



THE AFFORDABLE HOUSING STUDY COMMISSION
Dedicated to Promoting Affordable Housing in Florida Since 1986

**READING MATERIALS
SHIP ADMINISTRATIVE ISSUES
WORKGROUP CONFERENCE CALL**

January 16th, 2007

BRIEF OUTLINES OF SHIP STATUTE AND RULE

SHIP STATUTE:

420.907 Short title.

420.9071 Definitions.

420.9072 Legislative findings and requirements of the SHIP program including timelines for local housing assistance plans; also encourages interlocal agreements. This section includes the prohibition on using SHIP funds as debt service on bonds or for rent subsidies (although security/utility deposit assistance is allowed).

420.9073 Methodology for determining SHIP funds allocation.

420.9075 Local housing assistance plans and partnerships, including target populations to be served by SHIP funds. Encourages combining local resources and cost savings measures, the use of private and public funds. Contains definitions of essential services personnel and criteria for local housing assistance plans and administrative processes related to LHAP and annual reports. Percentages for home ownership and construction/rehab are in this section, as well as conditions for terminating SHIP funding to a local jurisdiction.

420.9076 Adoption of affordable housing incentive strategies and the creation of affordable housing advisory committees.

420.9078 State administration of remaining local housing distribution funds – outlining how any additional or remaining local government housing trust fund dollars will be allocated.

420.9079 Local Government Housing Trust Fund – explains funding source and investment policies.

SHIP RULE: CHAPTER 67-37 FLORIDA ADMINISTRATIVE CODE

67-37.002 Definitions.

67-37.005 Local Housing Assistance Plans – submission deadlines and requirements as well as components that must be included in each plan. Under section 5(e) a first mortgage lender may deem housing affordable that is more than 30% of a household's income.

67-37.006 Review of Local Housing Assistance Plans and Amendments, including composition and use of Review Committees.

67-37.007 Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans. Specifies eligible construction/rehab/emergency repair costs (including buy down costs) as well as when Review Committees will review administrative expenditures.

67-37.008 Local Housing Assistance Trust Fund investment policies and audit issues. Florida Single Audit Act mentioned here – participating jurisdictions must comply with this act.

67-37.010 Local Affordable Housing Incentive Strategies, which must be approved at a public hearing by affordable housing advisory committee.

67-37.011 Interlocal Entities and their agreements.

PART VII

STATE HOUSING INITIATIVES PARTNERSHIP

420.907 Short title.

420.9071 Definitions.

420.9072 State Housing Initiatives Partnership Program.

420.9073 Local housing distributions.

420.9075 Local housing assistance plans; partnerships.

420.9076 Adoption of affordable housing incentive strategies; committees.

420.9078 State administration of remaining local housing distribution funds.

420.9079 Local Government Housing Trust Fund.

420.907 Short title.--Sections 420.907-420.9079 may be cited as the "State Housing Initiatives Partnership Act."

History.--s. 32, ch. 92-317.

420.9071 Definitions.--As used in ss. 420.907-420.9079, the term:

(1) "Adjusted for family size" means adjusted in a manner that results in an income eligibility level that is lower for households having fewer than four people, or higher for households having more than four people, than the base income eligibility determined as provided in subsection (19), subsection (20), or subsection (28), based upon a formula established by the United States Department of Housing and Urban Development.

(2) "Affordable" means that monthly rents or monthly 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 subsection (19), subsection (20), or subsection (28). However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing, and housing for which a household devotes more than 30 percent 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 percent benchmark.

(3) "Affordable housing advisory committee" means the committee appointed by the governing body of a county or eligible municipality for the purpose of recommending specific initiatives and incentives to encourage or facilitate affordable housing as provided in s. 420.9076.

(4) "Annual gross income" means annual income as defined under the Section 8 housing assistance payments programs in 24 C.F.R. part 5; annual income as reported under the census long form for the recent available decennial census; or adjusted gross income as defined for purposes of reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes. Counties and eligible municipalities shall calculate income by annualizing verified sources of income for the household as the amount of income to be received in a household during the 12 months following the effective date of the determination.

(5) "Award" means a loan, grant, or subsidy funded wholly or partially by the local housing assistance trust fund.

(6) "Community-based organization" means a nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low income, low income, or moderate income within a designated area, which may include a municipality, a county, or more than one municipality or county, and maintains, through a minimum of one-third representation on the organization's governing board, accountability to housing program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 C.F.R. part 92.2 and a community development corporation created pursuant to chapter 290 are examples of community-based organizations.

(7) "Corporation" means the Florida Housing Finance Corporation.

(8) "Eligible housing" means any real and personal property located within the county or the eligible municipality which is designed and intended for the primary purpose of providing decent, safe, and sanitary residential units that are designed to meet the standards of chapter 553 for home ownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program.

(9) "Eligible municipality" means a municipality that is eligible for federal community development block grant entitlement moneys as an entitlement community identified in 24 C.F.R. s. 570, subpart D, Entitlement Grants, or a nonentitlement municipality that is receiving local housing distribution funds under an interlocal agreement that provides for possession and administrative control of funds to be transferred to the nonentitlement municipality. An eligible municipality that defers its participation in community development block grants does not affect its eligibility for participation in the State Housing Initiatives Partnership Program.

(10) "Eligible person" or "eligible household" means one or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income according to the income limits adjusted to family size published annually by the United States Department of Housing and Urban Development based upon the annual gross income of the household.

(11) "Eligible sponsor" means a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons.

(12) "Grant" means an award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially assist in the construction, rehabilitation, or financing of eligible housing or to provide the cost of tenant or ownership qualifications without requirement for repayment as long as the condition of award is maintained.

(13) "Loan" means an award from the local housing assistance trust fund to an eligible sponsor or eligible person to partially finance the acquisition, construction, or rehabilitation of eligible housing with requirement for repayment or provision for forgiveness of repayment if the condition of the award is maintained.

(14) "Local housing assistance plan" means a concise description of the local housing assistance strategies and local housing incentive strategies adopted by local government resolution with an explanation of the way in which the program meets the requirements of ss. 420.907-420.9079 and corporation rule.

(15) "Local housing assistance strategies" means the housing construction, rehabilitation, repair, or finance program implemented by a participating county or eligible municipality with the local housing distribution or other funds deposited into the local housing assistance trust fund.

(16) "Local housing incentive strategies" means local regulatory reform or incentive programs to encourage or facilitate affordable housing production, which include at a minimum, assurance that permits as defined in s. 163.3164(7) and (8) for affordable housing projects are expedited to a greater degree than other projects; an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption; and a schedule for implementing the incentive strategies. Local housing incentive strategies may also include other regulatory reforms, such as those enumerated in s. 420.9076 and adopted by the local governing body.

(17) "Local housing distributions" means the proceeds of the taxes collected under chapter 201 deposited into the Local Government Housing Trust Fund and distributed to counties and eligible municipalities participating in the State Housing Initiatives Partnership Program pursuant to s. 420.9073.

(18) "Local housing partnership" means the implementation of the local housing assistance plan in a manner that involves the applicable county or eligible municipality, lending institutions, housing builders and developers, real estate professionals, advocates for low-income persons, community-based housing and service organizations, and providers of professional services relating to affordable housing. The term includes initiatives to provide support services for housing program beneficiaries such as training to prepare persons for the responsibility of homeownership, counseling of tenants, and the establishing of support services such as day care, health care, and transportation.

(19) "Low-income person" or "low-income household" means one or more natural persons or a family that has a total annual gross household income that does not exceed 80 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever amount is greatest. With

respect to rental units, the low-income household's annual income at the time of initial occupancy may not exceed 80 percent of the area's median income adjusted for family size. While occupying the rental unit, a low-income household's annual income may increase to an amount not to exceed 140 percent of 80 percent of the area's median income adjusted for family size.

(20) "Moderate-income person" or "moderate-income household" means one or more natural persons or a family that has a total annual gross household income that does not exceed 120 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the moderate-income household's annual income at the time of initial occupancy may not exceed 120 percent of the area's median income adjusted for family size. While occupying the rental unit, a moderate-income household's annual income may increase to an amount not to exceed 140 percent of 120 percent of the area's median income adjusted for family size.

(21) "Personal property" means major appliances, including a freestanding refrigerator or stove, to be identified on the encumbering documents.

(22) "Plan amendment" means the addition or deletion of a local housing assistance strategy or local housing incentive strategy. Plan amendments must at all times maintain consistency with program requirements and must be submitted to the corporation for review pursuant to s. 420.9072(3). Technical or clarifying revisions may not be considered plan amendments but must be transmitted to the corporation for purposes of notification.

(23) "Population" means the latest official state estimate of population certified pursuant to s. 186.901 prior to the beginning of the state fiscal year.

(24) "Program income" means the proceeds derived from interest earned on or investment of the local housing distribution and other funds deposited into the local housing assistance trust fund, proceeds from loan repayments, recycled funds, and all other income derived from use of funds deposited in the local housing assistance trust fund. It does not include recaptured funds as defined in subsection (25).

(25) "Recaptured funds" means funds that are recouped by a county or eligible municipality in accordance with the recapture provisions of its local housing assistance plan pursuant to s. 420.9075(5)(g) from eligible persons or eligible sponsors who default on the terms of a grant award or loan award.

(26) "Rent subsidies" means ongoing monthly rental assistance. The term does not include initial assistance to tenants, such as grants or loans for security and utility deposits.

(27) "Sales price" or "value" means, in the case of acquisition of an existing or newly constructed unit, the amount on the executed sales contract. For eligible persons who are building a unit on land that they own, the sales price is determined by an appraisal performed by a state-certified appraiser. The appraisal must include the value of the land and the improvements

using the after-construction value of the property and must be dated within 12 months of the date construction is to commence. The sales price of any unit must include the value of the land in order to qualify as eligible housing as defined in subsection (8). In the case of rehabilitation or emergency repair of an existing unit that does not create additional living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser. In the case of rehabilitation of an existing unit that includes the addition of new living space, sales price or value means the value of the real property, as determined by an appraisal performed by a state-certified appraiser and dated within 12 months of the date construction is to commence or the assessed value of the real property as determined by the county property appraiser, plus the cost of the improvements in either case.

(28) "Very-low-income person" or "very-low-income household" means one or more natural persons or a family that has a total annual gross household income that does not exceed 50 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the nonmetropolitan median for the state, whichever is greatest. With respect to rental units, the very-low-income household's annual income at the time of initial occupancy may not exceed 50 percent of the area's median income adjusted for family size. While occupying the rental unit, a very-low-income household's annual income may increase to an amount not to exceed 140 percent of 50 percent of the area's median income adjusted for family size.

History.--s. 32, ch. 92-317; s. 12, ch. 93-181; s. 3, ch. 96-332; s. 1046, ch. 97-103; s. 34, ch. 97-167; s. 14, ch. 98-56; s. 14, ch. 2000-353; s. 21, ch. 2006-69.

420.9072 State Housing Initiatives Partnership Program.--The State Housing Initiatives Partnership Program is created for the purpose of providing funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related employment.

(1)(a) In addition to the legislative findings set forth in s. 420.6015, the Legislature finds that affordable housing is most effectively provided by combining available public and private resources to conserve and improve existing housing and provide new housing for very-low-income households, low-income households, and moderate-income households. The Legislature intends to encourage partnerships in order to secure the benefits of cooperation by the public and private sectors and to reduce the cost of housing for the target group by effectively combining all available resources and cost-saving measures. The Legislature further intends that local governments achieve this combination of resources by encouraging active partnerships between government, lenders, builders and developers, real estate professionals, advocates for low-income persons, and community groups to produce affordable housing and provide related services. Extending the partnership concept to encompass cooperative efforts among small counties as defined in s. 120.52(17), and among counties and municipalities is specifically encouraged. Local governments are also intended to establish an affordable housing advisory

committee to recommend monetary and nonmonetary incentives for affordable housing as provided in s. 420.9076.

(b) The Legislature further intends that the State Housing Initiatives Partnership Program provide the maximum flexibility to local governments to determine the use of funds for housing programs while ensuring accountability for the efficient use of public resources and guaranteeing that benefits are provided to those in need.

(2)(a) To be eligible to receive funds under the program, a county or eligible municipality must:

1. Submit to the corporation its local housing assistance plan describing the local housing assistance strategies established pursuant to s. 420.9075;
2. Within 12 months after adopting the local housing assistance plan, amend the plan to incorporate the local housing incentive strategies defined in s. 420.9071(16) and described in s. 420.9076; and
3. Within 24 months after adopting the amended local housing assistance plan to incorporate the local housing incentive strategies, amend its land development regulations or establish local policies and procedures, as necessary, to implement the local housing incentive strategies adopted by the local governing body. A county or an eligible municipality that has adopted a housing incentive strategy pursuant to s. 420.9076 before the effective date of this act shall review the status of implementation of the plan according to its adopted schedule for implementation and report its findings in the annual report required by s. 420.9075(10). If, as a result of the review, a county or an eligible municipality determines that the implementation is complete and in accordance with its schedule, no further action is necessary. If a county or an eligible municipality determines that implementation according to its schedule is not complete, it must amend its land development regulations or establish local policies and procedures, as necessary, to implement the housing incentive plan within 12 months after the effective date of this act, or if extenuating circumstances prevent implementation within 12 months, pursuant to s. 420.9075(13), enter into an extension agreement with the corporation.

(b) A county or an eligible municipality seeking approval to receive its share of the local housing distribution must adopt an ordinance containing the following provisions:

1. Creation of a local housing assistance trust fund as described in s. 420.9075(6).
2. Adoption by resolution of a local housing assistance plan as defined in s. 420.9071(14) to be implemented through a local housing partnership as defined in s. 420.9071(18).
3. Designation of the responsibility for the administration of the local housing assistance plan. Such ordinance may also provide for the contracting of all or part of the administrative or other functions of the program to a third person or entity.
4. Creation of the affordable housing advisory committee as provided in s. 420.9076.

The ordinance must not take effect until at least 30 days after the date of formal adoption. Ordinances in effect prior to the effective date of amendments to this section shall be amended as needed to conform to new provisions.

(3)(a) The governing board of the county or of an eligible municipality must submit to the corporation one copy of its local housing assistance plan. The transmittal of the plan must include a copy of the ordinance, the adopting resolution, the local housing assistance plan, and such other information as the corporation requires by rule; however, information to be included in the plan is intended to demonstrate consistency with the requirements of ss. 420.907-420.9079 and corporation rule without posing an undue burden on the local government. Plans shall be reviewed by a committee composed of corporation staff as established by corporation rule.

(b) Within 30 days after receiving a plan, the review committee shall review the plan and either approve it or identify inconsistencies with the requirements of the program. The corporation shall assist a local government in revising its plan if it initially proves to be inconsistent with program requirements. A plan that is revised by the local government to achieve consistency with program requirements shall be reviewed within 30 days after submission. The deadlines for submitting original and revised plans shall be established by corporation rule; however, the corporation shall not require submission of a new local housing assistance plan to implement amendments to this act until the currently effective plan expires.

(c) The Legislature intends that approval of plans be expedited to ensure that the production of needed housing and the related creation of jobs occur as quickly as possible. After being approved for funding, a local government may amend by resolution its local housing assistance plan if the plan as amended complies with program requirements; however, a local government must submit its amended plan for review according to the process established in this subsection in order to ensure continued consistency with the requirements of the State Housing Initiatives Partnership Program.

(4) Moneys in the Local Government Housing Trust Fund shall be distributed by the corporation to each approved county and eligible municipality within the county as provided in s. 420.9073. Distributions shall be allocated to the participating county and to each eligible municipality within the county according to an interlocal agreement between the county governing authority and the governing body of the eligible municipality or, if there is no interlocal agreement, according to population. The portion for each eligible municipality is computed by multiplying the total moneys earmarked for a county by a fraction, the numerator of which is the population of the eligible municipality and the denominator of which is the total population of the county. The remaining revenues shall be distributed to the governing body of the county.

(5)(a) Local governments are encouraged to make the most efficient use of their resources by cooperating to provide affordable housing assistance. Local governments may enter into an interlocal agreement for the purpose of establishing a joint local housing assistance plan subject to the requirements of ss. 420.907-420.9079. The local housing distributions for such counties and eligible municipalities shall be directly disbursed on a monthly basis to each county or eligible municipality to be administered in conformity with the interlocal agreement providing for a joint local housing assistance plan.

(b) If a county or eligible municipality enters into an interlocal agreement with a municipality that becomes eligible as a result of entering into that interlocal agreement, the county or eligible municipality that has agreed to transfer the control of funds to a municipality that was not originally eligible must ensure through its local housing assistance plan and through the interlocal agreement that all program funds are used in a manner consistent with ss. 420.907-420.9079. This must be accomplished by:

1. Providing that the use of the portion of funds transferred to the municipality meets all requirements of ss. 420.907-420.9079, or

2. Providing that the use of the portion of funds transferred to the municipality, when taken in combination with the use of the local housing distribution from which funds were transferred, meets all requirements of ss. 420.907-420.9079.

(6) The moneys that otherwise would be distributed pursuant to s. 420.9073 to a local government that does not meet the program's requirements for receipts of such distributions shall remain in the Local Government Housing Trust Fund to be administered by the corporation pursuant to s. 420.9078.

(7) A county or an eligible municipality must expend its portion of the local housing distribution only to implement a local housing assistance plan. A county or an eligible municipality may not expend its portion of the local housing distribution to provide rent subsidies; however, this does not prohibit the use of funds for security and utility deposit assistance.

(8) Funds distributed under this program may not be pledged to pay the debt service on any bonds.

(9) The corporation shall adopt rules necessary to implement ss. 420.907-420.9079.

History.--s. 32, ch. 92-317; s. 13, ch. 93-181; s. 35, ch. 97-167; s. 81, ch. 2000-153; s. 22, ch. 2006-69.

420.9073 Local housing distributions.--

(1) Distributions calculated in this section shall be disbursed on a monthly basis by the corporation beginning the first day of the month after program approval pursuant to s. 420.9072. Each county's share of the funds to be distributed from the portion of the funds in the Local Government Housing Trust Fund received pursuant to s. 201.15(9) shall be calculated by the corporation for each fiscal year as follows:

(a) Each county other than a county that has implemented the provisions of chapter 83-220, Laws of Florida, as amended by chapters 84-270, 86-152, and 89-252, Laws of Florida, shall receive the guaranteed amount for each fiscal year.

(b) Each county other than a county that has implemented the provisions of chapter 83-220, Laws of Florida, as amended by chapters 84-270, 86-152, and 89-252, Laws of Florida, may receive an additional share calculated as follows:

1. Multiply each county's percentage of the total state population excluding the population of any county that has implemented the provisions of chapter 83-220, Laws of Florida, as amended by chapters 84-270, 86-152, and 89-252, Laws of Florida, by the total funds to be distributed.
2. If the result in subparagraph 1. is less than the guaranteed amount as determined in subsection (3), that county's additional share shall be zero.
3. For each county in which the result in subparagraph 1. is greater than the guaranteed amount as determined in subsection (3), the amount calculated in subparagraph 1. shall be reduced by the guaranteed amount. The result for each such county shall be expressed as a percentage of the amounts so determined for all counties. Each such county shall receive an additional share equal to such percentage multiplied by the total funds received by the Local Government Housing Trust Fund pursuant to s. 201.15(9) reduced by the guaranteed amount paid to all counties.

(2) Effective July 1, 1995, distributions calculated in this section shall be disbursed on a monthly basis by the corporation beginning the first day of the month after program approval pursuant to s. 420.9072. Each county's share of the funds to be distributed from the portion of the funds in the Local Government Housing Trust Fund received pursuant to s. 201.15(10) shall be calculated by the corporation for each fiscal year as follows:

(a) Each county shall receive the guaranteed amount for each fiscal year.

(b) Each county may receive an additional share calculated as follows:

1. Multiply each county's percentage of the total state population, by the total funds to be distributed.
2. If the result in subparagraph 1. is less than the guaranteed amount as determined in subsection (3), that county's additional share shall be zero.
3. For each county in which the result in subparagraph 1. is greater than the guaranteed amount, the amount calculated in subparagraph 1. shall be reduced by the guaranteed amount. The result for each such county shall be expressed as a percentage of the amounts so determined for all counties. Each such county shall receive an additional share equal to this percentage multiplied by the total funds received by the Local Government Housing Trust Fund pursuant to s. 201.15(10) as reduced by the guaranteed amount paid to all counties.

(3) Calculation of guaranteed amounts:

(a) The guaranteed amount under subsection (1) shall be calculated for each state fiscal year by multiplying \$350,000 by a fraction, the numerator of which is the amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15(9) and the denominator of which is the total amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15.

(b) The guaranteed amount under subsection (2) shall be calculated for each state fiscal year by multiplying \$350,000 by a fraction, the numerator of which is the amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15(10) and the denominator of which is the total amount of funds distributed to the Local Government Housing Trust Fund pursuant to s. 201.15.

(4) Funds distributed pursuant to this section may not be pledged to pay debt service on any bonds.

History.--s. 32, ch. 92-317; s. 36, ch. 97-167; s. 15, ch. 98-56; s. 49, ch. 99-247; ss. 82, 83, ch. 2000-153.

420.9075 Local housing assistance plans; partnerships.--

(1)(a) Each county or eligible municipality participating in the State Housing Initiatives Partnership Program shall develop and implement a local housing assistance plan created to make affordable residential units available to persons of very low income, low income, or moderate income and to persons who have special housing needs, including, but not limited to, homeless people, the elderly, and migrant farmworkers. 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 private and public funds to reduce the cost of housing.

(b) Local housing assistance plans may allocate funds to:

1. Implement local housing assistance strategies for the provision of affordable housing.
2. Supplement funds available to the corporation to provide enhanced funding of state housing programs within the county or the eligible municipality.
3. Provide the local matching share of federal affordable housing grants or programs.
4. Fund emergency repairs, including, but not limited to, repairs performed by existing service providers under weatherization assistance programs under ss. 409.509-409.5093.
5. Further the housing element of the local government comprehensive plan adopted pursuant to s. 163.3184, specific to affordable housing.

(2)(a) Each county and each eligible municipality participating in the State Housing Initiatives Partnership Program shall encourage the involvement of appropriate public sector and private sector entities as partners in order to combine resources to reduce housing costs for the targeted population. This partnership process should involve:

1. Lending institutions.
2. Housing builders and developers.

3. Nonprofit and other community-based housing and service organizations.
4. Providers of professional services relating to affordable housing.
5. Advocates for low-income persons, including, but not limited to, homeless people, the elderly, and migrant farmworkers.
6. Real estate professionals.
7. Other persons or entities who can assist in providing housing or related support services.

(b) The specific participants in partnership activities may vary according to the community's resources and the nature of the local housing assistance plan.

(3)(a) Each local housing assistance plan shall include a definition of essential service personnel for the county or eligible municipality, including, but not limited to, teachers and educators, other school district, community college, and university employees, police and fire personnel, health care personnel, skilled building trades personnel, and other job categories.

(b) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan that emphasizes the recruitment and retention of essential service personnel. The local government is encouraged to involve public and private sector employers. Compliance with the eligibility criteria established under this strategy shall be verified by the county or eligible municipality.

(c) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan that addresses the needs of persons who are deprived of affordable housing due to the closure of a mobile home park or the conversion of affordable rental units to condominiums.

(4) Each local housing assistance plan is governed by the following criteria and administrative procedures:

(a) Each county, eligible municipality, or entity formed through interlocal agreement to participate in the State Housing Initiatives Partnership Program must develop a qualification system and selection criteria for applications for awards by eligible sponsors, adopt criteria for the selection of eligible persons, and adopt a maximum award schedule or system of amounts consistent with the intent and budget of its local housing assistance plan, with ss. 420.907-420.9079, and with corporation rule.

(b) 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.

(c) 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.

(d) As a condition of receipt of an award, the eligible sponsor or eligible person must contractually commit to comply with the affordable housing criteria provided under ss. 420.907-420.9079 applicable to the affordable housing objective of the award. The plan criteria adopted by the county or eligible municipality must prescribe the contractual obligations required to ensure compliance with award conditions.

(e) The staff or entity that has administrative authority for implementing a 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.

(5) The following criteria apply to awards made to eligible sponsors or eligible persons for the purpose of providing eligible housing:

(a) At least 65 percent of the funds made available in each county and eligible municipality from the local housing distribution must be reserved for home ownership for eligible persons.

(b) At least 75 percent of the funds made available in each county and eligible municipality from the local housing distribution must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing.

(c) The sales price or value of new or existing eligible housing may not exceed 90 percent 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 or as otherwise established by the United States Department of the Treasury.

(d)1. All units constructed, rehabilitated, or otherwise assisted with the funds provided from the local housing assistance trust fund must be occupied by very-low-income persons, low-income persons, and moderate-income persons.

2. At least 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to very-low-income persons or eligible sponsors who will serve very-low-income persons and at least an additional 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to low-income persons or eligible sponsors who will serve low-income persons. This subparagraph does not apply to a county or an eligible municipality that includes, or has included within the previous 5 years, an area of critical state concern designated or ratified by the Legislature for which the Legislature has declared its intent to provide affordable housing. The exemption created by this act expires on July 1, 2008.

(e) Loans shall be provided for periods not exceeding 30 years, except for deferred payment loans or loans that extend beyond 30 years which continue to serve eligible persons.

(f) Loans or grants for eligible rental housing constructed, rehabilitated, or otherwise assisted from the local housing assistance trust fund must be subject to recapture requirements as provided by the county or eligible municipality in its local housing assistance plan unless reserved for eligible persons for 15 years or the term of the assistance, whichever period is longer. 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.

(g) Loans or grants for eligible owner-occupied housing constructed, rehabilitated, or otherwise assisted from proceeds provided from the local housing assistance trust fund shall be subject to recapture requirements as provided by the county or eligible municipality in its local housing assistance plan.

(h) The total amount of monthly mortgage payments or the amount of monthly rent charged by the eligible sponsor or her or his designee must be made affordable.

(i) The maximum sales price or value per unit and the maximum award per unit for eligible housing benefiting from awards made pursuant to this section must be established in the local housing assistance plan.

(j) The benefit of assistance provided through the State Housing Initiatives Partnership Program must accrue to eligible persons occupying eligible housing. This provision shall not be construed to prohibit use of the local housing distribution funds for a mixed income rental development.

(k) Funds from the local housing distribution not used to meet the criteria established in paragraph (a) or paragraph (b) or not used for the administration of a local housing assistance plan must be used for housing production and finance activities, including, but not limited to, financing the purchase of existing units, providing rental housing, and providing home ownership training to prospective home buyers and owners of homes assisted through the local housing assistance plan. Notwithstanding the provisions of paragraphs (a) and (b), program income as defined in s. 420.9071(24) may also be used to fund activities described in this paragraph.

If both an award under the local housing assistance plan and federal low-income housing tax credits are used to assist a project and there is a conflict between the criteria prescribed in this subsection and the requirements of s. 42 of the Internal Revenue Code of 1986, as amended, the county or eligible municipality may resolve the conflict by giving precedence to the requirements of s. 42 of the Internal Revenue Code of 1986, as amended, in lieu of following the criteria prescribed in this subsection with the exception of paragraphs (a) and (d) of this subsection.

(6) Each county or eligible municipality receiving local housing distribution moneys shall establish and maintain a local housing assistance trust fund. All moneys of a county or an eligible municipality received from its share of the local housing distribution, program income, recaptured funds, and other funds received or budgeted to implement the local housing assistance plan shall be deposited into the trust fund; however, local housing distribution moneys used to match federal HOME program moneys may be repaid to the HOME program fund if required by federal law or regulations. Expenditures other than for the administration and implementation of the local housing assistance plan may not be made from the fund.

(7) The moneys deposited in the local housing assistance trust fund shall be used to administer and implement the local housing assistance plan. The cost of administering the plan may not exceed 5 percent of the local housing distribution moneys and program income deposited into the trust fund. 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. The cost of administering the program may not exceed 10 percent of the local housing distribution plus 5 percent 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.

(8) Pursuant to s. 420.531, the corporation shall provide technical assistance to local governments regarding the creation of partnerships, the design of local housing assistance strategies, the implementation of local housing incentive strategies, and the provision of support services.

(9) The corporation shall monitor the activities of local governments to determine compliance with program requirements and shall collect data on the operation and achievements of housing partnerships.

(10) Each county or eligible municipality shall submit to the corporation by September 15 of each year a report of its affordable housing programs and accomplishments through June 30 immediately preceding submittal of the report. The report shall be certified as accurate and complete by the local government's chief elected official or his or her designee. Transmittal of the annual report by a county's or eligible municipality's chief elected official, or his or her designee, certifies that the local housing incentive strategies, or, if applicable, the local housing incentive plan, have been implemented or are in the process of being implemented pursuant to the adopted schedule for implementation. The report must include, but is not limited to:

(a) The number of households served by income category, age, family size, and race, and data regarding any special needs populations such as farmworkers, homeless persons, and the elderly. Counties shall report this information separately for households served in the unincorporated area and each municipality within the county.

(b) The number of units and the average cost of producing units under each local housing assistance strategy.

(c) The average area purchase price of single-family units and the amount of rent charged for a rental unit based on unit size.

(d) By income category, the number of mortgages made, the average mortgage amount, and the rate of default.

(e) A description of the status of implementation of each local housing incentive strategy, or if applicable, the local housing incentive plan as set forth in the local government's adopted schedule for implementation.

(f) A concise description of the support services that are available to the residents of affordable housing provided by local programs.

(g) The sales price or value of housing produced and an accounting of what percentage was financed by the local housing distribution, other public moneys, and private resources.

(h) Such other data or affordable housing accomplishments considered significant by the reporting county or eligible municipality.

(11) The report shall be made available by the county or eligible municipality for public inspection and comment prior to certifying the report and transmitting it to the corporation. The county or eligible municipality shall provide notice of the availability of the proposed report and solicit public comment. The notice must state the public place where a copy of the proposed report can be obtained by interested persons. Members of the public may submit written comments on the report to the county or eligible municipality and the corporation. Written public comments shall identify the author by name, address, and interest affected. The county or eligible municipality shall attach a copy of all such written comments and its responses to the annual report submitted to the corporation.

(12) The corporation shall review the report of each county or eligible municipality and any written comments from the public and include any comments concerning the effectiveness of local programs in the report required by s. 420.511.

(13)(a) If, as a result of the review of the annual report or public comment and written response from the county or eligible municipality, or at any other time, the corporation determines that a county or eligible municipality may have established a pattern of violation of the criteria for a local housing assistance plan established under ss. 420.907-420.9079 or that an eligible sponsor or eligible person has violated the applicable award conditions, the corporation shall report such pattern of violation of criteria or violation of award conditions to its compliance monitoring agent and the Executive Office of the Governor. The corporation's compliance monitoring agent must determine within 60 days whether the county or eligible municipality has violated program criteria and shall issue a written report thereon. If a violation has occurred, the distribution of program funds to the county or eligible municipality must be suspended until the violation is corrected.

(b) If, as a result of its review of the annual report, the corporation determines that a county or eligible municipality has failed to implement a local housing incentive strategy, or, if applicable, a local housing incentive plan, it shall send a notice of termination of the local government's share of the local housing distribution by certified mail to the affected county or eligible municipality.

1. The notice must specify a date of termination of the funding if the affected county or eligible municipality does not implement the plan or strategy and provide for a local response. A county or eligible municipality shall respond to the corporation within 30 days after receipt of the notice of termination.

2. The corporation shall consider the local response that extenuating circumstances precluded implementation and grant an extension to the timeframe for implementation. Such an extension shall be made in the form of an extension agreement that provides a timeframe for implementation. The chief elected official of a county or eligible municipality or his or her designee shall have the authority to enter into the agreement on behalf of the local government.

3. If the county or the eligible municipality has not implemented the incentive strategy or entered into an extension agreement by the termination date specified in the notice, the local housing distribution share terminates, and any uncommitted local housing distribution funds held by the affected county or eligible municipality in its local housing assistance trust fund shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer pursuant to s. 420.9078.

4.a. If the affected local government fails to meet the timeframes specified in the agreement, the corporation shall terminate funds. The corporation shall send a notice of termination of the local government's share of the local housing distribution by certified mail to the affected local government. The notice shall specify the termination date, and any uncommitted funds held by the affected local government shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer pursuant to s. 420.9078.

b. If the corporation terminates funds to a county, but an eligible municipality receiving a local housing distribution pursuant to an interlocal agreement maintains compliance with program requirements, the corporation shall thereafter distribute directly to the participating eligible municipality its share calculated in the manner provided in s. 420.9072.

c. Any county or eligible municipality whose local distribution share has been terminated may subsequently elect to receive directly its local distribution share by adopting the ordinance, resolution, and local housing assistance plan in the manner and according to the procedures provided in ss. 420.907-420.9079.

History.--s. 32, ch. 92-317; s. 14, ch. 93-181; s. 5, ch. 95-153; s. 9, ch. 95-396; s. 81, ch. 97-103; s. 37, ch. 97-167; s. 15, ch. 2000-353; s. 14, ch. 2001-98; s. 7, ch. 2002-160; s. 24, ch. 2004-243; s. 23, ch. 2006-69.

420.9076 Adoption of affordable housing incentive strategies; committees.--

(1) Each county or eligible municipality participating in the State Housing Initiatives Partnership Program, including a municipality receiving program funds through the county, or an eligible municipality must, within 12 months after the original adoption of the local housing assistance plan, amend the plan to include local housing incentive strategies as defined in s. 420.9071(16).

(2) The governing board of a county or municipality shall appoint the members of the affordable housing advisory committee by resolution. Pursuant to the terms of any interlocal agreement, a county and municipality may create and jointly appoint an advisory committee to prepare a joint plan. The ordinance adopted pursuant to s. 420.9072 which creates the advisory committee or the resolution appointing the advisory committee members must provide for nine committee members and their terms. The committee must include:

(a) One citizen who is actively engaged in the residential home building industry in connection with affordable housing.

(b) One citizen who is actively engaged in the banking or mortgage banking industry in connection with affordable housing.

(c) One citizen who is a representative of those areas of labor actively engaged in home building in connection with affordable housing.

(d) One citizen who is actively engaged as an advocate for low-income persons in connection with affordable housing.

(e) One citizen who is actively engaged as a for-profit provider of affordable housing.

(f) One citizen who is actively engaged as a not-for-profit provider of affordable housing.

(g) One citizen who is actively engaged as a real estate professional in connection with affordable housing.

(h) One citizen who actively serves on the local planning agency pursuant to s. 163.3174.

(i) One citizen who resides within the jurisdiction of the local governing body making the appointments.

If a county or eligible municipality whether due to its small size, the presence of a conflict of interest by prospective appointees, or other reasonable factor, is unable to appoint a citizen actively engaged in these activities in connection with affordable housing, a citizen engaged in the activity without regard to affordable housing may be appointed.

(3) All meetings of the advisory committee are public meetings, and all committee records are public records. Staff, administrative, and facility support to the advisory committee shall be provided by the appointing county or eligible municipality.

(4) The advisory committee shall review the established policies and procedures, ordinances, land development regulations, and adopted local government comprehensive plan of the appointing local government and shall recommend specific initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value. Such recommendations may include the modification or repeal of existing policies, procedures, ordinances, regulations, or plan provisions; the creation of exceptions applicable to affordable housing; or the adoption of new policies, procedures, regulations, ordinances, or plan provisions. At a minimum, each advisory committee shall make recommendations on affordable housing incentives in the following areas:

- (a) The processing of approvals of development orders or permits, as defined in s. 163.3164(7) and (8), for affordable housing projects is expedited to a greater degree than other projects.
- (b) The modification of impact-fee requirements, including reduction or waiver of fees and alternative methods of fee payment for affordable housing.
- (c) The allowance of increased density levels for affordable housing.
- (d) The reservation of infrastructure capacity for housing for very-low-income persons and low-income persons.
- (e) The allowance of affordable accessory residential units in residential zoning districts.
- (f) The reduction of parking and setback requirements for affordable housing.
- (g) The allowance of zero-lot-line configurations for affordable housing.
- (h) The modification of street requirements for affordable housing.
- (i) The establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions that increase the cost of housing.
- (j) The preparation of a printed inventory of locally owned public lands suitable for affordable housing.

The advisory committee recommendations must also include other affordable housing incentives identified by the advisory committee.

(5) The approval by the advisory committee of its local housing incentive strategies recommendations must be made by affirmative vote of a majority of the membership of the advisory committee taken at a public hearing. Notice of the time, date, and place of the public hearing of the advisory committee to adopt final local housing incentive strategies recommendations must be published in a newspaper of general paid circulation in the county. Such notice must contain a short and concise summary of the local housing incentives strategies recommendations to be considered by the advisory committee. The notice must state the public

place where a copy of the tentative advisory committee recommendations can be obtained by interested persons.

(6) Within 90 days after the date of receipt of the local housing incentive strategies recommendations from the advisory committee, the governing body of the appointing local government shall adopt an amendment to its local housing assistance plan to incorporate the local housing incentive strategies it will implement within its jurisdiction. The amendment must include, at a minimum, the local housing incentive strategies specified in paragraphs (4)(a)-(j).

(7) The governing board of the county or the eligible municipality shall notify the corporation by certified mail of its adoption of an amendment of its local housing assistance plan to incorporate local housing incentive strategies. The notice must include a copy of the approved amended plan.

(a) If the corporation fails to receive timely the approved amended local housing assistance plan to incorporate local housing incentive strategies, a notice of termination of its share of the local housing distribution shall be sent by certified mail by the corporation to the affected county or eligible municipality. The notice of termination must specify a date of termination of the funding if the affected county or eligible municipality has not adopted an amended local housing assistance plan to incorporate local housing incentive strategies. If the county or the eligible municipality has not adopted an amended local housing assistance plan to incorporate local housing incentive strategies by the termination date specified in the notice of termination, the local distribution share terminates; and any uncommitted local distribution funds held by the affected county or eligible municipality in its local housing assistance trust fund shall be transferred to the Local Government Housing Trust Fund to the credit of the corporation to administer the local government housing program pursuant to s. 420.9078.

(b) If a county fails to timely adopt an amended local housing assistance plan to incorporate local housing incentive strategies but an eligible municipality receiving a local housing distribution pursuant to an interlocal agreement within the county does timely adopt an amended local housing assistance plan to incorporate local housing incentive strategies, the corporation, after receipt of a notice of termination, shall thereafter distribute directly to the participating eligible municipality its share calculated in the manner provided in s. 420.9072.

(c) Any county or eligible municipality whose local distribution share has been terminated may subsequently elect to receive directly its local distribution share by adopting an amended local housing assistance plan to incorporate local housing incentive strategies in the manner and according to the procedure provided in this section and by adopting an ordinance in the manner required in s. 420.9072.

History.--s. 32, ch. 92-317; s. 15, ch. 93-181; s. 38, ch. 97-167; s. 24, ch. 2006-69.

420.9078 State administration of remaining local housing distribution funds.--When appropriated funds remain in the Local Government Housing Trust Fund, the corporation shall distribute the remaining funds as follows:

(1) The corporation shall distribute all remaining funds proportionately as provided in s. 420.9073(2)(b) among counties and eligible municipalities for which an emergency or natural disaster has been declared by executive order and which have an approved local housing assistance plan to implement a local housing assistance strategy, consistent with ss. 420.907-420.9079, for repairing and replacing housing damaged as a result of the emergency or natural disaster.

(2) If subsection (1) does not apply, the corporation shall distribute the remaining funds proportionately as provided in ss. 420.9072 and 420.9073(2)(b) among all counties and eligible municipalities that have fully expended their local housing distributions for the immediately preceding state fiscal year on eligible activities and have an approved local housing assistance plan. A county or eligible municipality that receives local housing distributions pursuant to this subsection shall expend those funds in accordance with the provisions of ss. 420.907-420.9079, corporation rule, and its local housing assistance plan.

History.--s. 32, ch. 92-317; s. 16, ch. 93-181; s. 39, ch. 97-167.

420.9079 Local Government Housing Trust Fund.--

(1) There is created in the State Treasury the Local Government Housing Trust Fund, which shall be administered by the corporation on behalf of the department according to the provisions of ss. 420.907-420.9078 and this section. There shall be deposited into the fund a portion of the documentary stamp tax revenues as provided in s. 201.15, moneys received from any other source for the purposes of ss. 420.907-420.9078 and this section, and all proceeds derived from the investment of such moneys. Moneys in the fund that are not currently needed for the purposes of the programs administered pursuant to ss. 420.907-420.9078 and this section shall be deposited to the credit of the fund and may be invested as provided by law. The interest received on any such investment shall be credited to the fund.

(2) The corporation shall administer the fund exclusively for the purpose of implementing the programs described in ss. 420.907-420.9078 and this section. With the exception of monitoring the activities of counties and eligible municipalities to determine local compliance with program requirements, the corporation shall not receive appropriations from the fund for administrative or personnel costs. For the purpose of implementing the compliance monitoring provisions of s. 420.9075(9), the corporation may request a maximum of one-quarter of 1 percent of the annual appropriation per state fiscal year. When such funding is appropriated, the corporation shall deduct the amount appropriated prior to calculating the local housing distribution pursuant to ss. 420.9072 and 420.9073.

History.--s. 32, ch. 92-317; s. 40, ch. 97-167; s. 16, ch. 98-56; s. 25, ch. 2006-69.

FLORIDA HOUSING FINANCE CORPORATION

CHAPTER 67-37 FLORIDA ADMINISTRATIVE CODE

STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM

CHAPTER 67-37 STATE HOUSING INITIATIVES PARTNERSHIP PROGRAM

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67-37.002 Definitions.

As used in this rule chapter, the following definitions shall apply:

(1) “Administrative Expenditures” means those expenditures directly related to implementation of the Local Housing Assistance Plans.

(2) “Annual Report” or “Form SHIP-AR/02-1” means a report required to be completed and submitted to the Corporation by September 15 of each year pursuant to Section 420.9075(9), F.S., and is adopted and incorporated herein by reference with an effective date of 9-22-03. A complete copy of Form SHIP-AR/02-1 may be obtained at www.floridahousing.org, or by contacting Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301.

(3) “Debt Service” means the amount required in any fiscal year to pay the principal of, redemption premium, if any, and interest on bonds and any amounts required by the terms of the documents authorizing, securing, or providing liquidity for bonds necessary to maintain in effect any such liquidity or security arrangements.

(4) “Default” means the failure to make required payments on a financial loan secured by a first mortgage which leads to foreclosure and loss of property ownership.

(5) “Encumbered” means that deposits made to the local affordable housing trust fund have been committed by contract, or purchase order, letter of commitment or award in a manner that obligates the county, eligible municipality, or interlocal entity to expend the encumbered amount upon delivery of goods, the rendering of services, or the conveyance of real property by a vendor, supplier, contractor, or owner.

(6) “Essential Service Personnel” means pursuant to Chapter 2006-69, Laws of Florida, persons in need of affordable housing who are employed in occupations or professions in which they are considered essential service personnel, as defined by each county and eligible municipality within its respective local housing assistance plan pursuant to Section 420.9075(3)(a), F.S.

(7) “Expended” or “Spent” means the affordable housing activity is complete and funds deposited to the local affordable housing trust fund have been transferred from the local housing assistance trust fund account to pay for the cost of the activity.

(8) “Extremely low income household” or “ELI” means one or more natural persons or a family that has a total annual gross household income that does not exceed 30 percent of the area median income adjusted for family size for households within the metropolitan statistical area, the county, or the non-metropolitan median for the state, whichever is greatest.

(9) “Home Ownership Activities” means the use of the local affordable housing trust fund moneys for the purpose of providing owner-occupied housing. Such uses include construction, rehabilitation, purchase, and lease-purchase financing where the primary

purpose is the eventual purchase of the housing by the occupant within twenty-four months from initial execution of a lease agreement or within twenty-four (24) months of the applicable fiscal year, whichever occurs first, to meet the requirement of subsection (8).

(10) “Institutional First Mortgage Lender” means any financial institution or governmental agency authorized to conduct business in this state and which customarily provides service or otherwise aids in the financing of mortgages on real property located in this state.

(11) “Interlocal Entity” means an entity created pursuant to the provisions of Chapter 163, Part I, F.S., for the purpose of establishing a joint local housing assistance plan pursuant to the provisions of Section 420.9072(5), F.S.

(12) “Loan” means an award from the local housing assistance trust fund that is recorded in the county or eligible municipalities Official Records, to an eligible sponsor or eligible person to partially or fully finance the acquisition, construction, or rehabilitation of eligible housing with requirement for repayment or provision for forgiveness of repayment if the condition of the award is maintained.

(13) “Persons Who Have Special Housing Needs” means individuals who have incomes not exceeding moderate-income and, because of particular social, economic, or health-related circumstances, may have greater difficulty acquiring or maintaining affordable housing. Such persons may have, for example, encountered resistance to their residing in particular communities, and may have suffered increased housing costs resulting from their unique needs and high risk of institutionalization. Such persons include: persons with developmental disabilities; persons with mental illnesses or chemical dependency; persons with Acquired Immune Deficiency Syndrome (“AIDS”) and Human Immunodeficiency Virus (“HIV”) disease; runaway and abandoned youth; youth aging out of foster care; public assistance recipients; migrant and seasonal farm workers; refugees and entrants; the elderly; and disabled adults.

(14) “Rehabilitation” means repairs or improvements which are needed for safe or sanitary habitation, correction of substantial code violations, or the creation of additional living space. Local plans may more specifically define local rehabilitation standards.

(15) “Review Committee” means the committee established pursuant to Section 420.9072(3)(a), F.S.

(16) “SHIP” or “SHIP Program” means the State Housing Initiatives Partnership Program created pursuant to the State Housing Initiative Partnership Act, Sections 420.907-.9079, F.S.

(17) “State” means the State of Florida.

(18) “Welfare Transition Program” means a program pursuant to the provisions of Chapter 2000-165, Laws of Florida.

Specific Authority 420.9072(9) FS., Ch. 2000-69, Laws of Florida. Law Implemented 420.9072 FS. History—New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 9I-37.002, Amended 12-26-99, 9-22-03, 1-30-05, 11-5-06.

67-37.005 Local Housing Assistance Plans.

(1) To be eligible for SHIP funding for a state fiscal year, a county or eligible municipality must submit and receive approval of its local housing assistance plan and amendments thereto as provided in Rule 67-37.006, F.A.C. Plans must be submitted to the Corporation by May 2 preceding the end of the fiscal year in which the current plan expires. New Plans must be submitted utilizing the LHAP Template (6_06), adopted and incorporated herein by reference with an effective date of November 5, 2006. A copy of the LHAP Template (6_06) may be obtained at www.floridahousing.org, by clicking on Housing Partners, then Local Governments (SHIP), then Local Housing Assistance Plans (LHAP), or by contacting Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301. In the case of new eligible municipalities, plans must be submitted to the Corporation by May 2 of the state fiscal year prior to the state fiscal year they are eligible for funding. No SHIP local housing distribution funds shall be distributed in any fiscal year to any county or eligible municipality unless and until an approved plan is in place with respect to such fiscal year.

(2) The effective period of a local housing assistance plan may be up to three years. Counties or eligible municipalities which receive plan approval for more than one fiscal year shall not be required to resubmit a new plan until May 2 of the year in which the approved plan expires.

(3) Each local housing assistance plan shall include a description of the local housing assistance plan and incentive strategies, shall reference the requirements of Section 420.907-.9079, F.S., et seq., and how each of those requirements shall be met, and shall describe the process which the local government has followed to develop the Plan. A county or eligible municipality may choose to use SHIP local housing distribution funds for one or more of the activities described in Rule 67-37.007, F.A.C.

(4) The county or eligible municipality shall provide in its local housing assistance plan a complete description of all activities to be undertaken in its local housing assistance plan as described in Rule 67-37.005, F.A.C.

(5) For each strategy or use of local housing distribution funds, the county or eligible municipality shall provide, in its local housing assistance plan, the following information:

(a) The proposed dollar amount of the local housing distribution to be used for each strategy, stated for each State fiscal year in a multi-year plan;

(b) The estimated number of households proposed to be served by income;

(c) The maximum amount of funding per unit, and the estimated amount of funding for new construction, rehabilitation or non-construction activities. On a multi-year plan, this information must be presented separately for each State fiscal year;

(d) The proposed sales price of new and existing units, which can be lower but may not exceed 90 percent of median area purchase price established by the U.S. Treasury Department, or as required by Section 420.9075(5)(c), F.S.; for community land trust purposes the value of the land is not included in the purchase price.

(e) The statement that monthly rents or monthly mortgage payments, including taxes and insurance, do not exceed 30 percent of an amount representing the percentage of the area's median annual gross income for the household as indicated in Section 420.9071(19), (20) or (28), F.S. However, it is not the intent to limit an individual household's ability to devote more than 30 percent of its income for housing. Housing for which a household devotes more than 30 percent 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 percent benchmark and in the case of rental housing does not exceed those rental limits adjusted for bedroom size established by the Corporation;

(f) A description of the extent to which a strategy is implemented by combining resources through a partnership in order to reduce the cost of housing;

(g) A description of the support services provided by local plans that will be made available to the residents of the housing; and

(h) A description of the initiatives which will be used to conduct outreach and to attract applicants for assistance. The information required for paragraphs (a) through (d) will be included on the "Housing Delivery Goals Chart #2002," and is adopted and incorporated herein by reference with an effective date of 9-22-03, which is required to be completed for each fiscal year. A copy of the "Housing Delivery Goals Chart #2002" may be obtained at www.floridahousing.org or by contacting Florida Housing Finance Corporation, 227 North Bronough Street, Suite 5000, Tallahassee, Florida 32301.

(i) A description of how the strategies further the housing element, goals, policies, and objectives of the local government's comprehensive plan.

(6) Each local housing assistance plan shall also include a statement, and evidence thereof, that the county or eligible municipality:

(a) Has a plan to advertise a notice of funding availability of the housing assistance plan at least 30 days before the beginning of the application period in a newspaper of general circulation and periodicals serving ethnic and diverse neighborhoods, the advertisement must include the following:

1. Identify the amount of the distribution projected to be received from the state for the fiscal year;

2. List the beginning and end date, if applicable, of the application period;

3. Provide the name of the local plan contact person and other pertinent information including where applicants may apply for assistance.

(b) The advertisement may include other such information that the local governments deem necessary such as:

1. An estimated amount of SHIP local housing distribution per strategy;

2. Income set asides for each strategy along with applicable income limits;

3. A description of the selection criteria for each strategy;

4. The maximum housing value limitation for each strategy; or

5. A statement that SHIP local housing distribution may not be used to purchase, rehabilitate, or repair mobile homes.

6. Once a waiting list has been exhausted and funds remain unencumbered, advertise as instructed in Section 420.9075(3)(b), F.S.

7. 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 employed personnel from the Welfare Transition Program will be given preference in the selection process, adopted criteria for selection of eligible persons, and adopt a maximum Award schedule or

system of amounts consistent with the intent and budget of its local housing assistance plan, with Sections 420.907-.9079, F.S.;

(c) Certifies that the staff or entity that has administrative authority for implementing a local housing assistance plan assisting rental developments shall annually monitor and determine tenant eligibility throughout the 15 year compliance period as described at subsection 67-37.007(10), F.A.C.

(d) A time line for the expenditure of SHIP local housing distribution funds in sufficient detail to allow for a comparison of such plan with actual expenditures. The time line must also provide, in sufficient detail, an alternate course of action should the local government determine it will not meet program encumbrance and/or expenditure requirements. The time line should include specific dates the local staff plan to review to determine plan efficiency and efficacy. The information submitted must be presented separately for each State fiscal year;

(e) A provision for the application of program income and recaptured funds from loan repayments, reimbursements or other repayments, and interest earnings on the local housing distribution funds. Such provision shall evidence compliance with the provisions of Rule 67-37.007, F.A.C.;

(f) A provision requiring:

1. The county or eligible municipality to encumber the local housing distribution funds deposited into the local housing assistance trust fund for each State fiscal year by June 30 one year following the end of the applicable State fiscal year;

2. The expenditure of the local housing distribution deposited into the local housing assistance trust fund by any eligible person or eligible sponsor within 24 months of the close of the applicable State fiscal year. In all cases, this will apply when the project is completed as evidenced by documentation of final payment to the contractor and release of all lien waivers, issuance of the certificate of occupancy by the local building department in the case of a new home or proof of the final building inspection for housing rehabilitation, and occupancy by an eligible person or eligible household. In the case of a loan guarantee strategy, the deposits to the local housing assistance trust fund will be considered expended when they are deposited from the local housing assistance trust fund into the guarantee fund. The funds deposited to the local housing assistance trust fund must be spent within twenty-four months from the end of the applicable State fiscal year. Exceptions to this time frame must be approved by Florida Housing Finance Corporation SHIP Program Administrator or a majority vote of the Review Committee on a case-by-case basis. Exceptions will only be granted for good cause. Examples of good cause are natural disasters, requirements of other State agencies, adverse market conditions, and unavoidable development delays. Adequate documentation must be presented to the Review Committee before an extension will be granted, e.g., project status, work plan and completion schedule, commitment of funds, etc.

3. A detailed listing including line-item budget of proposed Administrative Expenditures. These must be presented on an annual basis for each State fiscal year submitted;

4. A copy of the ordinance and its amendments, if the original ordinance has been amended from its original submission, as required by Section 420.9072(2)(b), F.S.; and

5. Small counties 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.

(7) Each local housing assistance plan shall include a disaster strategy describing activities to be undertaken in the event of an emergency or natural disaster which has been declared by executive order. The local government may use the Disaster Strategy (08/04) hereby adopted and incorporated by reference with an effective date of 1-30-05. A copy is available on Florida Housing's website at www.floridahousing.org or by contacting the Florida Housing SHIP Staff, 227 North Bronough St., Suite 5000, Tallahassee, FL 32301 or call (850)488-4197. The Corporation shall disburse funds for disaster relief proportionately as provided in Section 420.9073(2)(b), F.S. Local governments may use unencumbered SHIP funds to carry out activities of disaster relief. Recipients of SHIP funds under a local government's disaster strategy shall be required to verify income by executing a Disaster Self Certification of Income Form (08/04), hereby adopted and incorporated by reference with an effective date of 1-30-05 or a local government's form that requires the same information. A copy is available on the Corporation's website at www.floridahousing.org or by contacting the Florida Housing SHIP Staff, 227 North Bronough St., Suite 5000, Tallahassee, FL 32301 or call (850)488-4197. Pay check stubs and other forms of proof are required, if available. Other documentation required for SHIP income qualification may be waived if unavailable. The county or eligible municipality shall make every effort reasonable to insure that the recipients of SHIP funds are income qualified.

(8)(a) Each county and eligible municipality shall include a definition of essential service personnel for the county or eligible municipality. Such definition may include teachers and educators; other school district, community college, and university employees; police and fire personnel; health care personnel; skilled building trades personnel; and other job categories as required by Section 420.9075(3)(a), F.S.

(b) Each county and eligible municipality may develop a strategy within its local housing assistance plan that emphasizes the recruitment and retention of Essential Service Personnel pursuant to Section 420.9075(3)(b), F.S.

(c) Each county and eligible municipality may develop a strategy within its local housing assistance plan that addresses the needs of persons who are deprived of affordable housing due to the closure of a mobile home park or the conversion of affordable rental units to condominiums pursuant to Section 420.9075(3)(c), F.S.

(d) For plans adopted prior to the effective date of this rule, the Corporation shall not require submission of an amendment to include a strategy for Essential Service Personnel until such time as the current plan expires. If a county or eligibility municipality creates a strategy as referenced above before the current plan expires, an amendment must be submitted to the Corporation in underline and strikethrough format as provided in Section 67-37.005(9), F.A.C.

(9) A copy of the local housing assistance plan shall be submitted to the Corporation, via U.S. Mail or electronic submission. If submitted electronically, a mailed copy shall be sent to the Corporation within three working days of the plan being electronically transmitted. The mailed copy submitted to the corporation shall bear the original signature of the authorized official which includes: Mayor, Commissioner, County Manager or City Manager or the authorized official's designee and a certification that the document being submitted is the county's, eligible municipality's or interlocal entity's local housing assistance plan and that all provisions of the plan conform to the requirements of Section 420.9072, F.S., et seq., and Rule Chapter 67-37, F.A.C. Each local housing assistance plan shall be printed on 8 1/2" x 11" paper or electronic submission and contain a table of contents or checklist, which specifies exactly where in the documentation certain required items shall be located. Each local housing assistance plan amendment shall be coded with text which is being deleted struck through and text being added underlined. Within two weeks after receipt of final approval letter, the local government shall provide to the Corporation a clean copy (no strike through or underline) for Corporation files.

Specific Authority 420.9072(9) FS., Ch. 2006-69, Laws of Florida. Law Implemented 420.9072(2), 420.9075 FS. History--New 11-26-92, Amended 5-2-93, 2-9-94, 12-28-94, 1-6-98, Formerly 9I-37.005, Amended 12-26-99, 9-22-03, 1-30-05, 11-5-06.

67-37.006 Review of Local Housing Assistance Plans and Amendments.

(1) Local housing assistance plans and amendments shall be reviewed by a five member Review Committee appointed by the Executive Director. In the event that a quorum is not convened for the review of a plan or an amendment to a plan, action can be taken with a simple majority vote of those members present for the review.

(2) Any county or eligible municipality desiring review of any plan or amendment prior to adoption by the local government body shall submit it for review to the Review Committee. The plan or amendment will be reviewed by the Review Committee, which will recommend it for approval or identify inconsistencies with the requirements of the SHIP program Rule Chapter 67-37, F.A.C., and Sections 420.907-9079, F.S., within 30 days after receipt.

(3) Amendments to an approved local housing assistance plan must be adopted by resolution and the county or eligible municipality must provide a copy to the Review Committee within 21 days after adoption. A county or eligible municipality must amend its plan if at any time a strategy will be deleted or a new strategy will be added. However, an amendment must at all times maintain consistency with SHIP program requirements. All amendments will be reviewed by the Review Committee. The Committee will approve the amendment or identify inconsistencies with the requirements of the SHIP program within 30 days after receipt of the amendment.

(4) A county or eligible municipality which has adopted a Plan or an amendment that has been determined by the Review Committee to be inconsistent with the requirements of the SHIP program, shall make necessary revisions identified by the Review Committee within 45 days of receipt of the Committee's comments; however, the Corporation shall not require submission of a new local housing assistance plan to implement amendments imposed by Chapter 97-167, Laws of Florida, until the current effective plan expires.

Specific Authority 420.9072(9) FS. Law Implemented 420.9072(2) FS. History--New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 9I-37.006, Amended 12-26-99, 9-22-03.

67-37.007 Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans.

(1) SHIP local housing distribution funds shall be used to implement the local housing assistance plan. The benefit of assistance provided through the SHIP program must accrue to eligible persons occupying eligible housing. This provision shall not be construed to prohibit use of the local housing distribution deposited into the local housing assistance trust fund for a mixed-income rental development. SHIP local housing distribution funds may be used:

- (a) To implement local housing assistance and incentive strategies that create or preserve affordable housing;
- (b) To supplement Corporation programs, for example: the State Apartment Incentive Loan Program established under Section 420.5087, F.S., and HOME Home Ownership Assistance Program (HAP) established under Section 420.5088, F.S., with the SHIP local housing distribution funds directed to uses within the local government jurisdiction;
- (c) To provide local match to obtain federal housing grants or programs, such as HOME, established by 24 CFR, Part 92;
- (d) To fund emergency repairs by existing service providers under weatherization programs, pursuant to Sections 409.509-.5093, F.S.; and
- (e) To further the housing element of the local government comprehensive plan adopted pursuant to Section 163.3184, F.S., specific to affordable housing.

(2) SHIP local housing distribution funds may be used for both home ownership and rental housing activities. However, at least 65 percent of each local government's local housing distributions must be used for home ownership activities.

(3) At least seventy-five percent of a local government's SHIP local housing distributions must be used for construction, rehabilitation or emergency repairs of affordable, eligible housing. Construction, rehabilitation, or emergency repairs must be completed either within one year immediately preceding the date of conveyance of title (i.e., closing) or within 24 months of the close of the applicable State fiscal year to satisfy this requirement, unless otherwise extended as provided at subsection 67-37.002(6), F.A.C. For purposes of this rule, SHIP recipients may rely on the following expenditures to be considered construction, rehabilitation or emergency repair costs:

- (a) Those hard costs which are typically or customarily treated as construction costs by institutional lenders;
- (b) Payment of impact fees;
- (c) Infrastructure expenses typically paid by the developer;
- (d) Construction soft costs such as engineering studies and appraisals, if directly related to housing construction, rehabilitation or emergency repairs;
- (e) Relocation costs associated with rehabilitation of the residence usually occupied by a tenant or home owner; and
- (f) Financing, or "buy-down" costs, if directly attributable to assisting eligible persons to own a home or obtain rental occupancy (e.g., security and utility deposit assistance) in a home or unit which has obtained a certificate of occupancy in the 12-month period immediately preceding the contract for sale and purchase or has never been occupied or lease of the premises. When used to purchase an existing housing unit, closing costs and down payment assistance will be considered toward fulfilling the 75 percent construction requirement only if the housing unit receives rehabilitation. Any other costs may be submitted to the Review Committee for review and approval.

(4) The Review Committee will approve expenditures for the following categories as Administrative Expenditures:

- (a) Salaries of persons directly responsible for preparation of the plans or reporting required as part of the administration of the local SHIP plan;
- (b) Office expenditures of persons responsible for the administration of the local SHIP plan;
- (c) Studies conducted by the county or eligible municipality or by consultants selected by the county or eligible municipality to provide data on affordable housing need and demand in the area; and
- (d) Expenditures related to travel, training, education, and public information initiatives. Administrative Expenditures detailed in the local housing assistance plan which do not fit in these categories shall be analyzed by the Review Committee, which shall make a determination as to whether the proposed expenditures shall be approved as Administrative Expenditures.

(5) The balance of the local housing distribution funds and other funds deposited into the local housing assistance trust fund must be used for housing production and finance activities, including: financing the purchase of existing units, providing rental housing, and providing home ownership training to prospective home buyers and owners of homes assisted through the local housing assistance plan. Notwithstanding the provisions of subsections (2) and (3) of this section, program income as defined in Section 420.9071(24), F.S., may also be used to fund activities described in this subsection.

(6) The sales price or value of new or existing homes which are sold or rehabilitated under the SHIP Program may not exceed

90 percent of the average area purchase price in the statistical area in which the housing is located. The local government at its discretion may set the sales price or value below the 90 percent benchmark. The maximum area purchase price used must be that established by the United States Department of Treasury or that calculated in accordance with Section 420.9075(5)(c), F.S.

(7) Loans issued using local housing distribution funds deposited to the local housing assistance trust fund may not have terms exceeding 30 years, except for deferred payment loans or loans that extend beyond 30 years which continue to serve eligible persons.

(8) All units constructed, rehabilitated, or otherwise assisted with local housing distributions provided from the local housing assistance trust fund must be occupied by eligible persons as required by Section 420.9075(4)(d)2., F.S. The remainder may be reserved for eligible persons or eligible sponsors that will serve eligible persons.

(9) Monthly mortgage payments, including taxes and insurance, and monthly rental payments must be affordable for the very low-, low- and moderate-income persons and households who will benefit from the local housing assistance plan.

(10) Rental units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund must be monitored at least annually for 15 years or the term of assistance, whichever is longer, for compliance with tenant income and affordability requirements, as referenced in Section 420.9075(3)(e), F.S. In determining the maximum allowable rents, 30 percent of the applicable income category divided by 12 months shall be used based on the number of bedrooms. A one-person household shall be used for an efficiency unit, and for units with separate bedrooms, one and one-half persons per bedroom shall be used. A rental limit chart based on the above calculation adjusted for bedroom size will be provided to the local governments by the Corporation annually.

(11) Loans or grants for houses constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund shall be subject to recapture requirements as provided by the county or eligibility municipality in its local housing assistance plan.

(12) Developers receiving assistance from both SHIP and the Low-Income Rental Housing Tax Credit (LIHTC) Program shall be required to comply with the income, affordability and other LIHTC requirements. Similarly, any units receiving assistance from SHIP and other federal, State or local programs shall be required to comply with any requirements specified by the other program in addition to SHIP program requirements. In the event both programs have restrictions on the same issue, the more restrictive regulation shall take precedence. If one program is silent on an issue, the program with a regulation on the issue shall apply.

(13) The local government may require that housing units receiving assistance from local housing distribution funds deposited to the local housing assistance trust fund be located within the boundaries of the local government's jurisdiction which has been approved for receipt of local housing distribution funds.

(14) Local housing distribution funds deposited to the local housing assistance trust fund may not be used as a pledge of the debt service on bonds or as rent subsidies.

(15) The Corporation shall monitor the activities of the local governments to determine compliance with program requirements as noted in Rule 67-53.005, F.A.C., and Section 420.9075(3)(e), F.S.

Specific Authority 420.9072(9) FS. Law Implemented 420.9072 FS. History--New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 9I-37.007, Amended 12-26-99, 9-22-03, 11-5-06.

67-37.008 Local Housing Assistance Trust Fund.

(1) Amounts on deposit in each local housing assistance trust fund shall be invested as permitted by law for the local housing distribution funds of the applicable local government(s). All investment earnings shall be retained in such fund and used for the purposes thereof.

(2) The local housing assistance trust fund shall be separately stated as a special revenue fund in a county's or eligible municipality's audited financial statements. Copies of such audited financial statements shall be forwarded annually to the Corporation no later than June 30th of the following fiscal year. In addition to providing audited financial statements, all participating jurisdictions must provide evidence of compliance with the Florida Single Audit Act, as referenced in Section 215.97(6), F.S.

(3) An interlocal entity shall have its local housing assistance trust fund separately audited for each State fiscal year, which audit shall be forwarded to the Corporation as soon as available, but no later than June 30th of the following fiscal year.

(4) Local governments which have had an audit, review or investigation involving SHIP funds will send the Corporation a copy of any related report within 10 days of the issuance of such report.

Specific Authority 420.9072(9) FS. Law Implemented 420.9075(5) FS. History--New 11-26-92, Amended 2-9-94, 1-6-98, Formerly 9I-37.008,

Repromulgated 12-26-99, Amended 9-22-03, 1-30-05, 11-5-06.

67-37.010 Local Affordable Housing Incentive Strategies.

The advisory committee must approve the local affordable housing incentive strategy recommendations at such public hearing by affirmative vote of a majority (5) of the membership of the advisory committee.

Specific Authority 420.9072(9) FS. Law Implemented 420.907 FS. History—New 2-9-94, 1-6-98, Formerly 9I-37.010, Amended 12-26-99, Repromulgated 9-22-03.

67-37.011 Interlocal Entities.

(1) The interlocal agreement shall specify whether a single report for all jurisdictions or individual reports for each participating local government shall be submitted pursuant to Rule 67-37.016, F.A.C.

(2) New eligible municipalities which intend to become a member of an established interlocal entity must:

(a) Adopt an ordinance which creates the affordable housing advisory committee, establishes responsibility for plan administration and, if applicable, establishes the local affordable housing trust fund.

(b) Adopt by resolution a local housing assistance plan and adopt by resolution the appointments to the advisory committee.

(3) All members of the existing interlocal entity must adopt by resolution an amendment to the local housing assistance plan to include the new eligible municipality.

Specific Authority 420.9072(9) FS. Law Implemented 420.9072(5) FS. History—New 11-26-92, Amended 2-9-94, 1-6-98, Formerly 9I-37.011, Amended 12-26-99, 9-22-03.

67-53.005 Compliance Monitoring for Housing Developed With SHIP Local Housing Distribution Funds.

(1) The staff or entity with administrative authority for a local housing assistance plan must develop a tracking system to ensure that the local housing distribution funds disbursed from the local housing assistance trust fund are at all times expended in accordance with the set-aside requirements in Rule 67-37.007, F.A.C., and time restraints detailed at subsection 67-37.005(6), F.A.C.

(2) The combined household annual gross income of an applicant who is applying as an owner/occupant of a residence must be verified and certified by the SHIP program administrator or his/her designee using income verification and certification procedures such as those established by the U.S. Department of Housing and Urban Development or the Rural Housing Service Farmers Home Administration. Other verification procedures must be submitted to the Review Committee for analysis to determine if they are acceptable to the Committee, prior to the allocation of any SHIP program assistance. Whichever verification and certification method is used, annual gross income must be used and the SHIP Program income limits cannot be exceeded.

(3) The staff or entity with administrative authority for a local housing assistance plan assisting rental developments shall monitor and determine tenant eligibility and the amount of subsidy using the same guidelines as specified at subsection (2) above, at least annually for 15 years or the term of assistance, whichever is longer. The Corporation will monitor the activities of the local governments to determine compliance with program requirements as defined in Section 420.9075(3)(e), F.S.

(4) The staff or entity with administrative authority for a local housing assistance plan must provide documented evidence to the Corporation or its designated monitoring agent, that permits as defined in Sections 163.3164(7) and (8), F.S., for affordable housing projects are expedited to a greater degree than other projects and that there is an ongoing process for review of local policies, ordinances, regulations, and plan provisions that increase the cost of housing prior to their adoption.

(5) The Corporation, or any duly authorized representative shall be permitted to inspect the local housing assistance plan, advertisements, applications, income verifications and certifications, plan participation contracts, financial records, plan tracking records, construction cost verification including receipts and contracts, and any other applicable documents at any reasonable time with or without notice. Such records must be maintained within the participating county or eligible municipality at a place accessible to the Corporation staff or its designated monitoring agent.

(6) If the Corporation staff or its designated monitoring agent determines that an eligible jurisdiction has established a pattern of violation of the criteria of its local housing assistance plan established under Sections 420.907-9079, F.S., or that an eligible sponsor has established a pattern of violation of the applicable award conditions, the Corporation shall report such pattern of violation to the Executive Office of the Governor at which time the distribution of program funds to the county or eligible municipality will be suspended. The eligible jurisdiction, with assistance from the Affordable Housing Catalyst Program, shall develop a corrective action plan (CAP). The CAP shall be submitted to the Corporation within 60 days of the date of the letter from the Corporation notifying the eligible jurisdiction of the pattern of violation. The CAP must describe the proposed corrective action for each violation and how the correction actions will be implemented within 3 months of the CAP's approval by the Corporation. Upon receipt of the CAP, the Corporation shall have 30 days to review and approve or recommend changes to the CAP. Upon approval of the CAP, program funds will be distributed.

(7) Within 12 months of approval of the corrective plan of action the Corporation staff or its designated monitoring agent will audit the eligible jurisdiction to determine if the plan has been implemented. If the Corporation's staff or its designated monitoring agent determines that the corrective actions have not been implemented, the Corporation shall report such pattern of violation of criteria or violation of award conditions to the Executive Office of the Governor. The distribution of program funds to the county or eligible municipality will be suspended until such time as the corrective plan of action has been satisfactorily implemented, at which time funds will be distributed.

(8) Projects receiving assistance from the local housing assistance plan and from other State or federal programs which may have conflicting verification, certification, and monitoring requirements, shall comply with requirements of the most restrictive program.

Challenges of combining SHIP funds with local housing finance authority single family mortgage revenue bonds

Background: Many local housing finance authorities were created by large and medium sized counties more than 25 years ago (even before the Florida Housing Finance Corporation or “Agency” as it was called in prior years). These HFAs were created to access available resources, including the ability to issue tax exempt bonds, to provide mortgage financing and rental housing stock for low and moderate homebuyers/renters in the State of Florida.

Local HFAs have over the years and do currently issue tax exempt bonds to provide below market mortgages for first time home buyers and other targeted individuals in the State of Florida. Under current market conditions, a low interest rate is often not sufficient to help low and moderate income homebuyers to achieve home ownership. A form of subsidy is also needed to provide down payment assistance or an interest rate buy-down. Certain local HFAs have logically linked SHIP funds with their bond financings. These linkages have increased over the past year due to current market conditions and the need for subsidy. However, there have been numerous challenges in linking the two programs.

The linkage of SHIP with locally issued tax exempt bonds seems like a very narrow application of SHIP funds. However, the linkage is very logical and important to consider for the following reasons:

- Local HFA bond programs are likely to provide among the lowest fixed interest rates available in the market (this is a very important point because linkage of buy down funds or down payment assistance with a higher rate loan wastes precious subsidy resources);
- Local HFA bond programs have rules and regulations regarding items such as lender compensation and offer uniform terms – including interest rate and points;
- Local HFA bond programs have a master servicer and program administrator that checks each loan for compliance with income and purchase price limits (as well as other items);
- Linking local HFA bond programs with a local subsidy is logical and efficient;
- A substantial portion of SHIP funds are used to provide down payment or buy-down assistance – why not blend the funds with the most affordable loan product?

Challenges associated with blending SHIP funds with local HFA bond programs: Local HFAs have experienced a variety of challenges in blending SHIP with local bond programs. These challenges include the following:

- SHIP funds must be expended within 24 months, which has caused auditing problems for LHFAs. According to auditors, SHIP funds are not expended until the mortgage pool is purchased by the bond trustee. This purchase point can occur after the 24 month expenditure period required by SHIP. Some LHFAs, such as Pinellas County, often receive bond allocation from other LHFAs and this interpretation of expended funds discourages their participation.
 - Perhaps SHIP rule can be amended to clarify when funds are “expended” namely at the time of the loan closing. In conversation with SHIP staff, this change may be possible, as long as required demographics for annual reporting are available at that time per F.S. 420.9075(10).
- SHIP requires ancillary compliance data such as “verification of deposits.” Bond loans add significant complexity to the process, and adding SHIP loans to a Bond Program only increases the complexity.
 - This requirement grew out of the need to verify assets for renters, but in cases of first mortgages where an applicant’s background check includes verification of income and assets this can be a redundant request by the SHIP program. Applicants for SHIP funds to do rehab should still have to verify income and assets.
 - However, SHIP staff note that depending on banks for verification can be dangerous because banks will only verify what they need to approve someone – then if the applicant is over-income the local government is on the hook to repay.
 - There are SHIP programs with partner banks that use forms that are approved for SHIP.
- Filing Distribution Issues – there are some potential issues with maintaining compliance files which will be discussed more fully during the Administrative Workgroup conference call.