

**CITY OF OCALA**

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**SHIP LOCAL HOUSING ASSISTANCE PLAN (LHAP)**

**FISCAL YEARS COVERED**

**2010/2011, 2011/2012 AND 2012/2013**

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## I. PROGRAM DESCRIPTION

A. Name of the participating local government and Interlocal if Applicable:

City of Ocala

Interlocal : Yes \_\_\_\_\_ No X

Name of participating local government(s) in the Interlocal Agreement;

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**B. Purpose of the program:** Creation of the Plan is for the purpose of meeting the housing needs of the very low, low and moderate income households, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing.

**C. Fiscal years covered by the Plan:** This Plan covers State Fiscal Years 2010-2011, 2011-2012, and 2012-2013 (July 1, 2010 – June 30, 2013).

**D. Governance:** The SHIP Program is established in accordance with Section 420.907-9079, Florida Statutes and Chapter 67-37 Florida Administrative Code. The SHIP Program does further the housing element of the local government Comprehensive Plan. **Cities and Counties must be in compliance with these applicable statutes and rules.**

**E. Local Housing Partnership:** SHIP Program encourages building active partnerships between government, lenders, builders and developers, real estate professionals, advocates for low income persons and community groups.

**F. Leveraging:** The Plans are intended to increase the availability of affordable residential units by combining local resources and cost saving measures into a local housing partnership and using public and private funds to reduce the cost of housing. SHIP funds may be leveraged with or used to supplement other Florida Housing Finance Corporation programs and to provide local match to obtain federal housing grants or programs.

**G. Public input:** Public input was solicited through face to face meetings with housing providers, social service providers and local lenders and neighborhood associations. Public input was solicited through the local newspaper in the advertising of the Local Housing Assistance Plan and the Notice of Funding Availability.

**H. Advertising & Outreach:** The county or eligible municipality or its administrative representative shall advertise the notice of funding availability in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods, at least 30 days before the beginning of the application period. If no funding is available due to a waiting list, no notice of funding availability is required.

**I. Discrimination:** In accordance with the provisions of ss.760.20-760.37, it is unlawful to discriminate on the basis of race, creed, religion, color, age, sex, marital status, familial status, national origin, or handicap in the award application process for eligible housing.

**J. Support Services and Counseling:** Support services are available from various sources. Available support services may include but are not limited to: Homeownership Counseling (Pre and Post), Credit Counseling, Tenant Counseling and Transportation

**K. Purchase Price Limits:** The sales price or value of new or existing eligible housing may not exceed 90% of the average area purchase price in the statistical area in which the eligible housing is located. Such average area purchase price may be that calculated for any 12-month period beginning not earlier than the fourth calendar year prior to the year in which the award occurs. The sales price of new and existing units, which can be lower but may not exceed 90% of the median area purchase price established by the U.S. Treasury Department or as described above.

The methodology used is:

Independent Study (copy attached)

U.S. Treasury Department

Local HFA Numbers

The purchase price limit for new and existing homes is shown on the Housing Delivery Goals Charts

Based on the U.S. Department of Treasury, the City limits the price for a new home **\$174,000**, and for the existing homes the price limit is **\$154,000**.

**L. Income Limits and Affordability:** The Income and Rent Limits used in the SHIP Program are updated annually from the Department of Housing and Urban Development and distributed by Florida Housing Finance Corporation. Affordable means that monthly rents or mortgage payments including taxes and insurance do not exceed 30 percent of that amount which represents the percentage of the median annual gross income for the households as indicated in Sections 420.9071, F.S. However it is not the intent to limit an individual household's ability to devote more than 30% of its income for housing, and housing for which a household devotes more than 30% of its income shall be deemed Affordable if the first institutional mortgage lender is satisfied that the household can afford mortgage payments in excess of the 30% benchmark and in the case of rental housing does not exceed those rental limits adjusted for bedroom size.

**M. Welfare Transition Program:** Should an eligible sponsor be used, the city has developed a qualification system and selection criteria for applications for Awards to eligible sponsors, which includes a description that demonstrates how eligible sponsors that employ personnel from the Welfare Transition Program will be given preference in the selection process.

**N. Monitoring and First Right of Refusal:** In the case of rental housing, the staff or entity that has administrative authority for implementing the local housing assistance plan assisting rental developments shall annually monitor and determine tenant eligibility or, to the extent another governmental entity provides the same monitoring and determination, a municipality, county or local housing financing authority may rely on such monitoring and determination of tenant eligibility. However, any loan or grant in the original amount of \$3,000 or less shall not be subject to these annual monitoring and determination of tenant eligibility requirements. Tenant eligibility

will be monitored for at least annually for 15 years or the term of assistance whichever is longer unless as specified above.

Eligible sponsors that offer rental housing for sale before 15 years or that have remaining mortgages funded under this program must give a first right of refusal to eligible nonprofit organizations for purchase at the current market value for continued occupancy by eligible persons.

**O. Administrative Budget:** A detailed listing including line-item budget of proposed Administrative Expenditures is attached as Exhibit A. These are presented on an annual basis for each State fiscal year submitted. The City of Ocala finds that the moneys deposited in the local housing assistance trust fund shall be used to administer and implement the local housing assistance plan.

**Section 420.9075 Florida Statute and Chapter 67-37, Florida Administrative Code, states:**

“A county or an eligible municipality may not exceed the 5 percent limitation on administrative costs, unless its governing body finds, by resolution, that 5 percent of the local housing distribution plus 5 percent of program income is insufficient to adequately pay the necessary costs of administering the local housing assistance plan.”

**Section 420.9075 Florida Statute and Chapter 67-37, Florida Administrative Code, further states:**

“The cost of administering the program may not exceed 10 percent of the local housing distribution plus 5% of program income deposited into the trust fund, except that small counties, as defined in s. 120.52(17), and eligible municipalities receiving a local housing distribution of up to \$350,000 may use up to 10 percent of program income for administrative costs.”

The applicable local jurisdiction has adopted the above findings in the attached resolution, Exhibit E.

**P. Program Administration:** Administration of the local housing assistance plan is the responsibility of the City of Ocala. Should a third party entity or consultant contract for all or part of the administrative or other functions of the program, provide in detail the duties, qualification and selection criteria.

**Q. Essential Service Personnel**

“Essential Service Personnel” means any person in need of affordable housing, who is a permanent employee (excluding temporary and on-call employees) of a company or organization located within Marion County, seeking a home within the City of Ocala.

**R. Section 420.9075(3)(d), F.S.:** The City will include within its Rehabilitation Standards a description of initiatives that encourage or require innovative design, green building principles, storm resistant construction or other elements that reduce long term costs relating to maintenance, utilities or insurance to be used within the Rehabilitation Strategy.

## II. LHAP HOUSING STRATEGIES

### **Strategy 1: Purchase Assistance for Affordable Home Construction and Rehabilitation.**

Provides down payment and closing cost subsidies and principal reduction in conjunction with a mortgage from an Institutional First Mortgage Lender or Community-Based Organization providing a new purchase money mortgage loan for purchase of a newly constructed home or purchase of existing houses that involve rehabilitation, with assistance in the following amounts:

Very-low Income Households. ....\$30,000

Low-Income Households .....\$20,000

Focus Area(s): An additional \$5,000 in down payment / closing cost assistance is available for clients purchasing homes in the West Ocala Front Porch Community:

SHIP funds may not exceed mortgage funding from the Institutional First Mortgage Lender or Community-Based Organization.

"Rehabilitation" is defined as housing improvements needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space, as determined by the City of Ocala. Rehabilitation must be conducted no more than 12 months prior to or 12 months subsequent to the purchase date. SHIP funds are not used to pay the rehabilitation costs, which are paid by the seller or by the buyer as part of the primary mortgage.

A portion (up to 60% of the SHIP allocation) of the down payment / closing cost funds may be reserved by City Council for clients of specific affordable housing projects. A Request for Proposals will be advertised and distributed giving at least 30 days to respond. Awards may be made for up to three fiscal years of SHIP funds, contingent on receipt of SHIP funds collected by the Florida Housing Finance Corporation. Preference will be given to projects which:

1) Involve a non-profit community-based developer with a proven history in a principal role of affordable housing development; 2) Maximize the number of affordable units produced per SHIP dollars expended; 3) Add additional affordable housing units through new construction, or rehabilitation of units vacant for at least one year 4) Contribute to revitalization efforts in targeted revitalization areas including West Ocala or the Community Redevelopment Area and/or 5) Involve organizations that employ participants in Welfare Transition programs. Organizations must demonstrate an equitable client selection process.

**Selection Criteria** - Clients are served on a first-come, first-served basis based on the date of mortgage approval and the City's subsequent commitment letter.

**Recapture Provisions** - SHIP monies are provided as a no-interest loan recorded as a second mortgage, forgiven at 10% a year. If the house is sold within the ten-year period to a non-SHIP-eligible household, or rented out to any other household, remaining balance of SHIP loan is repaid to the City's SHIP program Local Housing Assistance Trust Fund. In the case of default of the client

on the principal mortgage, the City will consider continued forgiveness of the SHIP 2<sup>nd</sup> mortgage if an eligible household occupies the unit.

**Strategy 2: Rehabilitation of Owner-occupied Homes**

Rehabilitation may occur as a supplement to the City's Community Development Block Grant or HOME Rehabilitation program or as a separate activity following the same guidelines.

The maximum award schedule for rehabilitation subsidies is as follows:

Client Income Status Maximum Award

Very Low Income \$25,000

Low Income \$25,000

**Selection Criteria** - Rehabilitation clients currently on the Community Development Block Grant Rehabilitation Program waiting list will be given priority. Clients on this list are served on a first-come, first-served basis except that priority is given for emergency situations where an immediate threat to health or safety exists. Rehabilitation may include Reconstruction/Demolition if the original structure is beyond repair.

**Recapture Provisions** - SHIP monies are provided as a no-interest loan recorded as a second mortgage, forgiven at 20% a year, or 10% a year if total cost exceeds \$10,000. If the house is sold within the five-year or ten-year period to a non-SHIP-eligible household, or rented out to any other household, remaining balance of SHIP loan is repaid to the City's SHIP program Local Housing Assistance Trust Fund.

**Strategy 3: Rehabilitation of Owner-occupied Homes – Disaster Relief**

In the event of a City, County, State or Federally-declared “natural disaster” or “state of emergency” unencumbered funds may be used to provide emergency disaster assistance. Rehabilitation may occur as a supplement to the City's Community Development Block Grant emergency rehabilitation policy or as a separate activity following the same guidelines. Households may also be considered for additional rehabilitation funds under Strategy 2, but total SHIP funds may not exceed those listed in Strategy 2. The maximum award schedule for rehabilitation subsidies is as follows:

Client Income Status Maximum Award

Very Low Income \$10,000

Low Income \$10,000

**Selection Criteria** - Rehabilitation clients currently on the Community Development Block Grant Rehabilitation Program waiting list will be given priority. Clients on this list are served on a first-come, first-served basis except that priority is given for emergency situations where an immediate threat to health or safety exists.

**Recapture Provisions** - SHIP monies are provided as a no-interest loan recorded as a second mortgage, forgiven at 20% a year. If the house is sold within the five-year period to a non-SHIP-eligible household, or rented out to any other household, remaining balance of SHIP loan is repaid to the City's SHIP program Local Housing Assistance Trust Fund.

### **III. LHAP INCENTIVE STRATEGIES**

The City offers several incentives to encourage the production of affordable housing in the City.

**Incentive 1 – Payment or waiver of fees** - Permit fees and water and sewer connection fees. (Ordinance 2319, 12/2/92; Ordinance 2480, 9/13/94, Ordinance 5404, 9/23/03) The City may pay out of a Housing Incentive Fund, or waive building, plumbing, electrical, and mechanical permit fees, water and sewer connection and impact fees, and water meter charges up to \$7,500 per unit for single-family or \$2,500 per unit for rental as an incentive for construction of new, affordable housing units. Developers of multi-unit home-ownership developments can receive, in addition to fee waivers, modification of open-space requirements, parking, and sidewalks. There is a requirement to apply as a "planned unit development" or PUD to receive these additional waivers.

**Incentive 2 - Preparation of a Printed List of City Lots Suitable for Affordable Housing** - (Policy adopted December, 1994). The City makes available a list of surplus lots, available free to Community-based Organizations, subject to tax liabilities. Lists are circulated to all non-profits, who choose lots they are interested in. These are then declared surplus and reserved for their use by City Council.

**Incentive 3 - Expedited Processing of Permits** (Resolution 95-21, 12/13/94). The City has adopted a policy that affordable housing projects can be placed ahead of other projects to prevent delays. The City's normal permit process does not delay any project – none are "stacked up" awaiting review. Affordable multi-unit projects which have been coordinated through the Community Programs Dept. received expedited processing in order for them to receive approved preliminary site plans to meet State grant program application deadlines.

**Incentive 4 - Review before Adoption of Policies, Procedures, Ordinances, Regulations, or Plan Provisions Before Adoption for Impact on Affordable Housing.** (Resolution 94-35, 3/94; amended in Resolution 95-04, 10/94). Any proposed actions which increase the cost of housing by 2% or more receive separate consideration for affordable housing impact. The City Manager's Office, which coordinates all such actions, is responsible for monitoring and implementing this process.

#### **IV. Exhibits**