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 to have an approved LHAP at all times. LGs are required to submit LHAPs by May 2nd once every three years covering the three fiscal years beginning July 1st 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.

LHAPs can be submitted for:

- ✓ F**ormal review**. This requires all documents in the LHAP including fully executed certifications and resolutions to be submitted.
- ✓ **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.

Submission of the LHAP

All LHAPs are due by May 2nd of the year in which the previous LHAP is expiring. Forms and instructions for submittal of the plan are located at: https://www.floridahousing.org/programs/special-programs/local-housing-assistance-plan-(lhap). 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 **LHAPs submitted on out-of-date forms or in incorrect format will be rejected.** Please follow the instructions carefully when submitting the plans as this will greatly improve the timing of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 2nd, 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. 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, LHAP 2024-2027.**
5. In body of Email please state: "Please find attached the LHAP for Fiscal Years 2024-2027. This plan is being submitted for review."
6. Submit to robert.dearduff@floridahousing.org.

1

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

1. **Approved with no comments**

   If this is the decision, you should proceed to:

   - Combine all final documents into one PDF document in the proper order according to instructions below under Final Submission Procedures
   - Title document "<local government>2024-2027LHAPFINAL
   - In Subject line of Email, please list the following in order: Local Government, LHAP2024-20257FINAL
   - In body of email state "Final LHAP"
   - Submit to robert.dearduff@floridahousing.org.

2. **Approval with Comments**

   If this is the decision, you should proceed to:

   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 Final approved LHAP incorporating comments" and detail any recommendations from the review committee that were not accepted and why.

3. **Approval Withheld**

   If this is the decision, you should proceed to:

   - Follow instructions in email from Florida Housing related to providing additional information or making required changes due to not meeting 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 2024-2027 LHAP for review"

Final Submission Tips (After Approval under #1 or #2 above):
1. 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, contact robert.dearduff@floridahousing.org.
2. Do not place a cover letter or the resolution first.
3. All documents should be clean and have all underline/strikethrough removed incorporating 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. 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.
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 rule definition for "Interlocal Entity"

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 straightforward 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

3

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. FYs covered. Since most plans cover a three-year period, each strategy should list those three years consistently formatted as 2023-2024, 2024-2025 and 2025-2026. Do not state "all years".
   b. 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. You can also include incomes up to 140% of the AMI, but that is not included as part of "Moderate".
   c. 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. The maximum award must include all funds expended on an applicant including project delivery costs
   d. 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 separately as "Developer Terms" and then "Applicant Terms".**
   e. Applicant/Tenant Selection Criteria. This is for the actual applicants or tenants (renters) 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 the developer requirements separately in the developer selection criteria section.
   f. 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.). For more detail on sponsors and other outside entities, please see Exhibit A. Do not include information in this section for a third party "sub-recipient".
   g. Additional information is 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%"* rather than in text form or with terms such as "non-interest" bearing. For a grant, state N/A.

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* during or 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. Florida Housing will typically not approve a grant for an amount above $15,000.

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. Make sure page numbers are not deleted 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, there are four groups required by statute, 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. When referring to homeless, be specific to the statutory definition.

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 (2-5%) 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 (HUD approved agency), 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. If you

are awarding work to contractors, such as for rehab, these contractors do not fall under Sponsor or Sub-recipient and do not need to be detailed in this section.

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 broader? 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?
4. If you require homeowner's insurance, is there an exception for very low income, Special Needs, etc.

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 the determination to demolish a home be based on a dollar amount of the estimate cost to repair or lowest bid or
   Will it be based on a percentage of rehab needed (such as the house being more than 50% needing repaired)?
   b. Who will determine this (rehab inspector, staff, CBO)?
   c. Will you assist someone with an outstanding first mortgage (with a limit)?
   d. 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.
3. Some costs under the disaster strategy are difficult to secure and therefore should be granted. Those include temporary relocation, debris removal, etc. Make sure you are clear which items are granted and which are to be secured by a mortgage and note, if any.
4. Consider if you will require homeowners' insurance to be in place and if there are any exceptions.

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. This should look like:

e.   Terms to the Developer:

1. Repayment loan/deferred loan/grant: Loan secured by a Note

2. Interest Rate: 0%

3. Years in loan term: 2

4. Forgiveness: N/A

5. Repayment: Loan repaid at the earlier of a) two years or b) when home is sold to an eligible buyer

6. Default: N/A

e.   Terms to the Homebuyer (or Applicant):

1. Repayment loan/deferred loan/grant: Deferred loan secured by a note and mortgage

2. Interest Rate: 0%

3. Years in loan term: 15

4. Forgiveness: Forgiven at the end of the term

5. Repayment: None due as long as the loan is in good standing

6. Default: Sale, transfer, foreclosure, death of homeowner

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. Explain how the funds pass through to the applicant (such as through DPA). Be clear in describing this process.

3. Avoid a strategy that relies on 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).
2. SHIP statute requires that all rental projects are monitored annually for fifteen years regardless of the number of units involved. When pairing this with other programs, the monitoring of those other programs can be used to satisfy the SHIP compliance requirement.
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, you may 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 2nd) is due.

Outside SHIP Entities

There are five distinct entities outside of local government staff that may have a role in SHIP:

A **Sponsor**: As defined below, an eligible sponsor is an entity that applies for an award from the local government. The most common example would be a developer who applies through a local government solicitation (RFA, RFQ, ITN, RFP) and is awarded SHIP funds to construct affordable housing units. This does not include contractors who bid on rehab or construction projects. If using a sponsor, qualifications and process for applying for the funds should be detailed in the LHAP under "sponsor selection criteria" for any applicable strategies.

A **Sub-recipient,** as defined in 67-37.002 (31) is an entity that is contracted by the local government to administer a portion of the program. An example would be a non-profit that is awarded an amount of SHIP funds to run one strategy such as rehabilitation. This entity, unlike a sponsor, may handle application processing, income qualification and other administrative functions. This does not need to be detailed in the LHAP, but should be governed by a contract or MOU.   Sub-recipients do not have to be formally solicited. Sub-recipients are listed on the SHIP annual report.

A **Consultant** is an undefined term for SHIP. Typically, a consultant is a third-party entity that is hired by the local government to administer the program in its entirety perhaps with the exception of finance operations. A consultant is a type of sub-recipient. Such an entity is often implementing not just one strategy but all of them. The local government should detail the requirements and duties of the consultant in a services contract.

A **Project Deliverables Provider** is an undefined term for an individual or entity that provides one or more functions such as construction write ups, home inspections, appraisals, surveys, or lead inspections. This individual or entity should be compensated through an approved Project Delivery Cost as detailed in the LHAP. Duties should be detailed in a contract or MOU.

A **Contractor** is an individual or company licensed by the state to perform construction activities. Typically, contractors are approved as part of a pool by the local government and are then able to bid on jobs such as emergency repairs, rehabilitation or new construction.

Definitions

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420.9071 (11)   "Eligible sponsor" means a person or a private or public for-profit or not-for-profit entity that applies for an award under the local housing assistance plan for the purpose of providing eligible housing for eligible persons.

67-37.002 (31) "Sub Recipient" means a person or non-state organization contracted by a SHIP eligible local government and compensated with SHIP funds to provide administration of any portion of the SHIP program.

67-37.002 (24) "Project Delivery Costs" means those costs related to the delivery of housing related services to an eligible applicant that are not included as part of Administrative Expenditures.