



FREQUENTLY ASKED SHIP QUESTIONS

State Housing Initiatives Partnership Program

QUESTION: My community's Local Housing Assistance Plan (LHAP) is due next year. This is my first time working on the LHAP. How do I get started?

ANSWER: The LHAP details activities the local government will undertake during the three fiscal years governed by the plan. Half of all SHIP communities have a new LHAP due on May 2, 2019. Start work on your LHAP now; Florida Housing's LHAP Review Committee appreciates receiving early submittals. LHAPs submitted closer to the May 2nd deadline may take longer to get through the process.

The 2019 LHAP documents you need can be found at: [https://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-\(lhap\)/lhap-template-and-exhibits](https://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-(lhap)/lhap-template-and-exhibits). Reviewing guidance on the webpage and following the directions on how to prepare and submit a LHAP will give you the best chance of getting your LHAP approved on its first review. The webpage also includes a model LHAP with brief, clear strategies written with easily understood language that explains how SHIP funds may be used.

Be sure to read the "LHAP Procedures", a detailed set of directions for writing and submitting the LHAP. Then, read the directions in the "LHAP Strategy Quick Guide" specifically related to the information to include for each strategy. It includes tips for text and items to avoid. The Quick Guide also addresses the policy decisions related to a variety of methods by which SHIP assistance is awarded.

Keep in mind that communities receiving an annual allocation of at least \$350,000 must also submit an updated Affordable Housing Advisory Committee (AHAC) report in conjunction with their new LHAP. The SHIP Statute requires the AHAC report be updated by the December before your LHAP is due.

QUESTION: I have updated the 3-year LHAP a few times in the past. What is new about the plan or the process?

ANSWER: Since you last updated your plan, several changes have been made to the LHAP templates and exhibits. An updated LHAP template is available on Florida Housing's website. Section I of the LHAP, Program Details, has new items to be addressed, including "Waiting List/Priorities" and "Project Delivery Costs". You must also describe efforts to reduce homelessness and to meet the 20% Special Needs

set-aside. Section II, LHAP Strategies, has also been updated. There are now six parts to the terms section of each strategy. You must also include a strategy code alongside the name of each strategy and make sure it is consistent on the housing delivery goals charts.

There have also been notable changes to some LHAP exhibits in just the last year. Exhibit A, the Administrative Budget, has been configured to automatically calculate your administrative budget percentage. Also, the Housing Delivery Goals Chart, Exhibit C, has been streamlined. The spreadsheet now contains cells marked in green that indicate where information must be entered. All calculations are made automatically to ensure accurate set-asides. The chart also includes a note that calculations should be based on the anticipated allocation only, without adding anticipated program income or recaptured funds.

Review the sample LHAP on Florida Housing's website, and compare it to your current strategies for purchase assistance, rehabilitation, foreclosure prevention, demolition/reconstruction, etc. The "LHAP Strategy Quick Guide" may offer ways to shorten the strategy summary, clarify the award terms, or replace technical descriptions with simplified text.

QUESTION: What considerations are involved with different forms of assistance? What needs to be added to the strategy for each on the various ways SHIP assistance may be delivered?

ANSWER: First, each strategy must explain the terms of the award. SHIP assistance may be offered as a:

- Deferred Payment Loan, where the assistance is paid back at the end of the affordability period; Forgivable Loan, which is sometimes forgiven incrementally over several years or may be forgiven all at once at the end of the affordability period;
- Installment Loan requiring the recipient to provide monthly payments. A jurisdiction with such loans must have a system in place for staff to collect payments or must hire a servicing company responsible for collection; or
- Grant, a form of assistance that the SHIP Statute requires Florida Housing to review and approve. Florida Housing generally only approves grants for limited assistance

such as emergency repair, utility and security deposits, foreclosure prevention, rent subsidies, and disaster assistance.

- An Affordable Housing investment in perpetuity, when SHIP is invested in a Community Land Trust designed for long-term affordability.

Second, SHIP strategies must explain the delivery method by which funds will provide housing assistance. For example:

Awards to homeowners/homebuyers:

This type of award is very common. It is used for many types of assistance, including repairing a home, helping a buyer purchase a home, or providing foreclosure prevention assistance. To be clear, SHIP funds are rarely paid directly to the eligible household. Instead, the applicant is actively involved in choosing a lender or asking for specific repairs or other assistance. SHIP funds are then expended on behalf of a homeowner or buyer. When helping purchase a Community Land Trust home, SHIP is paid to the CLT entity on behalf of the eligible purchaser. It is only repaid in the event the home is no longer occupied by the initial or subsequent income eligible homeowners. During times of disaster recovery, funds are typically paid to insurance companies for deductibles and sometimes paid directly to homeowners for reimbursement of eligible disaster expenses.

Awards to a Sponsor with a pass through to homeowner/homebuyer:

A SHIP local government may hire a sponsor developer to acquire and repair or newly construct a home for purchase by a SHIP

buyer or the sponsor may repair homes with a combination of SHIP and other housing assistance. A strategy with this type of award must detail the loan terms to the sponsor and separately the terms for the income-eligible household receiving the housing assistance. Often the sponsor must pay back a portion of the assistance when assistance is complete while the remainder of the SHIP funds remain in the home as a deferred or forgivable loan to the homeowner or buyer.

Awards to Rental provider on behalf of tenants:

Rental assistance is commonly offered as a grant or as a forgivable loan recorded on the rental property. Often, funds are paid directly to a landlord, management company or service provider to help an eligible household move into a rental unit or pay past due or ongoing monthly rent. Similarly, funds might be paid to a government entity like a public housing authority on behalf of an eligible tenant.

Awards to developers of rental units:

A local government may select a developer to rehabilitate or newly construct rental units. A rental development strategy must address two maximum award amounts—one for the maximum SHIP funds allowed to be dedicated per rental unit, and another indicating the maximum SHIP award that may be dedicated to the entire rental property. All rental development involving SHIP is subject to annual monitoring requirements for at least 15 years. The strategy should state whether monitoring will be conducted by local government staff (the most common approach), by a management company, or by some other entity hired by the local government.

MORE GUIDANCE IN TECHNICAL BULLETINS | Florida Housing Finance Corporation provides SHIP-specific written guidance in Technical Bulletins. Some of the most recent bulletins have addressed the subjects of record retention, NOFA advertisements, and SHIP audit and monitoring requirements. You may access the bulletins on Florida Housing's website, www.floridahousing.org. Find SHIP by selecting Programs and then Special Programs from the pull-down menu.



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QUESTIONS 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 hotline at (800) 677-4548, Mon.-Fri. 8:30-5:00.