

Florida Housing Finance Corporation Workshop Agenda

**Proposed 2018-19 Approach to Fund Housing for
Persons with Special Needs and Homeless Households
Rosen Plaza Hotel, 9700 International Drive, Orlando, Florida
September 18, 2018 1:45 p.m.
Call-In: 1- 888-339-2688, Passcode: 933 232 05**

Discussion Items

- A. Overview of Florida Housing 2018-2019 Funding Timeline highlighting financing for rental housing for Persons with Special Needs, Homeless households and those impacted by Hurricanes Irma and Maria (see Timeline in Appendix)**
- B. Intended Populations or Households**
1. Persons with Special Needs as defined in Section 420.0004 (13), F.S (see Definition in Appendix)
 2. Homeless Households as defined in Section 420.621(5), F.S. (see Definition in Appendix)
 3. Funding Priorities
 - a) In the past several years of Special Needs and Homeless Housing RFAs, Florida Housing has had various funding priorities related to legislative or policy priorities for financing housing for certain households such as chronically homeless individuals, homeless veterans, homeless families and persons with developmental disabilities. What are your recommendations as to how Florida Housing should prioritize its limited resources to finance housing special needs and homeless households?
 - b) In its efforts to distribute LIHTCs and SAIL funding for housing for Homeless Households, Florida Housing has, in the last several years, rotated the funding among four geographic regions (see map in Appendix).

This year the Housing Credit/SAIL Homeless RFA will have a goal to fund a one development in the North Florida region and one in the South Florida regions, as well a goal to fund one in a Large county and a Medium county. Is this approach reasonable in meeting the intent of distributing these financing resource?

Do you recommend any other geographic preferences for special needs or homeless housing resources?
 - c) Florida Housing has worked to support the development of Special Needs and Homeless housing in small counties with populations under 250,000 persons. Florida Housing has generally found that its regular approaches for supporting housing development in Large and Medium Counties does not work for less populated areas.

Florida Housing has implemented some new approaches to work on increasing housing stock in these areas. The approaches have included implementing the Homeless Housing Assistance Loan Demonstration in 2016; evaluating the need to revise the credit underwriting requirements and process; providing technical assistance; as well as encouraging experienced non-profits to help build the capacity of interested non-profits in small and rural communities. Florida Housing staff would appreciate stakeholder input to help us address the need for Permanent Supportive Housing and rental housing stock in these communities.

C. New Capital Needs Assessment (CNA) Approach for Acquisition with Rehabilitation and Preservation Developments

D. Income and Demographic Set-Asides

1. Extremely Low-Income (ELI) Set-Aside for Persons with Special Needs or Homeless Households

- a) The percentage of total units set aside for ELI Households ranges from 15 to 20 percent depending on the Persons with Special Needs or Homeless Housing Request for Applications.
- b) New: Maximum Area Median Income (AMI) level for extremely low-income households in any county is 40 percent.
- c) Income Averaging: The recently passed federal omnibus spending bill (Consolidated Appropriations Act of 2018) made changes to the Low-Income Housing Tax Credit program, allowing the program to now serve households earning up to 80 percent of area median income (AMI) in a new occupancy set-aside option. Income Averaging allows units to serve households earning as much as 80% of AMI, as long the average income/rent limit in the development is 60% or less of AMI. Applications that select income averaging will be required to set aside five percent more ELI units than other applicants that do not select the income averaging option. Additionally, applicants that select income averaging will be held to a 30% AMI limit for ELI units for the entire length of the affordability period.

2. Demographic Set-Asides for Persons with Special Needs or Homeless Households

The demographic set-aside requirements for Persons with Special Needs and Homeless developments have varied based on policy and strategies, the size of the development, households to be served, or the housing financing resources available. Florida Housing requires that the percentage of total units set aside for the intended demographic in Persons with Special Needs or Homeless developments in permanent supportive housing developments be at least 70 percent.

What is the best balance between optimizing the funding for the most Persons with Special Needs or Homeless units, sustaining a quality property and serving the intended population?

E. Applying for Funding

1. Successful and Sustainable Housing Challenges

Florida Housing continues to address what factors are pertinent to the successful, efficient and mission-driven development, management/operations, and sustainability of mission-driven rental housing for PSN and Homeless households. Florida Housing is interested in ideas and comments on how to effectively address challenges to successful and sustainable housing. The challenges include:

- a) a limited number of non-profits that have the expertise or capacity to be the sole Applicant of all developments, especially large developments financed with housing credits;
- b) the lack of experienced or interested entities for the development and operations of housing in small communities and rural areas;
- c) determining the level of risk and responsibility by entities that have the experience to successfully develop or operate housing to serve an intended population;

- d) There are only a few experienced for-profits that have indicated an interest or mission to house some of our most vulnerable individuals and families. It has also been a challenge to find experienced non-profits that have the interest or time to help non-profit partners develop the necessary experience; and
- e) there may not be sufficient or appropriate community-based supportive services that will be available to help households access the supportive housing, as well as build and sustain housing stability.

2. Ownership and Joint Ventures

- a) 100% Non-profit (See Definition in Appendix)
- b) Non-profit/For-profit
- c) Non-profit/Non-profit

F. Lowering Barriers to Rental Housing Entry (LBE) for ELI Households – Stakeholder Workgroup Recommendations

Earlier this year, Florida Housing convened a workgroup to address a 2017 Affordable Housing Workgroup recommendation regarding lowering barriers for ELI households to access rental housing in Florida Housing’s portfolio. The LBE Workgroup efforts resulted in submitting a set of recommendations to Florida Housing for consideration. The recommendations concern lowering barriers related to tenant application and selection requirements and processes. Florida Housing intends to solicit public input through the end of 2018. The LBE Recommendations are in the appendix.

G. Evaluation of Credit Underwriting Approach for Housing for Persons with Special Needs and Homeless Households

Florida Housing has a goal in 2019 to complete an evaluation of the current Credit Underwriting approach the Corporation uses to project whether a permanent supportive housing rental property can be successfully developed and remain sustainable with the financing provided. The objective of the evaluation is to assess whether changes to the approach will make it more effective and efficient in projecting the viability of these properties that serve special populations and tend to be developed by non-profit organizations. This evaluation is a recommendation of the 2017 Affordable Housing Workgroup.

H. Additional Public and Stakeholder Input or Questions

I. Appendix:

- 1. Tentative 2018/2019 Funding Amounts/Timelines – 9-10-18 is currently available on webpage <https://www.floridahousing.org/programs/developers-multifamily-programs/competitive> and will be provided as a separate handout at workshop
- 2. Relevant Definitions
- 3. Homeless Development Regional Chart
- 4. Proposed Standards and Processes that Lower Barriers to Rental Housing Entry

Appendix Document

Definitions Relevant to Special Needs/Homeless RFAs from Statute and Florida Administrative Code

<p>“Disabling Condition”</p>	<p>A diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, or the co-occurrence of two or more of these conditions, and a determination that the condition is:</p> <ul style="list-style-type: none"> (a) Expected to be of long-continued and indefinite duration; and (b) Not expected to impair the ability of the person with special needs to live independently with appropriate supports.
<p>“Extremely-low-income persons”</p>	<p>One or more natural persons or a family whose total annual household income does not exceed 30 percent of the median annual adjusted gross income for households within the state. The Florida Housing Finance Corporation may adjust this amount annually by rule to provide that in lower income counties, extremely low income may exceed 30 percent of area median income and that in higher income counties, extremely low income may be less than 30 percent of area median income.</p>
<p>“Homeless”</p>	<p>means an individual who lacks a fixed, regular, and adequate nighttime residence and includes an individual who:</p> <ul style="list-style-type: none"> (a) Is sharing the housing of other persons due to loss of housing, economic hardship, or a similar reason; (b) Is living in a motel, hotel, travel trailer park, or camping ground due to a lack of alternative adequate accommodations; (c) Is living in an emergency or transitional shelter; (d) Has a primary nighttime residence that is a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings; (e) Is living in a car, park, public space, abandoned building, bus or train station, or similar setting; or (f) Is a migratory individual who qualifies as homeless because he or she is living in circumstances described in paragraphs (a)-(e). <p>The terms do not refer to an individual imprisoned pursuant to state or federal law or to individuals or families who are sharing housing due to cultural preferences, voluntary arrangements, or traditional networks of support. The terms include an individual who has been released from jail, prison, the juvenile justice system, the child welfare system, a mental health and developmental disability facility, a residential addiction treatment program, or a hospital, for whom no subsequent residence has been identified, and who lacks the resources and support network to obtain housing.</p>
<p>“Non-Profit”</p>	<p>A qualified non-profit entity as defined in Section 42(h)(5)(C), subsection 501(c)(3) or 501(c)(4) of the IRC and organized under chapter 617, F.S., if a Florida Corporation, or organized under similar state law if organized in a jurisdiction other than Florida, to provide housing and other services on a not-for-profit basis, which owns at least 51 percent of the ownership interest in the Development held by the general partner or managing member entity, which shall receive at least 25 percent of the Developer</p>

	Fee and which entity is acceptable to federal and state agencies and financial institutions as a sponsor for affordable housing, as further described in rule 67-48.0075, F.A.C.
“Permanent Supportive Housing”	Affordable rental housing leased to the focus households for continued occupancy with an indefinite length of stay as long as the tenant complies with lease requirements. The lease must be a minimum of 7 months and have no limits on length of tenancy related to the provision or participation in supportive services. Permanent Supportive Housing shall facilitate and promote activities of daily living, access to community-based services, and inclusion in the general community. Permanent Supportive Housing shall strive to meet the needs and preferences of the focus households.
“Person with special needs”	an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition; a young adult formerly in foster care who is eligible for services under s. 409.1451(5); a survivor of domestic violence as defined in s. 741.28; or a person receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans’ disability benefits.

**Appendix Document
Homeless Development Regional Chart**

REGION	LARGE COUNTIES	MEDIUM COUNTIES			
North Florida	Duval	Alachua Bay	Clay Escambia	Leon Okaloosa	St. Johns Santa Rosa
Central Florida	Orange	Brevard Flagler	Marion Osceola	Polk Seminole	Volusia
Tampa Bay	Hillsborough Pinellas	Citrus Hernando	Lake Manatee	Pasco Sarasota	Sumter
South Florida	Broward Miami-Dade Palm Beach	Charlotte Collier	Highlands Indian River	Lee Martin	St. Lucie

Appendix Document

Proposed Standards and Processes that Lower Barriers to Rental Housing Entry

Introduction

In March, Florida Housing convened a workgroup to address a 2017 Affordable Housing Workgroup recommendation regarding lowering barriers for extremely low-income (ELI) households to access rental housing in Florida Housing's portfolio. The workgroup's charge was to help Florida Housing develop comprehensive low barrier entry standards and requirements that the Corporation could consider adopting and incorporating into future requests for applications. The workgroup was comprised of members with expertise in affordable housing development, property ownership and management, provision of supportive housing and support services, fair housing, and advocacy for homeless households or persons with special needs. The organizations represented were the Florida Supportive Housing Coalition, Coalition of Affordable Housing Providers, Florida Housing Coalition, Florida Coalition for the Homeless, Florida Legal Services, Atlantic Pacific Management, and Gracepoint.

The following are the recommendations developed by the workgroup over a series of five meetings. This set of recommendations is a consensus document that includes proposed requirements, standards and processes to reduce or alleviate application and selection barriers for households seeking tenancy at a Florida Housing financed rental development. During the workgroup's discussions, many of the recommendations developed from being ELI household specific to ones that should be considered for all income-eligible households.

Tenant Selection Criteria and Approach Requirements (All households)

- Owners must maintain written Tenant Selection Criteria following Florida Housing requirements pursuant to the Request for Application (RFA). The criteria and approach under which an applicant was screened must be included in the household's file.

Tenant Application Packet (All households)

- The development's tenant application package must prominently and distinctly provide the following items:
 - A description of reasonable accommodations or reasonable modifications for persons with disabilities, pursuant to Section 504 of the Rehabilitation Act of 1973. The description shall include accommodations that must be considered by the Development such as physical dwelling unit modifications for greater accessibility and use, as well as individualized assessments of mitigating factors related to a disability that adversely affected a household's credit, eviction or criminal history. The description shall also include the process of requesting a reasonable accommodation, the determination approach, and decision-making timelines.
 - A description of an applicant or existing tenant's protections pursuant to the Violence Against Women Reauthorization Act of 2013.
 - The approach regarding a household's notification and appeal process and timeline, if the household's application is rejected or determined ineligible.

Application Fees (ELI households)

- A fee of no more than \$35 may be charged to each adult in an extremely low-income household for processing a tenancy application, including conducting credit and background checks.

Deposits (ELI households)

- A rental deposit for a unit set aside for an extremely low-income household will be no more than one month of the tenant-paid portion of the rent.
 - The development should offer a payment plan to split the deposit in at least two to three payments.
 - A deposit or fee to hold a rental unit for a stated period of time until the tenant pays the first month's rent or security deposit is prohibited regardless of whether the fee is applied toward the security deposit.

Income Requirements (All households)

- The eligibility income requirement for an applicant's household income must not be more than 2 times the tenant-paid portion of rent.
- All eligibility income requirements must consider any rental assistance that an applicant household receives from a federal or state program, such as HUD Section 8 Housing Choice Vouchers. Developments must exempt households with rental assistance from the income requirement policy itself or base the income requirement on a household's tenant paid portion of the rent.

Credit Record Checks (ELI households)

- Credit history related to cable and internet services may not be taken into consideration when conducting credit checks for applicants that are income eligible for units set aside for extremely low-income households.

Criminal History (All households)

- Florida Housing shall emphasize in its RFAs and relevant closing documents that Developments must adhere to the criminal history check guidelines entitled, "Office of General Counsel Guidance on Application of Fair Housing Act Standards to the Use of Criminal Records" issued by HUD on April 4, 2016. The guidelines include:
 - Arrest records alone may not be used as a selection criterion; and
 - The development must offer each applicant the option to request that the development conduct an individualized assessment that gives the applicant the opportunity to submit, with the application, evidence of mitigating circumstances related to a criminal conviction(s);
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- When an individualized assessment is conducted by the development, the determination should include assessing the following factors:

- the seriousness of the criminal offense;
 - the relationship between the criminal offense and the safety and security of residents, staff and property;
 - the age of the household at the time of the offense;
 - the number of and nature of any other criminal convictions;
 - evidence of rehabilitation, such as employment, participation in a job training program, education, recommendations from professionals or employers in the community relevant to the rehabilitation and mitigating factors; and
 - formal tenancy supports or other risk mitigation services the applicant will receive during tenancy.
- Florida Housing should convene a workgroup to develop a comprehensive tenant selection approach regarding a household applicant's criminal history. The focus of the workgroup would be to develop standardized procedures and tenant selection criteria that take into consideration the type of conviction, exclusion timeframes, and mitigating circumstances as determining factors. The workgroup should include members that have experience/expertise in affordable housing rental management and tenant selection policies, provision of supportive services for ELI households, and Fair Housing.

Evictions (ELI households)

- Developments must establish no more than a 5-year look-back period when reviewing evictions of applicants eligible to lease an extremely low-income unit.
 - Applicants with one eviction during a 5-year look-back period will not be disqualified from tenancy, unless the eviction was due to causing physical harm to development staff, tenants, or property damage in excess of \$(The amount to be determined).
 - Applicants with more than one eviction within the look-back period may be required to pay a security deposit equal to no more than two months of the tenant-paid portion of the rent.
 - The development will offer each applicant the option to request that the development conduct an individualized assessment that gives the applicant the opportunity to submit, with the application, evidence of mitigating circumstances related to evictions.

Rejected or Ineligible Applicant Notification (All households)

- Rejected or ineligible applicants must be notified of the property's decision through a documented process such as a written letter or email to the address provided by the applicant. In addition to the written notice, a telephonic notification should be considered to alleviate any difficulties in attempting to notify the applicant within the required timeframe. Applicants must be provided information on the reason for the denial and/or how ineligibility was determined. The notification must be provided to the applicant within 3 business days after a determination is made and must include information on how an applicant may appeal the decision.