



Santa Rosa County Development Services



Beckie Cato, AICP
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MEMORANDUM

TO: Board of County Commissioners

FROM: Erin Malbeck
Housing Program Coordinator

THROUGH: Beckie Cato, AICP, Planning Director

SUBJECT: Discuss Approval of SHIP Local Housing Assistance Plan for Fiscal Years 2016, 2017, and 2018 including Discussion of Emergency Repair Strategy Maximum Funding Limit

DATE: February 29, 2016

RECOMMENDATION:

Discussion of approval, by resolution, of the 2016 - 2018 Local Housing Assistance Plan (LHAP) to be submitted to the Florida Housing Finance Corporation in accordance with Section 420.907-9079 F.S. and chapter 67-37 Florida Administrative Code, as recommended by the SHIP Local Housing Advisory Committee and authorization for the Chairman to execute all documents necessary for the Plan approval and submission; and

Discussion of the maximum funding limit for the Emergency Repair Strategy as requested by the Board at their February 22, 2016 meeting.

BACKGROUND:

The LHAP defines the purpose of the program which is to meet the housing needs of the very low, low, and moderate income households, to expand production of and preserve affordable housing, and to further the housing element of Santa Rosa County's Comprehensive Plan specific to affordable housing. The proposed LHAP reflects the program strategies, including emergency repairs, first time homebuyer, and substantial rehabilitation, which have been in place for many years. The SHIP Affordable Housing Advisory Committee reviewed the Plan in their meeting held February 17, 2016 and recommend it for approval by the Board of County Commissioners. Pages 8 – 21 of the

proposed LHAP, which describes the program strategies are enclosed. The full 23 page document is available in the Housing Office for review.

One of the LHAP program strategies is Emergency Repair. This strategy provides up to \$10,000 in funding for emergency repairs to very low and low income home owners. Such repairs typically include septic tank, roof, and electrical repairs. From time-to-time the bids for these repairs come in slightly above the \$10,000, requiring Board approval to exceed the program limit. At their February 22, 2016 meeting, the Board indicated a desire to consider increasing this amount.

The SHIP Affordable Housing Advisory Committee considered this issue at their October 15, 2015 meeting and recommended keeping the \$10,000 limit on the Emergency Repair strategy and to allow for variances of up to 20% with Board approval. This is reflected on page 10 of the LHAP document.

Section II. LHAP Strategies:

A.

OWNER OCCUPIED REHABILITATION	3
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a. Summary of Strategy:

Funds will be provided for repairs and rehabilitation of sub-standard owner-occupied single-family units. The work will address repairs or improvements that are needed for safe or sanitary habitation or correction of substantial building code violations in accordance with the Housing Program Rehabilitation Manual.

b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019

c. Income Categories to be served:

Strategy provides assistance to families with incomes of 80% or less of the area median income

d. Maximum award: **\$35,000** Awards will be made on a first qualified, first served basis. Qualified applicants are defined as those that have provided all necessary documentation to determine income and property eligibility.

e. Terms:

1. Loan/deferred loan/grant: Deferred Payment Loan

2. Interest Rate: 0%

3. Term:

Applicants who are 62 years of age or older AND very low income OR handicapped/disabled as determined by the Social Security Administration for the purpose of receiving benefits AND very low income will receive assistance which is secured by a mortgage with no monthly payments that is forgiven at a rate of 20% per year over a five (5) year period. At the end of the five (5) years, the loan is forgiven

All other applicants will receive assistance which is secured by a mortgage with no monthly payments for a term of ten (10) years. At the end of ten (10) years, the loan is forgiven

4. Repayment: Repayment of the loan is required in full when any of the following conditions occur:

- Sale. If the property is sold, the outstanding balance on the loan must be repaid
- Occupancy. If the homeowner no longer resides in the home the loan must be repaid
- Title Transfer. If the title is transferred, the loan must be repaid. Exception is made in the event the homeowner dies during the loan period. Title transfer can be made to an income-eligible heir who is going to make the house their primary residence. The heir must apply for the exception and provide necessary information to certify household income. If the title is transferred to an eligible heir who is not going to reside in the house or a non-income eligible heir, the outstanding balance on the loan must be repaid in full.
- Refinance to Access Equity. If a refinance is pursued to obtain a lower fixed rate mortgage, a reduction in the monthly principal and interest payment, with no cash out, a written request for the refinance and re-subordination may be submitted for consideration.

f. Recipient Selection Criteria:

The household must provide proof of property ownership. (Life estates are recognized as proof of ownership). An extensive waiting list exists under this strategy. Awards will be made from applicants on the waiting list on a first qualified, first served basis. Priority will be given to applicants with special needs as defined in Florida Statute 420.0004. Outstanding mortgage and real estate taxes must be current and the owner must have homestead exemption claimed.

g. Sponsor/Developer Selection Criteria: This strategy will be implemented directly by Santa Rosa County staff.

h. Additional Information:

- Asset Limitation. Applicants owning family assets exceeding \$25,000, as calculated in accordance with HUD's Occupancy Handbook Asset Exhibit 5-2 (4350.3 REV-1), are ineligible to receive assistance.
- Funding Limitation. An applicant assisted under this strategy is ineligible to receive additional funding for substantial repair during an outstanding 5-year or 10-year lien period. A homeowner is eligible to reapply for further assistance after the current/existing lien period has expired.

- Mobile Homes are not eligible for assistance
- Rehabilitation specifications require that all appliances purchased and installed must have an *Energy Star* rating.

B.

EMERGENCY REPAIR	6
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- a. Summary of Strategy:
Funds will be used to provide emergency repair assistance in the form of a deferred payment loan (DPL) for very-low and low income homeowners. Funds will be used to address roofing, electrical, plumbing, sanitary disposal, life/safety conditions, structural code deficiencies and other related repairs.
- b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019
- c. Income Categories to be served:
Funds will assist applicants with very-low and low incomes.
- d. Maximum award: **\$10,000** A variance of up to 20%, or a maximum of \$12,000, may be approved the Board of County Commissioners. Awards will be made on a first qualified, first served basis. Qualified applicants are defined as those that have provided all necessary documentation to determine income and property eligibility.
- e. Terms:
1. Loan/deferred loan/grant: Deferred Payment Loan
 2. Interest Rate: 0%
 3. Term:
Assistance will be given to qualified homeowners, secured by a recorded mortgage that is forgivable on the annual date of the loan at a rate of 20% per year over a five (5) year period. At the end of five (5) years, the loan will be forgiven.
 4. Repayment:
Any unforgiven amount of the lien must be repaid when any of the following conditions occur:
 - Sale. If the property is sold, the loan must be repaid.
 - Occupancy. If the homeowner no longer resides in the home, the loan must be repaid.

- Title Transfer. If the title is transferred, the loan must be repaid. Exception is made in the event the homeowner dies during the loan period. Title transfer can be made to an income-eligible heir who is going to make the house their primary residence. The heir must apply for the exception and provide necessary information to certify household income. If the title is transferred to an eligible heir who is not going to reside in the house or a non-income eligible heir, the outstanding balance on the loan must be repaid in full.
- Refinance to Access Equity. If a refinance is pursued to obtain a lower fixed rate mortgage, a reduction in the monthly principal and interest payment, with no cash out, a written request for the refinance and re-subordination may be submitted for consideration.

f. Recipient Selection Criteria:

The household must provide proof of property ownership. (Life estates are recognized as proof of ownership). An extensive waiting list exists under this strategy. Awards will be made from applicants on the waiting list on a first qualified, first served basis. Priority will be given to applicants with special needs as defined in Florida Statute 420.0004. Outstanding mortgage and real estate taxes must be current and the owner must have homestead exemption claimed.

g. Sponsor/Developer Selection Criteria:

The sponsor/sub-recipient RFP process will only be used if the county elects to solicit a third party agent to administer the emergency repair strategy. Should the county elect to use a third party, the selection of a sub-recipient will be based upon responses to an advertised request for proposal (RFP). Selection criteria will include:

- Past experience of agency in managing emergency housing repair assistance activities;
- Projected SHIP cost per housing unit;
- Commitment of non-SHIP funds as leverage for SHIP dollars; and,
- Commitment to limit assistance to very low income households.

Proposals meeting the RFP requirements will be evaluated by the Affordable Housing Advisory Committee to determine the agency or organization that will

implement the strategy. Final selection and contract approval will be made by the Board of County Commissioners. The RFP may solicit participation for the full three year LHAP period.

h. Additional Information:

- a) Asset limitation: Applicants owning family assets exceeding \$25,000, as calculated in accordance with HUD's Occupancy Handbook Asset Exhibit 5-2 (4350.3 REV-1), are ineligible to received assistance.
- b) Mobile homes are not eligible for assistance.
- c) Emergency repair specifications require that all appliances purchased and installed must have an *Energy Star* rating.

C.

<i>DEMOLITION/RECONSTRUCTION</i>	4
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a. Summary of Strategy:

Existing uninhabitable or dilapidated structures for homeowners that do not have alternative housing or financial resources to alleviate the situation may be replaced under this strategy. The property must be owner-occupied and homesteaded with clear title. Liens, taxes and assessments must be current. The existing structure must be confirmed as substandard and not suitable for habitation by the appropriate county building officials. Applicants will be given a choice of several housing plans. A new or retrofit of the existing utilities driveway apron and demolition may be included as part of the construction costs and included in the bidding process.

b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019

c. Income Categories to be served: Assistance will be provided to households with incomes of 80% (low income) or less of the area media income

d. Maximum award: \$100,000

e. Terms:

1. Loan/deferred loan/grant: Deferred Payment Loan
2. Interest Rate: 0%
3. Term:

Assistance will be given to qualified homeowners, secured by a recorded mortgage that is forgiven after 20 years of residency.

4. Forgiveness/Repayment:

The deferred payment loan will be forgiven after 20 years. The loan must be repaid when any of the following conditions occur:

- Sale. If the property is sold, the loan must be repaid
- Occupancy. If the homeowner no longer resides in the home, the loan must be repaid
- Title Transfer. If the title is transferred, the loan must be repaid. An exception is allowed if a transfer is made to an income-eligible heir who is going to make the house their primary dwelling. The heir must apply for the exception and provide necessary information to certify household income. If the title is transferred to an eligible heir who is not going to reside in the house or a non-income eligible heir, the loan must be repaid
- Refinance to Access Equity. If a refinance is pursued to obtain a lower fixed rate mortgage, a reduction in the monthly principal and interest payment, with no cash out, a written request for the refinance and resubordination of the lien may be submitted for consideration

f. Recipient Selection Criteria: Applicants are accepted on a first come/first served basis. There is a waiting list for assistance under this strategy. Applicants are required to provide accurate documentation for income and qualification determination. Funds will be encumbered on a first qualified basis. Qualified applicants are defined as those that have provided all necessary documentation to determine income and property eligibility.

g. Sponsor/Developer Selection Criteria: This strategy will be implemented by Santa Rosa County staff.

h. Additional Information:

- Asset Limitation: Applicants owning family assets exceeding \$25,000, as calculated in accordance with HUD's Occupancy Handbook Asset Exhibit 5-2 (4350.3 REV-1), are ineligible to receive
- Funding Limitation: An applicant assisted under this strategy is ineligible to receive additional funding for substantial repair during the initial 20 year lien period. A homeowner is eligible to apply for emergency repair or

disaster assistance as circumstances warrant.

- Mobile homes are eligible for replacement

D.

FIRST TIME HOMEBUYER (DOWN PAYMENT/CLOSING COST AND PRINCIPAL MORTGAGE REDUCTION ASSISTANCE)	2
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a. Summary of Strategy:

Funding will be provided to assist potential homebuyers with reducing the cost of purchasing a home. Eligible costs include, but are not limited to, down payment, principal mortgage reduction, first and second mortgage recording fees, intangible tax, appraisal fee, credit report fee, origination fee or service fee charged by the lender or closing agent, charges for title search and title insurance, the first year premium of hazard insurance, inspection fees and survey fees. Homes purchased through this strategy must meet the definition of "eligible housing" as defined in the SHIP Rule. Eligible units may be newly constructed or existing units which have had or will have repairs needed for safe or sanitary habitation, the correction of substantial code violations, or the creation of additional living space within 12 months of closing. Evidence of repairs must be adequately documented. Escrows for future payments of real estate taxes, hazard insurance premiums or other required escrowed items are not eligible to be paid with SHIP funds.

b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019

c. Income Categories to be served:

Households with annual income up to 120% of area median income are eligible for assistance.

d. Maximum award:

- **Very low income household: Maximum \$15,000**
- **Low income household: Maximum \$10,000**
- **Moderate income household: Maximum \$7,500**

e. Terms:

1. Loan/deferred loan/grant: Deferred Payment Loan
2. Interest Rate: 0%
3. Term:

Funds must be secured by 15 year mortgage. At the end of the 15 year

mortgage, the loan is forgiven. The loan must be repaid when any of the following conditions occur:

- Sale. If the property is sold, the loan must be repaid
- Occupancy. If the homeowner no longer resides in the home, the loan must be repaid
- Title Transfer. If the title is transferred, the loan must be repaid. An exception is allowed if a transfer is made to an income-eligible heir who is going to make the house their primary dwelling. The heir must apply for the exception and provide necessary information to certify household income. If the title is transferred to an eligible heir who is not going to reside in the house or a non-income eligible heir, the loan must be repaid
- Refinance to Access Equity. If a refinance is pursued to obtain a lower fixed rate mortgage, a reduction in the monthly principal and interest payment, with no cash out, a written request for the refinance and re-subordination of the lien may be submitted for consideration

- f. Recipient Selection Criteria: Assistance will be provided on a first ready, first served basis. First ready is defined as applicants that have a sales agreement to purchase a home, approval of a first mortgage with a local lender, and are income qualified. Additionally, families must meet the definition of a first time homebuyer. A first-time homebuyer is a family who has not owned a home within the past three (3) years immediately preceding the SHIP assisted purchase. However, someone who has lost the home as a result of a divorce within the last three (3) years meets the first-time homebuyer definition. Applicants must successfully complete a homebuyer counseling course.
- g. Sponsor/Developer Selection Criteria: N/A
- h. Additional Information:
- Applicants receiving First Time Homebuyer assistance are not eligible for additional SHIP assistance except for Emergency Repair or Disaster Assistance for a period of five (5) years.
 - Funds may be leveraged with federal, state, and private funds as well as donations

- Asset Limitation: Applicants owning family assets exceeding \$25,000, as calculated in accordance with HUD's Occupancy Handbook Asset Exhibit 5-2 (4350.3 REV-1), are ineligible to receive
- Mobile homes are not eligible for assistance.

E.

<i>DISASTER MITIGATION/RECOVERY (OPTIONAL)</i>	5
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a. Summary of Strategy:

SHIP funds may be used in all areas of Santa Rosa County to provide emergency repairs to homes owned by very low, low and moderate income families in the aftermath of a disaster declared by Executive Order. Generally, such needs shall include, but not be limited to, interim repairs to avoid further damage to the homes of eligible families; tree and debris removal required to make individual housing units habitable by the eligible family; and post-disaster assistance with non-insured repairs to homes. This optional strategy will be implemented only in the event of a declared natural disaster that directly impacts Santa Rosa County.

b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019

c. Income Categories to be served: Assistance will be given to families whose income is at or below 120% of the area median income.

d. Maximum award per household/dwelling: **\$15,000**. Emergency rehabilitation assistance may be provided on a first qualified, first served basis. Qualified applicants are defined as those that have provided all necessary documentation to determine income and property eligibility

e. Terms:

1. Loan/deferred loan/grant: Deferred Payment Loan
2. Interest Rate: 0%
3. Term:

The Deferred Payment Loan will be secured by a recorded mortgage that is forgivable at a rate of 20% per year over a (5) year period. At the end of the five (5) years, it is forgiven. The loan must be repaid when any of the following conditions occur:

- Sale. If the property is sold, the loan must be repaid
- Occupancy. If the homeowner no longer resides in the home, the

loan must be repaid

- Title Transfer. If the title is transferred, the loan must be repaid. An exception is allowed if a transfer is made to an income-eligible heir who is going to make the house their primary dwelling. The heir must apply for the exception and provide necessary information to certify household income. If the title is transferred to an eligible heir who is not going to reside in the house or a non-income eligible heir, the loan must be repaid
- Refinance to Access Equity. If a refinance is pursued to obtain a lower fixed rate mortgage, a reduction in the monthly principal and interest payment, with no cash out, a written request for the refinance and resubordination of the lien may be submitted for consideration

f. Recipient Selection Criteria:

Assistance will be provided on a first qualified, first served basis following the declaration of the disaster. The home must be owner-occupied and documented for homestead exemption. Qualified applicants are defined as those that have provided all necessary documentation to determine income and property eligibility.

g. Sponsor/Developer Selection Criteria: N/A

h. Additional Information:

- Asset Limitation: Applicants owning family assets exceeding \$25,000, as calculated in accordance with HUD's Occupancy Handbook Asset Exhibit 5-2 (4350.3 REV-1) are ineligible to receive assistance.
- Mobile homes are not eligible for assistance

F.

<i>RENTAL DEVELOPMENT (Leverage for State and Federal Programs) OPTIONAL</i>	21
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a. Summary of Strategy:

Rental Development SHIP funds may be used to support the Local Government Contribution when participating in such programs as, but not limited to, Low Income Housing Tax Credit (LIHTC), State or local tax-exempt bonds, the State Apartment Incentive Loan Program (SAIL) and the Predevelopment Loan Program. The SHIP local government contribution will be expended to support new

construction of multi-family rental housing developments for eligible persons, including those with special needs. Funds to support affordable housing rental initiatives will be committed on a per project basis. The actual amount is ultimately contingent upon the matching levels required to effectively participate in the various programs and initiatives.

For those projects undertaken primarily in partnership with a local Community Housing Development Organization (CHDO) or a 501(c)(3) non-profit, an affordable housing sponsor will be selected through an open proposal submission process. The Board of County Commissioners will make the final decision regarding any project funding

b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019

c. Income Categories to be served:

Rental units developed through this strategy must be occupied by very low, low, and moderate income families (below 120% of area median income) and at least 10% of the families must be either very low income (below 50% of the area median income) or special needs.

d. Maximum award:

\$175,000 per project maximum; \$50,000 per unit maximum. The funding will be awarded on a project based to the developer as development progresses and in accordance with terms approved on each specific project by the Board of County Commissioners.

e. Terms:

1. Loan/deferred loan/grant: Deferred Payment Loan

2. Interest Rate: 0%

3. Term:

Funds will be secured by either a 20 or 25 year mortgage, as approved by the Board of County Commission based upon the specific project terms presented for consideration, forgivable in annual increments over the full term of the mortgage assuming compliance with all SHIP requirements by the Sponsor agency. Funds will be secured by mortgage and note.

Maximum term is 25 years, unless a longer term is specifically required as a condition for project financing. As defined in the applicable mortgage and note, full recapture of SHIP funds invested is required upon default, unless a

forgiveness provision (depreciating balance) is incorporated into the mortgage and note in which case, the un-depreciated portion shall be due and payable upon default.

Compliance monitoring shall be performed annually by county housing program staff or a designated agent for a minimum of 15 years through direct review of Sponsor agency documentation to establish compliance with SHIP Program affordability requirements with respect to tenant occupancy, income levels, and rental rates. For FHFC financed projects that also receive SHIP local support, occupancy, rent, and housing quality compliance documentation secured by FHFC or its contract monitor, shall be deemed acceptable in meeting this requirement. The sale of properties assisted with SHIP funds shall require approval of the Board of County Commissioners and shall be acceptable (without repayment) only if the subsequent owner(s) agree to meet any remaining rental, occupancy and affordability obligations established in the development agreement, mortgage and note. Under the SHIP Program, assisted rental properties offered for sale prior to the end of the term of assistance must be subject to a right of first refusal for purchase at the current market value by eligible non-profit organization that would provide continued occupancy by SHIP eligible persons.

f. Recipient Selection Criteria:

Assistance will be provided on a first come/first served basis

g. Sponsor/Developer Selection Criteria:

- Sponsor's past experience in building affordable multifamily units;
- Sponsor's past experience and demonstrated performance in management/operation of housing for special needs population(s) as defined in 420.0004 FS;
- Proposed total SHIP cost per unit;
- History of providing housing to very low income families have special housing needs;

h. Additional Information: N/A

G.

<p><i>DEVELOPMENT OF RESIDENTIAL UNITS TARGETING SPECIAL NEEDS HOUSING</i> <i>(Optional)</i></p>	<p>12</p>
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- a. Summary of Strategy:
 To assist local non-profit sponsors in developing special needs housing for eligible clients through acquisition, rehabilitation, and/or new construction of suitable units. Persons who have Special Housing Needs, are defined in 67-37.002(21) F.A.C. Such units shall be utilized by the subject non-profit sponsor to meet short or long-term housing needs of eligible persons. Operational costs after initial acquisition shall be the responsibility of the sponsoring agency.
- b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019
- c. Income Categories to be served:
 100% of the families assisted through this strategy must have incomes below 50% of the median income at the time of initial occupancy.
- d. Maximum award:
 \$75,000 per unit
- e. Terms:
 - 1. Loan/deferred loan/grant: Direct Grant to provide special needs housing, along with a development agreement (agreement will contain specific terms and conditions that are project specific addressing construction/acquisition and set-aside restrictions as designated by the Board of County Commissioners), and deed restrictions for not less that fifteen (15) years and not more than the most restrictive period required by any funding source. Mortgage term is not applicable to this Strategy. Compliance monitoring shall be performed annually by county housing program staff or a designated agent for a minimum of 15 years through direct review of Sponsor agency documentation to establish compliance with SHIP Program affordability requirements with respect to tenant occupancy, income levels, and rental rates. For FHFC financed projects that also receive SHIP local support, occupancy, rent, and housing quality compliance secured by FHFC or its contract monitor, shall be deemed acceptable in meeting this requirement. The sale of properties assisted with SHIP funds shall require

approval of the Board of County Commissioners and shall be acceptable only if the subsequent owner(s) agree to meet any remaining rental, occupancy and affordability obligations established in the development agreement. Under the SHIP Program, assisted rental properties offered for sale prior to the end of the term of assistance must be subject to a right of first refusal for purchase at the current market value by eligible non-profit organizations that would provide continued occupancy by SHIP eligible persons.

2. Interest Rate: 0%
 3. Term: Dependent upon the development agreement approved by Board of County Commissioners
- f. Recipient Selection Criteria: Assistance will be provided on a first come/first served basis. Properties secured through this activity shall be limited to occupancy by persons or families who are homeless or have special needs and who are under active case management by the Sponsor agency. Sponsor agency/agencies shall provide income and occupancy documentation to the SHIP Administrator at least annually.
- g. Sponsor/Developer Selection Criteria: The selection of sponsors for management of the special needs housing units will be based upon responses to an advertised request for proposal. Selection criteria will include the following:
- Non-profit sponsor's past experience and demonstrated performance in management/operation of housing for special needs population(s);
 - Sponsor's previous experience with documenting recipient's eligibility;
 - Proposed total SHIP cost per unit;
 - Demonstrated experience in providing services that are appropriate to the population residing in the units
- h. Additional Information: N/A