



SHIP Technical Bulletin 2017-02 Income Compliance on Small Rental Properties

When SHIP funds are invested into a rental development and there is no income compliance monitoring required by other funding sources, it is the responsibility of the local government awarding the funds to comply with the statutory requirement at 420.9075 (4) (e) which states: *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 or corporation program provides periodic 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 \$10,000 or less is not subject to these annual monitoring and determination of tenant eligibility requirements.*

It is important to keep in mind that even if you are awarding funds to a sponsor or sub-recipient (non-profit partner), the requirement remains in place and can be met by the local government or the non-profit partner as detailed in the contractual agreement. The local government will be responsible to ensure it is done correctly. ***If monitoring is not done correctly, regardless of which entity is contractually responsible, funds will be subject to recapture from the local government.***

When local governments are monitored for program compliance, rental developments including small special needs properties, will be reviewed. Some items that can assist you in avoiding monitoring issues include:

- Making sure assistance is provided under an approved LHAP strategy;
- A contract must be executed between the LG and the sponsor/sub-recipient that includes specific information about the process and procedures the LG and sponsor/sub-recipient should follow to ensure compliance with SHIP program requirements, including:
 - An application template to assist the sponsor in collecting information on sources of income and assets
 - An income certification form to assist the sponsor with income certifying tenants
 - A Special Needs Certification form to assist the sponsor with income certifying Special Needs tenants
- All contracts should include language regarding Florida's Single Audit Act;
- LG's should receive and review all income certifications performed by sponsors/sub-recipients to ensure accuracy and compliance with program requirements rather than solely relying on the sponsor/sub-recipient to ensure that tenants are properly income qualified;
- When SHIP funds are provided to a sponsor/sub-recipient to assist a specific target group, such as persons with special needs, the LG should receive and review information that verifies that the tenant is actually part of the target group rather than relying on the sponsor to make that determination;
- The LG should regularly monitor the work performed by the sponsor/sub-recipient to ensure compliance with program requirements and should be reminded that they are ultimately responsible for how SHIP dollars are expended;
- The LG should ensure that all requirements included in its agreement with a sponsor/sub-recipient be monitored;
- The LG should not delegate the responsibility of performing inspections to the sponsor/sub-recipient;
- Awards must be made in accordance with the process stated in the LHAP and with local procurement policies.