



THE AFFORDABLE HOUSING STUDY COMMISSION

Meeting Summary
April 11th and 12th, 2007
Tallahassee, FL

Commissioners Attending:

Helen Feinberg (Chair), Michael Davis, Robert Gregg, Ann Kashmer, George Romagnoli, Ellen Ramsey, Kristin Larsen, Priscilla Howard, Paul Curtis, Robin Lunn, Dorothy Ellington, Darlene Pifalo, Santos De La Rosa

Commission Staff:

Odetta MacLeish-White

Presenters and Panelists:

Florida Housing Finance Corporation (Florida Housing) - Nancy Muller, Policy Director; Rob Dearduff, SHIP Program Administrator; Darlene Raker, SHIP Program Manager; Stephanie Sgouros, Inspector General; Matt Jugenheimer, Asset Management Manager
Rosa Morgan, Community Assets, Inc.

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April 11th, 2007

The Commission meeting was called to order at 2:10pm with an introduction of the commissioners and members of the public and guests in attendance.

Jon Frederick, FSU intern for the Florida Housing Policy Unit, presented the initial findings of his survey of developers and local government officials. This survey project seeks to determine if regulatory reform efforts are resulting in truly expedited permitting for affordable housing permits. The power point of this presentation is attached to this summary in Attachment A.

The Commission noted that while local permitting is an issue, there are state and federal level requirements that can cause delays as well, sometimes longer than those presented by local requirements. At some level, truly meaningful change will have to happen with the state and federal timelines.

Commissioner De La Rosa shared his experience with USDA's Single Point of Contact process. When his nonprofit organization submits a rental housing development funding application to USDA Rural Development's 514 or 515 programs, copies of the development's location site map along with a brief narrative have already been sent to USDA's State Single Point of Contact (SPOC).

SPOC in turn sends this information out to all the regulatory agencies affected by this development for comments. Within 45 days SPOC sends a letter which identifies whether or not they have any objections to the development. This letter will be included with the funding application and allows anyone reviewing the application to know the status of permits and also removes the need to send the development back to the developer for corrections.

Commissioner De La Rosa suggested that Regional Planning Councils or a state appointed agency could mirror the SPOC sending out an affordable housing application to all affected agencies, including County and City permitting departments, for review. No fees are incurred during this process since no permits are actually pulled.

Commissioner Priscilla Howard noted that with the current crisis in affordable housing, finding ways to coordinate and expedite state level permitting efforts is crucial. Smaller counties find it easier to coordinate because staffers are more familiar with each other.

Commissioner Romagnoli noted that very few affordable housing developments come through the SHIP departments, and SHIP staff are not integrated into other departments required by the permitting process.

Consensus:

The Commission closed its discussion by noting that coordinating the housing elements and planning elements, with DCA paying more attention to housing and affordable housing, is needed to improve regulatory reform.

Presentation on Individual Development Accounts

The Commission heard a presentation from Rosa Morgan, of Community Assets, Inc. on individual development accounts (IDAs) which can serve as a tool to support home ownership and savings. IDAs create a savings mechanism for low income families by matching the personal savings of the participant with federal, state or nonprofit matching funds.

The federal model for IDAs, which uses federal matching dollars, requires participants be employed, take budgeting and financial counseling classes and the funds accumulated in the IDA can only be used for home purchase costs, to start a business or to further educational goals. There are many permutations of IDAs which do not use federal dollars and these programs can be tailored to meet a certain population's needs, such as funding retirement accounts for seniors or purchasing cars for victims of domestic violence.

While it was noted that the extended time frame of an IDA may make it difficult to direct SHIP funds directly into the IDA, it was also suggested that the SHIP contribution could be made towards the end of the savings term.

The Commission directed staff to include IDAs in a section or text box on innovative uses for SHIP funds and how it can fund IDAs and match earned income tax credits.

Report from SHIP Administrative Issues Workgroup

Commissioner George Romagnoli reported on the workgroup's March 12th conference call and started with the issue of Verification of Employment. The Workgroup asked Florida Housing staff to provide an update on their research into the following question:

Can pay stubs satisfy SHIP underwriting requirements or are Verifications of Employment the only acceptable method of proving income under the three possible methods of income verification?

The SHIP Statute provides three methods for determining income for purposes of SHIP eligibility:

- 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 reporting under Internal Revenue Service Form 1040 for individual federal annual income tax purposes.

When HOME dollars were more prevalently used with SHIP, the Section 8 method was used to match the federal HOME requirements. Florida Housing Coalition began teaching this method in its training workshops and it became the standard method for verifying income. However, this method relies on a Verification of Employment form that focuses on forward looking income, rather than pay stubs which reflect past earned income. Section 8 also counts child support payments as a source of income, even though this is often a phantom source of income when the parent doesn't make regular payments.

Some of the repercussions of using the Section 8 method of income verification are that bond programs and private lenders are finding it difficult to layer with SHIP funds. Commissioner Kashmer noted that private lenders feel they are taking the first lien position and therefore the underwriting standards that satisfy them should satisfy others as well.

Changing the Section 8 method of income verification would take a statute change, and the compliance monitoring rule does not make it clear that other methods besides the Section 8 method are acceptable.

The Commission ultimately decided that the confusion around this issue is best addressed in a recommendation to Florida Housing Coalition to provide more training on the other forms of income verification including the pros and cons of each approach. Some SHIP programs may wish to retain the Section 8 methodology because they are receiving other federal funds and want to dovetail the paperwork.

Minimum Allocations

Commissioner Romagnoli reported that the workgroup discussed the differences in the per capita SHIP allocation for smaller SHIP jurisdictions. Larger counties tend to receive around \$9 per person, while smaller counties receive anywhere from \$10 to a high of \$46 per person. Commissioner Michael Davis noted that larger communities receive funding from other sources, which would bring the per capita for larger counties more in line with those of small counties.

The Workgroup presented the following recommendation to the Commission in connection with minimum allocations: If the current cap on Sadowski Funds allocated for affordable housing is maintained, the minimum allocation should remain \$350,000. If the cap is lifted, the minimum allocation should be raised a minimum of \$50,000.

After discussion, the Commission amended this recommendation to state the minimum allocation should be raised by \$100,000 if the cap is lifted. Moved by George Romagnoli, seconded by Darlene Pifalo. The recommendation passed unanimously.

Manufactured Housing

Commissioner Romagnoli reported the workgroup's finding that the problems experienced by mobile home owners are true quality of life and safety issues:

- Handicap accessibility;
- Utility hook-ups; and
- Emergency repairs which are too costly for owners to pay for themselves.

The Workgroup presented the following recommendation in connection with manufactured housing: the SHIP statute should be amended to allow use of SHIP dollars to address handicap accessibility, utility and sewer hook-ups and emergency repairs for existing owners of mobile homes. Local housing assistance plans should restrict this use to low-income, elderly and disabled. Ann Kashmer moved acceptance of this recommendation, Robin Lunn seconded. The motion passed unanimously.

Affordable Housing Advisory Committees

The Commission discussed two bills which would require local governments to re-constitute their affordable housing advisory committees on a regular basis to review affordable housing issues and recommend new ones. Senate Bill 780 would require the AHACs to reconvene every three years, while House Bill 1375 would require AHAC to reconvene every two years. After lengthy discussion, the Commission directed staff to prepare a letter to the Senate and House sponsors of the bills noting the need to coordinate efforts between SHIP and planning departments and supporting the three year schedule of AHAC meetings. The letter should also recommend that the AHACs be jointly staffed by the housing and planning departments. A draft will be presented tomorrow morning.

Scrap the Cap

Darlene Pifalo moved and George Romagnoli seconded a recommendation that the cap be lifted on the Sadowski funds earmarked for affordable housing.

Meeting recessed at 6:30pm.

April 12th, 2007

The meeting was reconvened at 8:40 am with the Commission receiving public comment.

Public Comment

Bill O'Dell commended the Commission for its discussion and support of greater coordination and communication between housing and planning departments.

Janet Gilliard thanked the Commission for its recommendation to raise the minimum allocation.

Helen Feinberg shared input from Anthony Jones, Pinellas County SHIP, who encouraged the Commission to recommend lower the 65 percent home ownership requirement to reach the 50% AMI and under population.

Mandy Hines of DeSoto County shared that the time lines for state level agencies and Department of Environmental Protection are a major barrier to completing affordable housing developments.

Legislative Update

Nancy Muller delivered the legislative report.

- Florida Housing Finance Corporation officially supports repeal of the cap but neither the Senate nor the House is showing movement towards repeal.
- The Senate proposes \$443 million for housing programs, while the House proposes \$343 million. The final amount will likely be somewhere in the middle.
- House Bill 1375 does include a preservation bridge loan program based on the Study Commission's recommendation in the 2006 final report. Funding has not been identified for this proposal, however, and there is no Senate companion bill. Florida Housing supports the concept but only if funding is identified.
- House Bill 1083 homeless bill includes an expanded definition of homeless.
- House Bill 259 still includes a Teacher Down Payment Assistance Program using SHIP funds as well as a process for local governments to pay for the relocation of displaced mobile homes residents.
- Senate Bill 780 provides that CWHIP Tier 1 counties must provide a funding plan for workforce housing. Failure to comply with this requirement would result in no state housing program grants until the requirement was met. The bill also requires comprehensive plans to include expediting language for affordable housing developments.
- The Commission also reviewed the draft letter to Rep. Davis and Sen. Garcia regarding Affordable Housing Advisory Committees. Ann Kashmer moved and Dorothy Ellington seconded sending the letter as soon as possible. The motion passed unanimously.

Panel on SHIP Accountability Measures

Rob Dearduff and Darlene Raker began by explaining that their department tries to prevent and/or correct problems before auditors are brought in. Their department can catch mistakes in local housing assistance plans and annual reports which protects both the local governments and the state's resources. Florida Housing SHIP staff and the Catalyst program keep in close communication about training needs which allows for the quick development of new workshops and training programs.

Darlene Raker then discussed local housing assistance plans (LHAPs) and annual reports. LHAPs can vary greatly between local governments in the strategies they choose to implement. Amendments to LHAPs must be approved by local government resolution. Most of the interaction on strategies comes from Florida Housing staff requesting explanations and providing advisory comments. Staff can also suggest specific Catalyst training modules to improve skill sets among local SHIP staff. Florida Housing staff can also direct the Catalyst Program to conduct on site training if an LHAP reveals a number of issues.

Local SHIP staff experience a great deal of turnover, which creates a need for constant training to help mitigate the loss of institutional knowledge and prevent rookie mistakes.

Matt Jugenheimer discussed compliance monitoring which is conducted to ensure that eligible families are receiving SHIP dollars according to the SHIP statute. The compliance monitoring is conducted in a way that is meant to have the minimum negative impact on the local SHIP

program. Local governments are categorized into 3 groups based on the size of their annual allocation to create a rotation for each year's review. If a specific SHIP program is brought to their attention they may review that program outside the assigned year of review – some things that might trigger such a review include large staff turnover which may indicate lack of knowledge about the program or the program being mentioned in the media.

Files are randomly selected from a list of recipients kept by the local SHIP program and contracted monitors will also perform site visits and exit interviews. The review is written up within 30 days and copies shared with the local government, Florida Housing and the Florida Housing Coalition. The local government has 30 days to prepare a response. The most common findings are frauds, problems with income verifications, inexperienced staff.

The only options for sanctioning violators are to terminate the SHIP program, or suspend funding to the violating local government until corrections are made. No actions can be taken, however, until a pattern of violations has been established and to date no programs have ever been terminated.

After some discussion about how the Study Commission could assist in creating more options for sanctions, the Commission voted to recommend that the SHIP statute be amended to allow Florida Housing to withhold expenditures from future allocations to SHIP programs which are not in good standing.

Review of SHIP Issues: The Commissioners remaining at the meeting asked staff to set up a conference call to allow for more complete conversation about SHIP issues.

- 1) The Commission voted to reiterate the preservation recommendations for using SHIP with small properties with language about preservation removed.
- 2) After some discussion about SHIP statutory percentages, the key issue was the ability to use SHIP for more rental units. The Commission asked staff to compile data on the program income for all SHIP programs and the number of rental units produced for the conference call.
- 3) The Commission felt that it is too early to make a recommendation on using SHIP for extremely low income households because SHIP is serving this income level and data quantifying this will be available in September 2007.

The meeting adjourned at 12:10pm.

ATTACHMENT A