

67-37.007 Uses of and Restrictions Upon SHIP Local Housing Distribution Funds for Local Housing Assistance Plans.

(1) SHIP local housing distribution funds shall be used to implement the local housing assistance plan. The benefit of assistance provided through the SHIP program must accrue to eligible persons occupying Eligible Housing. This provision shall not be construed to prohibit use of the local housing distribution deposited into the local housing assistance trust fund for a mixed-income rental development.

(a) All local housing distribution funds shall be Encumbered by June 30 of the State fiscal year following the end of the applicable State fiscal year.

(b) The funds deposited to the local housing assistance trust fund must be Expended within 24 months from the end of the applicable State fiscal year. Requests for extensions for good cause must be submitted by the local government to the Corporation and will be reviewed and approved or denied by the Corporation on a case-by-case basis. Examples of good cause include disasters, requirements of other State agencies or housing programs, adverse market conditions, and unavoidable development delays. The Corporation may require a local government requesting an expenditure extension to receive technical assistance through the Catalyst program.

(c) If funds remain unexpended after the original or extended deadline, the County or eligible municipality will be deemed to be in non-compliance and funds will be subject to recapture by the Corporation.

(d) SHIP local housing distribution funds may be used:

1. To implement the local housing assistance plan and incentive strategies that create or preserve affordable housing,
2. To supplement Corporation programs,
3. To provide local match to obtain federal housing grants or programs, such as HOME, established by 24 CFR, Part 92; and,
4. To further the housing element of the local government comprehensive plan adopted pursuant to Section 163.3184, F.S., specific to affordable housing.

(2) At least sixty-five percent of each local government's local housing distributions must be used for Home Ownership Activities. The expenditure of program income is exempt from this requirement.

(3) At least seventy-five percent of each local government's local housing distributions must be used for construction, rehabilitation or emergency repairs of affordable, Eligible Housing. The expenditure of program income is exempt from this requirement. Construction, rehabilitation, or emergency repairs must be completed either within one year immediately preceding the date of conveyance of title (i.e., closing) or within 24 months of the close of the applicable State fiscal year to satisfy the Expenditure requirement, unless otherwise extended by the Corporation. For purposes of this rule, SHIP recipients may rely on the following expenditures to be considered construction, rehabilitation or emergency repair costs:

- (a) Those hard costs which are typically or customarily treated as construction costs by institutional lenders;
- (b) Payment of impact fees;
- (c) Infrastructure expenses typically paid by the developer;
- (d) Construction soft costs such as engineering studies and appraisals, if directly related to housing construction, rehabilitation or emergency repairs;
- (e) Relocation costs associated with rehabilitation of the residence usually occupied by a tenant or home owner; and,
- (f) Financing, or "buy-down" costs, if directly attributable to assisting eligible persons to own a home or obtain rental occupancy (e.g., security and utility deposit assistance) in a home or unit that has obtained a certificate of occupancy in the 12-month period immediately preceding the contract for sale and purchase or has never been occupied or lease of the premises. When used to purchase an existing housing unit, closing costs and down payment assistance will be considered toward fulfilling the 75 percent construction requirement only if the housing unit receives rehabilitation. Any other costs may be submitted to the Corporation for review and approval.

(4) At least 20 percent of each local government's local housing distribution must be used to serve persons with special needs as defined in Section 420.0004, F.S. A local government must meet this requirement through existing approved strategies in the local housing assistance plan or submit a new local housing assistance plan strategy for this purpose. The first priority of these special needs funds must be to serve persons with developmental disabilities as defined in Section 393.063, F.S., with an emphasis on home modifications, including technological enhancements and devices, which will allow homeowners to remain independent in their own homes and maintain their homeownership.

(5) A county or eligible municipality may spend up to 20 percent of the funds made available in each county and eligible municipality from the local housing distribution for manufactured housing as referenced in Section 420.9075(5)(c), F.S.

- (6) A county or eligible municipality may spend funds to provide ongoing rent subsidies for:
- (a) Security and utility deposit assistance;
 - (b) Eviction prevention not to exceed 6 months' rent; and,
 - (c) A rent subsidy program for very-low-income households with at least one adult who is a person with special needs as defined in Section 420.0004, F.S., or is homeless as defined in Section 420.621, F.S. The period of rental assistance may not exceed 12 months for any eligible household.
- (7) The Corporation shall review and approve expenditures for the following categories as Administrative Expenditures:
- (a) Salaries of persons directly responsible for preparation of the plans or reporting required as part of the administration of the local SHIP program. The salary allocated to SHIP Administrative Expenditures of any employee shall reflect activities involving administration of the SHIP program, but no SHIP program funds are permitted to be expended for the administration of activities not involving SHIP funds;
 - (b) Office expenditures affiliated with the administration of the local SHIP program;
 - (c) Studies conducted by the county or eligible municipality or by consultants selected by the county or eligible municipality to provide data on affordable housing need and demand in the area; and,
 - (d) Expenditures related to travel, training, education, and public information initiatives necessary for the administration of the SHIP program.
- (8) Additional Expenditures detailed in the local housing assistance plan that do not fit in these categories shall be analyzed by the Corporation, which shall make a determination as to whether the proposed expenditures shall be approved as Administrative Expenditures or Project Delivery Costs.
- (9) Small counties and eligible municipalities receiving a local housing distribution of up to \$350,000 may use up to 10 percent of program income for administrative Expenditures.
- (10) The balance of the local housing distribution funds and other funds deposited into the local housing assistance trust fund must be used for housing production and finance activities, including: financing preconstruction activities, financing the purchase of existing units, providing rental housing, and providing home ownership training or counseling to prospective home buyers and owners of homes assisted through the local housing assistance plan.
- (11) The sales price or value of new or existing homes which are sold or rehabilitated under the SHIP Program shall not exceed 90 percent of the average area purchase price in the statistical area in which the housing is located. The local government at its discretion may set the sales price or value below the 90 percent benchmark. The maximum area purchase price shall not exceed the limit established by the United States Department of Treasury or that calculated in accordance with Section 420.9075(5)(f), F.S.
- (12) Loans issued using local housing distribution funds deposited to the local housing assistance trust fund may not have terms exceeding 30 years, except for Deferred Payment Loans or Forgivable Loans that extend beyond 30 years which continue to serve eligible persons.
- (13) All units constructed, rehabilitated, or otherwise assisted with local housing distributions provided from the local housing assistance trust fund must be occupied by eligible persons as defined in Section 420.9071(10), F.S. The remainder may be reserved for eligible sponsors that will serve eligible persons.
- (14) Monthly mortgage payments, including taxes and insurance, and monthly rental payments must be affordable for very low, low- and moderate-income persons and households.
- (15) Rental units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund must be monitored annually by the local government, or to the extent another government entity or Corporation program provides periodic monitoring, the local government may rely on that entity's monitoring for 15 years or the term of assistance, whichever is longer, for compliance with tenant income and affordability requirements, except as referenced in Section 420.9075(4)(e), F.S. In determining the maximum allowable rents, 30 percent of the applicable income category divided by 12 months shall be used based on the number of bedrooms. A one-person household shall be used for an efficiency unit, and for units with separate bedrooms, one and one-half persons per bedroom shall be used. A rental limit chart based on the above calculation adjusted for bedroom size will be provided to the local governments by the Corporation annually.
- (16) All Loans and Grants for units constructed, rehabilitated or otherwise assisted from the local housing assistance trust fund shall be subject to recapture requirements as described by the county or eligible municipality in its local housing assistance plan. Any strategy proposed that will award funds as a Grant without any recapture requirements shall be submitted to the Corporation denoted as a Grant as part of the local housing assistance plan for approval by the Corporation.

(17) Developers receiving assistance from both SHIP and the Low-Income Rental Housing Tax Credit (LIHTC) Program shall be required to comply with the income, affordability and other LIHTC requirements. Similarly, any units receiving assistance from SHIP and other federal, State or local programs shall be required to comply with any requirements specified by the other program in addition to SHIP program requirements. In the event both programs have restrictions on the same issue, the more restrictive regulation shall take precedence. If one program is silent on an issue, the program with a regulation on the issue shall apply.

(18) The local government may require that housing units receiving assistance from local housing distribution funds deposited to the local housing assistance trust fund be located within the boundaries of the local government's jurisdiction which has been approved for receipt of local housing distribution funds.

(19) Local housing distribution funds deposited to the local housing assistance trust fund shall not be used as a pledge of the Debt Service on bonds.

(20) Pursuant to Section 420.9073(5), F.S., in the event of a housing related disaster declared by an Executive Order of the President or Governor, counties and eligible municipalities impacted by the disaster and included in the Executive Order may request funding for activities described in their local housing assistance plans or under the disaster strategy. Requests for additional funds shall be submitted in writing and shall include the name of the local government and amount of funds requested and a schedule of when the funds being requested are to be expended. The request shall also include the number of households to be assisted, addresses, damage assessment performed by FEMA, the Department of Emergency Management, or other local agency performing disaster assessments and dollar estimate of repairs. Disaster funds shall be disbursed to local governments based on demonstrated need pending availability of funds. Counties and eligible municipalities receiving additional funds for disaster that have unencumbered funds shall expend the unencumbered funds before requesting disaster funds. Disaster activities shall be included in the Annual Report submitted by local jurisdictions by September 15 following the close of the fiscal year.

(21) Pursuant to Section 420.9073(6), F.S., counties and eligible municipalities may request funds to be used for the purchase of properties subject to a SHIP lien on which foreclosure proceedings have been initiated. Counties and eligible municipalities receiving these funds shall repay these funds to the Corporation no later than the expenditure deadline for the fiscal year in which the funds were expended. Any funds not repaid shall be withheld from the subsequent year's distribution. Requests for these funds shall be submitted in writing and shall include the name of the local government, amount of funds requested, address of property(ies) being acquired, cost of purchase, amount of existing SHIP subsidy and a schedule of when the funds being requested are to be expended. These funds will be disbursed to local governments on a first come, first served basis pending availability of funds.

Rulemaking Authority 420.9072(9) FS. Law Implemented 420.9072 FS. History—New 11-26-92, Amended 2-9-94, 12-28-94, 1-6-98, Formerly 91-37.007, Amended 12-26-99, 9-22-03, 11-5-06, 2-24-08, 11-22-09, 5-23-17.