



State Housing Initiatives Partnership (SHIP) Program Local Housing Assistance Plan (LHAP) Procedures

Purpose

This procedures document is intended to provide assistance to local government (LG) staff that with the process of developing and submitting an LHAP for approval by Florida Housing Finance Corporation (FHFC). **If you follow the guidance in this manual, your LHAP will be more likely to be approved with fewer changes.**

Background

Every LG participating in SHIP is required at all times to have an approved LHAP. Generally, LGs submit LHAPs by May 2 once every three years covering the three fiscal years beginning July 1 of the year the plan is submitted. LHAPs are designed to detail how each LG will expend funds allocated to them for each fiscal year.

General Information

1. Beginning with plans submitted in 2016, there are no longer courtesy reviews. If you wish to discuss a particular element of the LHAP with FHFC staff prior to submission that option is available. Plan submission will be completed according to one of the following:
 - ✓ Submitted for **formal review**. This requires all documents required in the LHAP including fully executed certifications and resolutions to be submitted.
 - ✓ Submitted for **conditional review**. This requires all documents in the LHAP to be submitted with the exception of the certification and resolution. Final approval will not be given until the executed certification and resolution are submitted with the final document.
2. The maximum award for each strategy will be required to be listed in each strategy. The option to only refer to the amount being stated on the housing delivery goals chart (HDGC) will no longer be an option.
3. In Section I of the LHAP, there is a new subsection titled "Waiting lists/priorities" where you can explain your waiting list procedure and any priorities (Special Needs, Essential Service Personnel, etc.). This is being added due to the number of issues coming out of compliance reviews. You can use the standard language in the section (in the template) if it applies or insert revised or new language, but you must fill this subsection out.
4. In Section I, there is a place to detail any Project Delivery Costs (PDC) that will be charged to an applicant. These fees cannot be any that would normally be included as administrative expenses and cannot be charged for any work done by salaried employees of the LG housing department. The review committee will review and approve or reject these costs. They must be reasonable related to the cost of the project as well as the type of strategy. For example, it may be acceptable to have an outside inspector to perform ongoing inspections for rehab while on a down payment



assistance (DPA) award without rehab, there should be less reason for any fees since the first mortgage lender will be doing much of the work.

5. Under “term” for each strategy, there are subsections where you can state the loan type, interest rate, term period, repayment terms and default terms. This has been the one area where most plans have received comments or been rejected. Make sure that terms are clear.

Submission of the LHAP

All LHAPs are due by May 2 of the year in which the previous LHAP is expiring. Forms and instructions for submittal of the plan are located at:

http://apps.floridahousing.org/StandAlone/FHFC_ECM/AppPage_ListPage.aspx?PageID=35. It is important that you refer to these documents each time you submit an LHAP as they are updated for each year and may contain new information. **LHAPs submitted on out-of-date forms or in incorrect format will be rejected.** Please follow the instructions carefully when submitting the plans as this will greatly improve the timing of the review and approval process:

1. All Documents shall be submitted electronically to Florida Housing. No Hard copies will be accepted (please do not mail duplicates of electronic submission).
2. For initial submissions prior to May 2, please submit documents in **their current file format (word, excel)** do not submit a PDF at this point.
3. **DO NOT** use underline/strikethrough formatting. This is a new document for 2017. Include the main LHAP document and all exhibits at first submittal (do not send resolutions or certifications that are not executed).
4. In Subject line of Email, please list the following in order: **LG Name, LHAP2017-2020.**
5. In body of Email please state: “Please find attached the LHAP for Fiscal Years 2017-2020. This plan is being submitted for (formal, conditional) review.”
6. Submit to robert.dearduff@floridahousing.org.

Once the Review Committee has reviewed your plan, you will receive a notice back from Florida Housing staff of one of the following decisions:

Approved with no comments

- Combine all final documents into one PDF document in the proper order according to instructions below under Final Submission Procedures
- Title document “<local government>2017-2020LHAPFINAL
- In Subject line of Email, please list the following in order: Local Government, LHAP2017-2020FINAL
- In body of email state “Final LHAP”
- Submit to robert.dearduff@floridahousing.org.

Approval with Comments (including conditional approval pending submission of required documents).

Make changes that are acceptable to the (LG) based on review committee comments, then follow the steps for submission above.

- In the body of the email state “Please find attached the revised approved LHAP incorporating comments” and explain any recommendations from the review committee that were not accepted.

Approval Withheld

Follow instructions in email from Florida Housing related to providing additional information or making required changes due to not meet statutory or program rule requirements:

- Contact (FHFC) staff to discuss issues if necessary
- Resubmit according to Initial Submission Procedures above
- State in body of Email “Please find attached a revised LHAP for review”

Final Submission Tips

1. If possible, combine all documents into one PDF document. This can be done fairly easily if you have access to Adobe Acrobat Pro or can simply be scanned as one document. If you do not have this capability, then send them to robert.dearduff@floridahousing.org in an email.
2. Do not place a cover letter or the resolution first.
3. The main LHAP document should have all underline/strikethrough removed and incorporate all changes made in response to FHFC comments.
4. The certifications and resolution should be the final copy with all required signatures including witnesses or “attest” seal.

Elements of the LHAP

1. Section I: General information
2. Section II: Detail of strategies (uses of funds) that will be employed under the program
3. Section III: Detail of Incentive Strategies approved by the LG governing body
4. Section IV: Exhibits

Task/Document	Comment
LHAP Main Document	Make sure that strategy names and STRATEGY CODES are consistent throughout the document and exhibits, insert page numbers. There are now requirements to include green building principles, special needs requirements, homeless housing approach and special needs information . You must include all required information for approval.
Exhibit A-Administrative Budget	Submit three years estimated budget.
Exhibit B-Timeline	Submit three years anticipated timeline.
Exhibit C-Housing Delivery Goals Charts	Submit a HDGC for each fiscal year of plan reflecting the allocation estimate based on previous year allocation. Please make sure all

	areas of the forms are filled out and that all calculations are correct.
Exhibit D-Executed Certification	Must be executed for submission (except when submitting for conditional review).
Exhibit E-Executed Resolution	Must be executed to receive formal approval.
Exhibit G-Ordinance (if changed)	Only if required due to changes.
Exhibit H-Interlocal Agreement (if needed)	Only required if an Interlocal is in place. Please refer to the definition for “Interlocal Entity” in the Rule to make sure that your agreement qualifies as an Interlocal.

Developing your LHAP

1. The LHAP is intended to be a *public document* and therefore should consist of plain language that is easily understood by a general audience.
2. The LHAP should be a straight forward approach to achieving the LGs housing goals. Strategies that are not part of the LGs goals or are not likely to be funded in any of the three years covered in the LHAP should be left out (disaster recovery is the exception).
3. Although the LHAP can be revised with strategies being added or deleted, it may be useful to maintain LHAP strategies and loan terms in a consistent manner from one plan to the next so:
 - a. That if you have a situation where you need to “move” files from one fiscal year (FY) to another, you do not have issues with a strategy not existing or terms/max awards not being the same.
 - b. That legal documents will not have to constantly be revised to incorporate new terms.
4. Avoid the “kitchen sink” method of submitting every strategy that can be conceived of and concentrate on the number (generally 3-7) that are the primary goals of the governing board and department staff based on community needs. This will keep the plan simpler and will allow for easier administration.
5. For each strategy, you are required to provide a summary. This should be a clear, concise description of the strategy which only describes the type of activity it is. Loan terms, applicants (income categories) that will be served and other information have appropriate subsection areas within the LHAP template strategy section to be detailed. Please make sure you utilize each of those subsections correctly.
6. For each strategy, you must have information detailed for:
 - a. Summary. The summary should be a concise description of the strategy. This is not the place to list applicant selection criteria, loan terms or income categories.
 - b. FYs covered. Since most plans cover a three-year period, each strategy should list those three years consistently formatted as 2017-2018, 2018-2019, 2019-2020. Do not state “all years”.
 - c. Income categories served. Again list the three defined categories very low, low and moderate. If you are not funding a specific income group for a strategy, leave that group off and make sure it is consistent with the HDGC. Do not state “all income groups” or add any other requirements in this section.
 - d. Maximum awards. Maximum awards must now be listed clearly in the text of the plan by income category as well as on the HDGC. Make sure these are consistent.

- e. Terms of the loan. Make sure that only loan terms are in this section. It is not the area to detail applicant criteria. Please see the detailed suggestions below in the document. If the strategy is first awarding funds to a Developer, break out those terms as “Developer Terms” and then list the terms to the Applicant if there are any.
- f. Applicant Selection Criteria. This is generally for the actual applicants that apply for assistance and should include a statement about “first-qualified first-served with the following priorities” and then list what groups are given priority based on income levels, Special Needs, etc. If the funds are being awarded to a developer to provide housing, please list those requirements in the developer selection criteria section.
- g. Sponsor/developer selection criteria should only be used if you will be awarding funds to a sponsor/developer of housing. This should detail the process for awarding funds (an RFP, etc.)
- h. Additional information is only for information that has not been included in another section of the plan. Avoid the use of repetitive language here.

Language Suggestions

We encourage every LG to consider the following standard language:

1. When describing the process for serving applicants, we recommend the term “*first-qualified, first-served*” over other options that include “first-come” or “first-ready”. Adding “qualified” denotes that no applicant will receive assistance until they are deemed eligible.
2. When describing eligible applicant groups (income categories, Special Needs, etc.), be specific as to the priority (ranking) order of applicants so that there is no confusion as to what applicants will receive first consideration. Similarly, describe your waiting list procedure in a clear manner.
3. When detailing the terms of the loan, consider the following suggestions/reminders:
 - a. Always state the interest rate of the loan even if it is zero. State this as “*0% interest*” rather than in text form or with terms such as “non-interest” bearing.
 - b. When referring to loan terms always state “*secured by a recorded mortgage and note*” rather than other less clear terms such as “contractually obligated”.
 - c. On purchase assistance (PA) strategies, consider the term “*subordinate*” rather than “second” or “second or third”. This will be important if you choose to allow applicants to “stack/leverage” SHIP DPA with DPA from the bond program which is required to be in second position.
 - d. State whether a loan is *forgiven* (on a prorated basis annually or at the end of the stated term), amortized or *due and payable* at the end of the term.
 - e. When describing recapture/repayment terms, use “outstanding balance” rather than “full loan amount” or like terms when describing the amount that would be owed in cases of a repayment/recapture.
 - f. “*Grant*” is a term which means there are no payments expected (do not use grant as a generic term when describing loans). FHFC has the ability to accept grant terms for specific strategies. Typically, we will accept grant terms for: disaster/emergency, rental assistance, foreclosure prevention and accessibility/barrier removal. All other strategies should be designed as loans.
 - g. Always include default terms of the loan. These might include:
 - i. Sale, transfer of property
 - ii. Loss of homestead exemption status or owner occupied status



- iii. Death of homeowner (in which case you will want to state whether or not the loan is assumable by an income eligible heir)
- iv. Refinance of first mortgage (in cases where cash out or bill consolidation occurs)

Common Errors/Suggestions

The following is a list of common errors and suggestions we regularly comment on in reviewing LHAPs:

1. General Comments
 - a. Spell check your document before submitting
 - b. Format text properly
 - c. Pay attention to outline numbering/lettering
 - d. Use numbering/lettering rather than bullet points
 - e. Insert page numbers on LHAP text document
 - f. Documents referred to in text such as policies, guidelines must be attached as an exhibit unless a brief summary is included in the text
 - g. Avoid too many strategies
 - h. Avoid language/terms that are obscure, convoluted or ones that would require an average reader to look it up
 - i. Be consistent from one strategy to another with the basic language
 - j. Drop “natural” from your disaster strategy as we have seen not all disasters are created by nature
2. In Section I (K), select either Treasury limits (most common) or local HFA numbers. Do not state the actual dollar amount in the plan as this number will change from year to year and will make the LHAP incorrect. The exception would be if you have decided to set a more restrictive limit than allowed by the Treasury and will keep that in place for the life of the plan.
3. Definition of *Essential Services Personnel*. While each LG has the ability to define this term for their community, we will likely send a comment back to you if the definition is too generic or encompasses too big of a group. Avoid using terms such as “including, but not limited to” or “other groups determined to be essential”.
4. Definition of *Green Building Techniques*. Again, each LG has the ability to dictate these terms. However, if there is too little information, we will ask for more detail. You may choose to either detail all green building items in Section I or provide a general description if you are detailing more in the strategy section. There needs to be a clear policy/process on how you decide when green techniques will be applied to a specific case.
5. Definition of *Special Needs*. When defining or discussing Households with Special Needs, please use or refer to the definitions from statutory language provided. Avoid out-of-date terms such as handicapped.
6. The Special Needs set-asides can be met with a specific strategy for Special Needs or can be addressed within other strategies. If there is a priority under general strategies, state that specifically in the “Recipient Selection Criteria” section of each applicable strategy.
7. *Project Delivery Costs (PDC)* are costs that are directly attributed to the processing of an **eligible applicant who is assisted** which do not fall under the definition of “administrative expenditures” as defined in 67-37.002 (1). These fees could include inspections, write-ups, etc. that are not performed by salaried staff. We will review and reject PDC that are not well defined or contain items that are considered administrative expenditures. These fees should be reasonable and included as part of the award/lien on the property.

8. If you have a *priority funding order* (special needs, lower income, target areas), make sure these are stated clearly in any strategy that they apply to. It may be best to provide an actual numbered list rather than trying to summarize in a paragraph or two. Consider a format such as:
 - a. Priority will be given to:
 - i. Very-low with Special Needs
 - ii. Very Low
 - iii. Low with Special Needs
9. Clearly state how your *wait list* is established and processed. This will be important if you have an applicant challenge who has been selected.
10. Strategies must be self-contained and not dependent on language contained in other strategies. Do not include information with cross-references.
11. When describing homeownership counseling, state who will provide the training, whether it is required in order to be assisted and, if so, the required number of hours for training.
12. Avoid confusing the terms “Sponsor” and Sub-Recipient”. An “Eligible Sponsor” as defined in statute refers to an entity that applies for funding from the program. This could be a Developer of rental housing or a Habitat for Humanity, for example. A “Sub-Recipient” as defined in rule is a person or entity that is contracted to administer a portion of the program. Make sure you use these terms to properly describe the relationship. It could be possible for an entity to fall under both categories. If that occurs, please describe the responsibilities of each of those relationships.

Specific Strategy Recommendations

Purchase Assistance (PA)

In addition to the general comments in previous sections, please:

1. Determine if your PA is going to allow for Rehab (code 1) or not (code 2). If you decide on both, you may have two separate strategies or combine them into one. In either case, make sure that the terms under which rehab is allowed and the type of rehab allowed are clearly spelled out. Keep in mind that PA with Rehab is easier to count towards your construction set-aside.
2. When defining *first time homebuyers*, use a standard definition (such as HUD) that is generally accepted in the lending industry.
3. You do not need to include underwriting terms if you are relying on the first mortgage lender to determine an applicant’s ability to secure a mortgage.

Rehabilitation (Rehab)

Items to consider in a rehab strategy:

1. Maximum amount of award and what will occur if the estimate/bids are over that amount. Will the applicant be eligible, rejected or moved to another strategy?
2. What items will be allowed? Will it be limited to life safety and health issues, code violations or more broad? Be clear about what will be included.
3. Will manufactured homes as defined in rule be eligible and if so, will there be a different set of eligible repairs?

Demolition/Reconstruction

1. When you have a demo/ reconstruction strategy, you need to state clearly what the criteria for the unit being eligible will be.
 - a. Will it be based on a dollar amount of the estimate or lowest bid?
 - b. Will it be based on a percentage of rehab needed (such as the house being more than 50% needing repaired)?
 - c. Who will determine this (rehab inspector, staff, CBO)?
 - d. Will you assist someone with an outstanding first mortgage (with a limit?)?
 - e. Will you pay relocation costs?

Disaster

1. Disasters must be declared by the President or Governor. Locally declared disasters are not eligible for funding under the SHIP program statute. You could still assist applicants you determined were affected by a non-declared event, but you would need to do that under another strategy and follow all program guidelines.
2. The disaster strategy is the one where being general is acceptable since there is no way to know what type of event or the magnitude will occur.

Developer Strategies for Homeownership

When designing a strategy in which the initial award is made to a Developer of *Homeownership* units:

1. In the Loan Terms section, make sure to state the terms of the loan to the developer with all default repayment terms and then separately state the terms of the loan to the eligible applicant.
2. In the strategy summary be clear that this is a strategy awarding funds to developers that will then be passed along to an applicant as Purchase Assistance, etc.
3. Avoid a strategy that allows for land banking which is not an eligible use.
4. In the Sponsor Selection Criteria, describe how developers qualify for the award. If an RFP process is used, state the general qualifications (experience, financial, etc.). If you refer to an LG procurement policy, please provide the specific reference in the strategy and attach a copy as an exhibit.

Developer strategies for Rental units

1. When referring to programs/funding from FHFC, state it simply as FHFC funding or FHFC programs. Avoid using specific program names unless you are limiting to just one, such as Low Income Housing Tax Credits (LIHTC). Avoid using the defunct term “Universal Cycle”.
2. SHIP statute requires that all rental projects are monitored annually for fifteen years. When pairing this with other programs, the monitoring of those other programs can be used to satisfy the SHIP compliance requirement. Please note that tax credit only projects are only monitored once every three years. So a development that only receives program funds from tax credits will still be the responsibility of the LG.
3. When stating the term of the award, avoid constricting your ability to work with the developer. Instead of stating an actual number of years for the term, state a minimum or refer to the term of



the “most restrictive funding source”. You want to allow yourself the leeway to work with the developments that best suit your local community’s needs.

Incentive Strategies

1. In contrast to the LHAP strategies on which SHIP funds are expended, incentive strategies reduce regulatory barriers to developing affordable housing in the community. They eliminate or modify local requirements, policies, or fees in order to provide builders and contractors an incentive to focus on affordable housing development. At a minimum, LGs are required to implement the two incentive strategies included in the LHAP Template: Expedited Permitting and Ongoing Review Process.
2. Additional incentives strategies may be added to the LHAP. They may start as recommendations from the Affordable Housing Advisory Committee (AHAC).
3. Every three years, the jurisdiction’s AHAC must review the housing incentive strategies in the Local Housing Assistance Plan, with the exception of jurisdictions receiving less than the minimum allocation of \$350,000.
4. The AHAC is due the same year as the LHAP (May 2) is due.