

INDIAN RIVER COUNTY, FLORIDA

M E M O R A N D U M

TO: Jason E. Brown, County Administrator

Through: Stan Boling, AICP
Community Development Director

FROM: Sasan Rohani, AICP
Chief, Long-Range Planning

DATE: November 17, 2017

SUBJECT: Consideration of Revised Indian River County Local Housing Assistance Plan for Fiscal Years 2018-2019, 2019-2020, and 2020-2021

It is requested that the data herein presented be given formal consideration by the Board of County Commissioners at its regular meeting of December 5, 2017.

DESCRIPTION AND CONDITIONS

Pursuant to the requirements of Section 420.907, F.S., and Rule 67-37.005, Florida Administrative Code (FAC), the Board of County Commissioners approved the county's first Local Housing Assistance Plan (Ordinance #93-13) on April 6, 1993. Subsequently, the Florida Housing Finance Corporation (FHFC) approved the county's plan and authorized the disbursement of State Housing Initiatives Partnership (SHIP) Program funds.

According to Rule 67-37.005(2), Florida Administrative Code, all local governments receiving SHIP funds must every three years submit a new Local Housing Assistance Plan (LHAP) to the Florida Housing Finance Corporation (FHFC). Accordingly, the county's plan was revised and submitted to the FHFC in 1994, 1997, 2000, 2003, 2006, 2009, 2012, and 2015. Those plans were approved by the FHFC.

In 2015, the Board of County Commissioners approved the county's current 3 year plan. Subsequently, the FHFC approved the county's plan and authorized the disbursement of SHIP funds until June 30, 2018. Now, the county must submit a new 3 year plan for FY 2018-2019, FY 2019-2020, and FY 2020-2021 to the FHFC by May, 2018.

- SHIP Program Activity

Since its initial adoption in 1993, the county's Local Housing Assistance Plan has been successful in directing assistance to eligible households within the county. The attached table (attachment #1)

identifies the county's SHIP allocations and the number of loans given to eligible applicants by fiscal year and by income category.

Since SHIP is a state funded program, the SHIP program fiscal year (FY) is concurrent with the state fiscal year and runs from July 1 to June 30. Because SHIP funds provided in one fiscal year can be spent over a three fiscal year period, the county often has two or more years of SHIP funding active.

For each fiscal year (FY), SHIP funds consist of state allocations and program income. Program income includes SHIP loan repayments and interest earned. For FY 2017-18, the county received a \$654,116.00 state allocation. Program income funds collected during the last 12 months were \$243,496.51.

ANALYSIS

To meet the Florida Housing Finance Corporation's local housing assistance plan submittal requirements, county staff has prepared a revised Local Housing Assistance Plan. The revised plan is a continuation of the county's existing plan with only minor changes. As proposed, the new plan includes updated information and projected expenditures for the new fiscal years. As indicated in the new plan, the county will continue its affordable housing incentives and utilizing ten percent (10%) of the state SHIP allocation for administration of the SHIP Program.

As drafted, the proposed plan meets all state and local requirements. Once adopted and approved by the state, the Local Housing Assistance Plan will provide the basic framework and operating procedures, including program strategy qualification requirements and other provisions, for the SHIP program for the next 3 fiscal years. The new plan will also make the county eligible to receive SHIP funds until June 2021.

On November 15, 2017, the Affordable Housing Advisory Committee (AHAC) met and reviewed the revised LHAP. At that meeting, the AHAC discussed purchase assistance loans. A SHIP purchase assistance loan is a deferred payment loan (DPL) that has no monthly payment. However, the entire loan amount and accumulated interest (3% simple annual interest) is due if the applicant wants to sell their home prior to termination of the loan term.

At the November 15th meeting, some AHAC members expressed concerns that the 30 year loan term may create a hardship for applicants and prevent them from selling their home and moving until the 30 year loan term is up. Positive reasons given for such moves include "moving up" to a larger home in the case of a growing family or into a market rate conventional unit if household economic circumstances improved. Also, some members thought since a term for a SHIP rehabilitation loan is 10 years, a 30 year term for a purchase assistance loan is too long.

At the meeting, staff contended that the 10 year rehabilitation loan is a separate program intended to repair and upgrade older affordable housing stock for very low and low income households while purchase assistance loans go toward either new homes or existing homes that are in good condition. Staff also noted that the longer than 10 year term for purchase assistance loans together with the 3% interest rate was needed to prevent homes from being flipped or "cashed-out". Staff noted that over the life of IRC's SHIP program, there were times when 20 year terms were used rather than the existing 30 year term. Lastly, staff noted that reducing the term will reduce the amount of program income and thereby reduce the number of new low income household clients that can be assisted.

At the end of the November 15th meeting discussion, the AHAC recommended, and staff agreed to support reducing the term for purchase assistance loans to 20 years from the current 30 years. That change is reflected on page 9 of the LHAP, under purchase assistance strategy. The AHAC also unanimously recommended that the BCC adopt the new (revised) LHAP with the previously referenced purchase assistance loan term change.

FUNDING

All SHIP loans are funded from state SHIP allocations and program income. Therefore, no local funds are involved.

RECOMMENDATION

Staff and the Affordable Housing Advisory Committee recommend that the Board of County Commissioners approve the new Indian River County Local Housing Assistance Plan by adopting the attached resolution and authorizing the Chairman to sign the certification page.

ATTACHMENTS

1. SHIP Program Funds and Applicant Income Information Summary
2. Indian River County Local Housing Assistance Plan for FY 2018-2019, FY 2019-2020, and FY 2020-2021
3. Resolution Approving the New Plan
4. Plan's Certification Page
5. Unapproved Minutes of AHAC November 15, 2017 Meeting