

## LHAP STRATEGY REVIEW: RENTAL RELATED STRATEGIES

12/11/18

### I. EXISTING STRATEGY: RENTAL DEVELOPMENT

- A. Need to identify a maximum per rental unit subsidy AND a maximum amount per rental development. Should maximum award vary according to development size?
- B. Terms. Need to set more specific loan terms—perhaps by type of development
- C. Addition of the GRANT or LOAN provision for rental development---special needs, homeless, etc---of less than \$10K as allowed by statute [NOTE: loan or grant in the original amount of \$10,000 or less shall not be subject to annual monitoring and determination of tenant eligibility requirements.]
- D. Divide section up by type of development?

<b>RENTAL PRESERVATION/DEVELOPMENT</b>
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- a. Summary of Strategy: SHIP funds expended through this strategy will be primarily expended to support the preservation or development of affordable *workforce rental housing* or *special needs housing* (as defined in FAC 67-37.002 (21)) for eligible persons through new construction, acquisition of property or existing rental units, and/or rehabilitation/redevelopment of existing substandard rental units. Special needs groups shall generally include, but not be solely limited to: homeless persons, mentally or physically disabled persons, veterans, children aging out of foster care, the elderly, or victims of domestic violence. These rental development project(s) will be undertaken with a local Community Housing Development Organization (CHDO) or a 501(c)(3) non-profit affordable housing sponsor selected through an open proposal submission process; **OR** with a non-profit or private for profit developer in conjunction with the annual FHFC Request for Applications, annual HUD Section 202/Section 811 cycles, Rural Development/ USDA (RD) rental development cycles, or other publicly announced funding cycles as offered by FHFC, HUD, RD or other Federal/State agencies for the preservation or development of rental housing.
- b. Fiscal Years Covered: 2016-2017, 2017-2018 and 2018-2019
- c. Income Categories to be served: Very Low, Low and Moderate Income Households. Unit set asides will be determined through the RFP process.
- d. Maximum award: Up to \$80,000 per unit as determined by a subsidy layering review and type of project (new construction vs. acquisition/rehab).
- e. Terms:
  - 1. Loan/deferred loan/grant: Low Interest Loan, Deferred Payment Loan, or

Grant depending on proposed project secured by Mortgage and Note or Deed Restriction

2. Interest Rate: 0%-5%
  3. Term: 15 year minimum on all projects and 20 year minimum on any new construction project co-funded with local HOME funds. Maximum term is 25 years unless a longer term is specifically required by HUD, FHFC, RD or other primary lender as a condition for project financing.
  4. Forgiveness/Repayment: As defined in the applicable mortgage and note. For 0% interest, deferred payment loans, a portion of the loan will be forgiven in annual installments provided the project is not in default of program requirements.
  5. Default/Recapture: As defined in the applicable mortgage and note or deed restriction, full recapture of SHIP funds invested is required upon default, unless a depreciating balance is incorporated into the terms in which case the undepreciated portion shall be due and payable upon default. The sale of properties assisted with SHIP/HOME 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.
- f. Recipient Selection Criteria: Not applicable
- g. Sponsor/Developer Selection Criteria:

**CHDO sponsored "set-aside" rental project(s)** will be undertaken in partnership with an eligible, locally designated CHDO. Selection will be based upon response(s) to a request for proposal issued to all eligible CHDO's (for HOME CHDO set-aside activities). CHDO project selection criteria shall include the following at a minimum, as applicable:

1. agency must be a locally designated CHDO (HOME set-aside funds) and a 501(c)3 non profit;
2. agency's previous rental development experience (agency staff);
3. conformity with Escambia Consortium Consolidated Plan goal(s) for rental housing;
4. total (aggregate) cost per unit-all funding sources;
5. subsidy level per unit and SHIP cost per unit;
6. ratio of private funds to public funds;
7. ratio of other funds to SHIP funds;
8. compliance with preservation or new construction preference;
9. rental development bedroom size mix;
10. percentage of units targeted to families below 30% or 50% of area median income;
11. commitment to use green building technologies, energy efficiency measures, and/or use of recycled building materials or components in the construction, repair or preservation of housing units;

12. proposed development site located in a designated Community Redevelopment Area (CRA) or other targeted area;
13. target date for Project commitment and completion;
14. form of assistance requested (i.e., loan vs. grant); and
15. documentation of the agency's employment or planned employment of individuals through the Welfare Transition Program shall result in a priority for award of SHIP funds assuming the agency demonstrates the capacity to implement the subject SHIP activity.

**Non-CHDO "set-aside" (non-profit and/or for profit) projects** will be accepted through an RFP process, and will be evaluated at the time of submission to maximize the potential for integration of resources (FHFC, HUD, RD, etc.).

As applicable, proposals from CHDO's, non-profit sponsors or for-profit sponsors will be evaluated by the County and City Housing staff, or a committee comprised of County and City representatives, to determine the agency or organization that will implement the strategy. Final selection and contract approval will be provided by the County Commission.

- h. Additional Information: This strategy shall encourage green, storm resistant, and low maintenance construction, including energy efficient features.

## II. PROPOSED NEW STRATEGY DRAFT: RENTAL ASSISTANCE

A. Have something in place in case of disaster to provide for short and/or long term rental assistance OR have option of providing as needed (due to Emergency Solutions Grant loss of funds)

<b>A. Rental Assistance (Disaster Mitigation)</b>	Code 13, 23
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| <ol style="list-style-type: none"> <li>a. Summary: Funds will be awarded to renters that are in need of a one-time payment to assist with in obtaining a lease on a rental unit and qualify under 420.9072 (10). This may include utility deposits, security deposits and eviction prevention up to six months rent. For households that are very low income and have one adult with special needs according to 420.0004 (13), rent equal to no more than twelve months' rent assistance is eligible. OR Strategy to be used if a disaster, and/or a declaration by the State and/or Federal government to be used for security deposits and temporary rental assistance for displaced households</li> </ol> |
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- b. Fiscal Years Covered: 2019-2020, 2020-2021, 2021-2022
- c. Income Categories to be served: Very low, low
- d. Maximum award: \$5,000
- e. Terms (all six items must be completed or "N/A"):
  - 1. Repayment loan/deferred loan/grant: Grant
  - 2. Interest Rate: N/A
  - 3. Years in loan term: N/A
  - 4. Forgiveness: N/A
  - 5. Repayment: N/A
  - 6. Default: N/A
- f. Recipient Selection Criteria: Applicants will be ranked for assistance based on a first-qualified, first-served basis with the priorities for Special Needs, Essential Services Personnel and income groups as described in section I. (I) of this plan. OR

Applicants who are homeless or at risk of homelessness will be referred by Opening Doors Northwest Florida and be assisted on a first qualified, first served basis OR

Applicants with one or more special needs household members may apply directly or may be referred by a special needs provider

- g. Sponsor Selection Criteria: Sponsors may be selected to administer the Rental Assistance Program. Criteria for sponsor organization selection will include:

- 1. Past experience working with target population;
- 2. Past experience administering rental assistance programs;
- 3. participation in Continuum of Care Coordinated Entry system (for homeless)

- h. Additional Information: Applicants will be referred to the county through supportive services or other community-based organizations. Funds to be paid directly to landlord or utility company.

Applicant may receive SHIP rental assistance once every XX years (or one time award) with the exception of those affected by disaster and who require emergency assistance.

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STAFF NOTES RELATED TO RENTAL:

*\*65% of SHIP funds MUST be targeted to homeowner activities, which leaves 25% max for a rental strategy(ies) [less 10% admin funding]*

*\*75% for construction, which leaves 15% max for rental assistance strategy*

*\*Administration of any rental strategy is most intensive for staff*