

**PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA ITEM SUMMARY

Meeting Date:	December 20, 2016	<input type="checkbox"/> Consent	<input checked="" type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Department of Economic Sustainability		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve: technical revisions to Palm Beach County's State Housing Initiative Partnership (SHIP) Program strategies for the 2013-2016 and 2016-2019 Local Housing Assistance Plans (LHAPs); and authorizing the submission of the revised LHAPs to the Florida Housing Finance Corporation (FHFC).

Summary: On April 16, 2013, the Board of County Commissioners (BCC) approved the SHIP 2013-2016 LHAP (R2013-0487 and R2013-0488), and on April 19, 2016 the BCC approved the SHIP 2016-2019 LHAP (R2016-0503). These LHAPs establish how Palm Beach County utilizes its SHIP allocation for the fiscal years identified. Staff is seeking BCC approval of two (2) proposed technical revisions to the two LHAPS which have been reviewed by FHFC per the SHIP Program Procedures Manual. FHFC reviewed the proposed changes on October 4, 2016 and classified them as "technical revisions". FHFC allows the approval of "technical revisions" to be at the option of the local governing body, whereas "amendments" are required to be approved by the local governing body. Historically, DES has sought BCC approval of both "technical revisions" and "amendments" to the LHAPs. The two (2) proposed Technical Revisions to the attached LHAPs' strategies in ~~strikethrough~~/underline format which are summarized as follows:

The first proposed technical revision to the 2013-2016 LHAP adds the purchase of condominiums and townhomes as eligible activities under the Purchase Assistance Program (PAP). Condominiums and townhomes are more affordable to low and extremely-low income households. Permitting the purchase of these properties would benefit these income categories. Currently, 62% of PAP income certified applicants are low and extremely-low income families. This revision to the PAP strategy in the 2013-2016 LHAP will permit these applicants to secure affordable home ownership opportunities within these property types.

The second proposed technical revision impacts both the 2013-2016 LHAP and the 2016-2019 LHAP. This technical revision brings into consistency the Rental Housing Entry Assistance Strategy with F.S. 420.9072(10) which restricts long-term rental assistance to only very low income (50% AMI or below) special needs and homeless households and limits that assistance to a twelve-month period. This technical revision does not impact the provision of one-time assistance payments for security deposits and utility fees or costs for households earning up to 80% AMI.

These technical revisions were reviewed and approved by the FHFC on October 4, 2016. These are State SHIP Program grant funds which do not require a local match. Countywide (JB)

Background and Justification: On April 16, 2013, the BCC approved the SHIP 2013-2016 Local Housing Assistance Plan (LHAP) (R2013-0487 and R2013-0488) which allocated the SHIP distribution to the housing strategies through June 30, 2016, with an expenditure deadline of June 30, 2018. The 2016-2019 LHAP was approved on April 19, 2016 (R2016-0503), allocating the SHIP distribution to the housing strategies through June 30, 2019 with an expenditure deadline of June 30, 2021. Section 5 of the SHIP Program Procedures Manual require LHAP revisions to be first reviewed by the Florida Housing Finance Corporation (FHFC). This review determines whether a requested revision qualifies as a "technical revision" or as an "amendment" to the LHAP. Pursuant to Florida Statute 420.9072(3), a revision that is determined by FHFC to be an "amendment" must be approved by the local governing body (the BCC). FHFC allows the approval of "technical revisions" to be at the option of the local governing body. FHFC on October 4, 2016, classified the herein proposed revisions as "technical revisions" for which DES is seeking BCC approval.

Attachment(s):

1. Revised 2013-2016 LHAP in ~~strikethrough~~/underline format
2. Revised 2016-2019 LHAP in ~~strikethrough~~/underline format

Recommended By: _____

[Signature]
Department Director

Date

11-22-16

Approved By: _____

[Signature]
Assistant County Administrator

Date

12/8/16

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2017	2018	2019	2020	2021
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income					
In-Kind Match (County)					
NET FISCAL IMPACT	*				

# ADDITIONAL FTE POSITIONS (Cumulative)					
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Is Item Included In Current Budget? Yes _____ No _____
 Budget Account No.:

Fund _____ Dept _____ Unit _____ Object _____ Program Code/Period _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

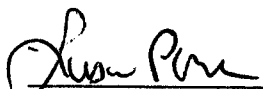
* No fiscal impact


C. Departmental Fiscal Review:


 Shairette Major, Fiscal Manager II

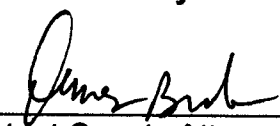
III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development and Control Comments:

 11/23/16
 OFMB Et 11/23 m 11/23

 12/6/16
 Contract Development and Control
 12/6/16

B. Legal Sufficiency:

 12/8/16
 Assistant County Attorney

C. Other Department Review:

 Department Director

STATE HOUSING INITIATIVES PARTNERSHIP (S.H.I.P.) PROGRAM
PURCHASE ASSISTANCE
WITH/WITHOUT REHABILITATION PROGRAM

July 1, 2013 – June 30, 2016

Amendment Approved September 22, 2015

Technical Revision April 15, 2016 – FHFC Approved April 18, 2016

Technical Revision Approved by FHFC October 4, 2016



Summary of the Strategy: Funding will be available to income eligible first-time homebuyers for purchase assistance with or without rehabilitation or new construction. SHIP funds will be used with the goal of expanding homeownership opportunities to the targeted income groups. Assistance can be used for gap financing, lot acquisition; down payment; rehabilitation of the unit to be purchased; and closing costs. Funds awarded will be the amount required to assist the homebuyer to qualify for the first mortgage. Permanent first mortgage financing can be provided by PBC, private sector financing institutions, other non-profit agency, or another government entity. If rehabilitation is necessary, up to 20 percent (20%) contingency amount shall be set-aside from the maximum allowable award, until the project is completed and a certificate of completion (or CO) is issued. Total funding, including contingency amount shall not exceed the maximum allowable award.

SHIP funds will not be utilized for the purchase of mobile homes.

Fiscal Years Covered: 2013-2014, 2014-2015 and 2015-2016

Income Categories to be served: Very Low, Low and Moderate

Maximum Award: Very Low \$105,000, Low \$70,000 and Moderate \$55,000. Up to \$5,000 of the applicable maximum award amount may be provided as a grant for program/project delivery cost as follows: Up to \$5,000 for assistance with rehabilitation, and up to \$3,000 for assistance without rehabilitation.

Terms, Recapture and Default: Assistance will be in the form of a thirty (30) year, 0% interest, deferred payment loan secured by a mortgage and note. Payment in full is due if the property is sold within the 30-year term. If sold after the 30-year term, no repayment is required, and the mortgage and note will be forgivable and satisfied.

If the property is sold, title is transferred or conveyed to an income eligible buyer during the term of the mortgage, repayment may be waived if the new buyer accepts and agrees to the term and conditions of the mortgage including, but not limited to the primary residence requirement. The purchaser's eligibility will be determined by the County and must be requested by the owner prior to the sale of the property. Any applicable affordability restrictions will be transferred to the new owner. If the home is sold, title is transferred or conveyed to an ineligible buyer, or the home ceases to be the primary residence of the applicant during the term of the mortgage, the entire amount of the loan shall become immediately due and payable. In the event of a sale, the County may exercise its right of first refusal to purchase the property at its appraised market value or the current Automated Valuation Model, for continued occupancy by income eligible persons. The seller is prohibited from receiving a financial benefit i.e. no cash out.

In the event of the death of the borrower prior to the end of the term of the mortgage, the outstanding balance becomes immediately due and payable. If the property is inherited by an income eligible heir that meets the requirements of the program, repayment may be waived, if the new homeowner accepts the terms and conditions of the program, including, but not limited to the principal residence requirement. The new owner's eligibility and entitlement shall be determined by the County in its sole discretion and must be requested by the owner within ninety (90) days of the death of the original borrower. Any applicable deed/affordability restrictions will be transferred to the new owner.

Additionally, a deed restriction or other legally sufficient document will be recorded with the Clerk of the Circuit Court to ensure the resale of the unit to a low or moderate-income homebuyer. The County has included among other long-term affordability options Community Land Trust and may utilize Shared Equity/Appreciation models. Resale restrictions as stipulated in a Community Land Trust are incorporated when/where applicable and imposed during the restrictive period. The proposed Shared Equity/Appreciation policy will require homeowners receiving down payment assistance to repay *50% of net profit depending on year sold after purchase* of the equity/appreciation (*less any applicable repayments*) realized to the County when the property is sold at fair market value during the term of the mortgage.

In the event of default on the First Mortgage, the County may exercise its right of first refusal to purchase the property or if possible, coordinate the purchase of the property with an approved buyer. If unsuccessful, and a foreclosure or deed in lieu of foreclosure of the first mortgage transpires, any collateral agreement by the County restricting the use of the property or restricting the owner's ability to sell the property shall have no further force or effect on subsequent owners of the property. Furthermore, if the first lender acquires title to the Property pursuant to a deed in lieu of foreclosure, the County's lien shall automatically terminate upon the first lender's acquisition of title. Any person, including his successors and assigns (other than the Borrower or a related entity or person to the Borrower), receiving title to the property through a foreclosure or deed in lieu of foreclosure of the first mortgage shall receive title to the property free and clear of the County's restrictions. Should the County possess first lien position as the first lender, the property will be resold to an eligible household on a first come, first qualified, first approved basis based upon creditworthiness and other applicable affordability guidelines.

Recipient Selection Criteria:

1. Eligible applicants will be selected on a first qualified, first served basis within the income group subject to funding availability.
2. Special priority will be given to elderly, persons with disabilities, and veterans above all other eligible income groups. Proof of eligibility is required at time of intake (e.g. DD-214, primary applicant age 62 evidence by birth certificate and valid State or Federal identification, proof of disability by a government agency or physician).
3. To qualify for assistance, eligible program participants must meet the definition of a first time homebuyer. A first time homebuyer is an applicant who has not owned a home within the three (3) years immediately preceding the SHIP assisted purchase. The only exception is a person who has lost a home due to a divorce and/or domestic violence as defined in Florida §741.28.
4. All borrowers utilizing housing loan program funds must have legal residency in the United States; legal residency is defined by Homeland Security Act, HUD, and the State of Florida.
5. The applicant must enroll and complete an eight (8) hour Homebuyer Counseling Program through a HUD approved counseling agency. Certifications are good for one year; re-certifications are required if the borrower(s) have not presented a fully executed purchase contract prior to income certification expiration.
6. The purchased property must meet all applicable building codes. Deficiencies must be corrected prior to, or as part of the purchase transaction. In the case of new construction, a Certificate of Occupancy (CO) is required prior to occupancy.
7. Very low-income homebuyers must contribute a minimum of 2.5% of the sales price and repairs, and low and moderate buyers must contribute a minimum of 3.5% of the sales price and repair cost. Buyers' contribution should be their own funds. However, gift funds and other sources of funding may be used. The source of the applicants' contribution must be sourced; alternative savings may be used if the buyer has exhibited a pattern of saving in a like manner and/or is consistent with cultural norms i.e. pooled money (su-su) or cash on-hand (mattress money).

Sponsor Selection Criteria and Duties: N/A

Additional Information:

- Other state, federal, private and local funds may be leveraged with SHIP funds. But, where the County's SHIP subsidy is equal to the first mortgage, the County must share first lien position with the first mortgage lender. However, where the County's SHIP subsidy is larger than the first mortgage, then the County must be in first lien position. Also, where the County's SHIP subsidy is larger than another subsidy, the County must be placed in a superior lien position to any smaller subsidy.
- Property Selection: Funds can only be used to purchase residential properties (*excluding mobile homes and condominiums*) that are located within the County's delineated Eligible Areas of funding; the funding source shall govern property selection eligibility.
- The purchase of condominiums or townhomes will be considered based upon such criteria as lender approval, condominium owner/investor ratio, special assessments, pending legal issues and the like.
- Failed Property: Homebuyers will receive a credit of paid out of closing (POC) costs for failed transactions.
- Loss of prior subsidy will not be granted for three (3) years to applicants where the County has lost all or a portion of its investment on a previously assisted household (i.e. foreclosures, deed in lieu, short sales).
- Post Closing Counseling: Counseling is required for previously assisted borrowers who are repeatedly delinquent or defaulted on a Palm Beach County mortgage loan. The term delinquent shall mean a loan payment received after the due date, repeated late fees or past thirty days. The term default shall mean a loan payment that has not been received for four (4) consecutive months or greater.
- Recidivism: Assisted households may not receive additional funding during the affordability period. Exceptions may be made for foreclosure prevention or emergency repairs. BCC approval is required for all other exceptions.
- If the property is determined or expected to have mold or Chinese drywall, the property is ineligible for purchase assistance.
- Applicant may not currently own or have assets exceeding \$200,000 (monetary gifts and real estate excluding applicant's primary residence are included in the asset calculation).

STATE HOUSING INITIATIVES PARTNERSHIP (S.H.I.P.) PROGRAM
RENTAL HOUSING ENTRY ASSISTANCE PROGRAM

July 1, 2013 – June 30, 2016

Amendment Approved September 22, 2015

Technical Revision April 15, 2016 – FHFC Approved April 18, 2016

Technical Revision Approved by FHFC October 4, 2016



Summary of the Strategy:

This strategy will provide financial assistance to eligible households to pay for rental security deposits, utility deposits, connection fees and up to 12 months rental payments. Individuals or families who are in need that are in need of one-time financial assistance to obtain and secure with obtaining a lease agreement for a suitable on a rental housing unit, and qualify under 420.9072(10). This financial assistance may include rental security deposits, utility deposits, connection fees, and housing stability counseling. Extremely low, very low, Special Needs or Homeless applicants may also receive financial assistance and rent equal to no more than twelve (12) months rental payments.

Fiscal Years Covered: 2013-2014, 2014-2015 and 2015-2016

Income Categories to be served: Extremely Low, Very Low and Low

Maximum Award: \$6,000

Terms, Recapture, and Default: The assistance will be in the form of a grant with required guarantees from the landlord and the SHIP recipient.

Recipient Selection Criteria: Recipients will be selected on a first qualified, first served basis within the eligible income groups and subject to funding availability. Recipients will only receive financial assistance once through this SHIP funded program.

Sponsor Selection Criteria and Duties: Applications will be accepted while funding is available from individual households as well as non-profit and community based organizations with housing delivery experience and documented ability to deliver results. Funding may be awarded to the non-profit organizations with documented housing delivery experience. Successful non-profits will be selected according to the following criteria:

- Organization's past experience with direct assistance.
- Outreach capability to targeted client groups and ability to serve County residents.
- Proof of ability to income certify applicants utilizing State SHIP standards.

Additional Information: N/A

STATE HOUSING INITIATIVES PARTNERSHIP (S.H.I.P.) PROGRAM
RENTAL HOUSING ASSISTANCE PROGRAM

July 1, 2016 – June 30, 2019

Technical Revisions Approved by FHFC October 4, 2016



Summary of the Strategy:

Funding will be provided to eligible individuals or families who are in need ~~that are in need~~ of one-time financial assistance to obtain and secure ~~with obtaining~~ a lease agreement for a suitable ~~on a~~ rental housing unit. ~~and qualify under 420.9072(10).~~ This financial assistance may include rental security deposits, utility deposits, connection fees, and housing stability counseling. Extremely low, very low, Special Needs or Homeless applicants may also receive financial assistance and rent equal to no more than twelve (12) months rental payments.

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

Income Categories to be served: Extremely Low, Very Low and Low

Maximum Award: \$10,000

Terms:

1. **Loan/grant:** Funds will be awarded as a grant with required guarantees from the landlord and SHIP recipient.
2. **Interest Rate:** N/A
3. **Term:** N/A
4. **Forgiveness/Repayment:** N/A
5. **Default/Recapture:** N/A

Recipient Selection Criteria:

Recipients will be ranked for assistance based on a first-qualified, first-served basis with the priorities established in paragraph I of the Program Details in Section I of this plan. Assistance will be limited to a one time grant per household.

Sponsor Selection Criteria and Duties:

Funding may be awarded through the non-profit organizations with documented housing delivery experience. Successful non-profits will be selected according to the following criteria:

- Organization's past experience with direct assistance.
- Outreach capability to targeted client groups and ability to serve County residents.
- Proof of ability to income certify applicants utilizing State SHIP standards.

Additional Information:

- The Lease Agreement must be at least twelve (12) months