs
• Advertising
• Outreach and Pre-screening
• Applications and Eligibility Determination
  • Office space, Utilities, Copier, Computers
  • Tracking and Reporting
  • LHAP Work
  • Prep for the Monitor

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