

Okaloosa County

State Housing Initiative Partnership (SHIP)

Policies and Guidelines for Program Eligibility and Processing of Applications through Close Out

I. OVERVIEW

The State Housing Initiatives Partnership (SHIP) program provides funds to eligible local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low- and moderate-income families.

SHIP Funds are distributed on an entitlement basis to all 67 counties, including Okaloosa, and 52 Community Development Block Grant (CDBG) entitlement cities in Florida based on population. SHIP dollars may be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, short-term acquisition of property for affordable housing, matching dollars for federal housing grants and programs, homeownership counseling, and other activities as required by legislative action. The determination as to what to fund is made through an adopted Local Housing Assistance Plan (LHAP).

II. OBJECT OF THE PROGRAM FOR OKALOOSA COUNTY-CITY OF FT. WALTON BEACH:

To preserve and improve the condition of the housing stock in Okaloosa County-City of Ft. Walton Beach for very low, low and moderate-income households in accordance with the State Housing Initiative Partnership (SHIP) Program pursuant to the Okaloosa County-City of Ft. Walton Beach Local Housing Assistance Plan (LHAP), which is adopted by the Affordable Housing Advisory Committee and ratified by the Okaloosa County Board of County Commissioners and the City of Ft. Walton Beach, Florida.

III. STEPS IN THE ASSISTANCE PROGRAM.

The following is an overview of the Program steps in the SHIP eligibility determination process.

Pre-screening: Pre-screening occurs when a potential applicant contacts the SHIP office to seek information as to available assistance under the SHIP program. Staff shall complete a preliminary eligibility assessment. If funding is available an application will be sent to applicant, if funding is not available applicant will be placed on a waiting list until such time funding is available.

Application: Application will be provided by staff for the applicant to complete. The application requires the collection of information about the household members and sources of income and assets. The application must be signed by all adult household members. The application is a public record. Documents accompanying the application include a release of information form, a copy of the deed to the house or other proof of property ownership, documentation of the number of dependents, and proof of hazard insurance (for home repair).

Income Qualification: Only households determined to be income eligible may receive SHIP assistance. The County shall follow Rule 67-37, Florida Administrative Code, and Chapter 420, Florida Statutes, as well as guidance from the Florida Housing Finance Corporation (FHFC) when determining qualifications. The calculations must account for all sources received from outside the household, including income from assets. The calculation of the amount of each income source must be to the penny, without rounding any amounts.

Risk Assessment: Assessment will look at other liens/mortgages currently or previously in the applicant's name. All terms of liens/mortgages must show in good standing or applicant shall be disqualified. Applicants that have two (2) or more SHIP loans/grants will be disqualified. If multiple liens/mortgages are on a property forcing SHIP to be in a position lower than the 2nd mortgage the applicant may be disqualified.

Certification: After verifying that a household's income is at or below the levels on the income limits chart, County staff and all adult household members will sign an income certification form. This document becomes effective on the date when the last required signature is obtained. The form indicates that the applicant is eligible and allows for SHIP assistance to be provided within the next 12 months. If there is an income change during the time between initial certification and assistance beginning a recertification may be required.

Record SHIP Mortgage: County staff should record the SHIP recapture agreement before providing home repair assistance. This agreement is typically a mortgage and note recorded against the property being assisted.

Provide SHIP Assistance: The steps in this process must be completed for each SHIP recipient. The amount of time required to complete assistance varies greatly from one strategy to the next. See below, Section IV, for particular strategies.

File Close Out: Once SHIP assistance is fully provided to each eligible household, a close out review is completed and the file is closed. The SHIP record is saved according to the records retention policy as outlined by the State of Florida General Records Schedule for State and Local Government agencies which is available at the Florida Department of State's website www.dos.state.fl.us. The County shall retain SHIP files for five years after the loan has been released or satisfied, provided audits have been released for the SHIP distribution that funded the assistance.

IV. LOCAL HOUSING ASSISTANCE PLAN (LHAP) STRATEGIES:

A. The strategies utilized to implement the SHIP program shall be as provided in the Local Housing Assistance Plan adopted pursuant to Chapter 420, Part VIII, Florida Statutes.

1. Owner Occupied Rehabilitation

Assist homeowners with home repair for code violations, health hazards and life and safety issues. See Section V., below.

2. Purchase Assistance

Assist first time homebuyers with down payment, closing cost and rehabilitation for new and existing homes. See Section VI., below.

3. Disaster Recovery

Assist homeowners with home repairs directly caused by a disaster that is declared by an Executive Order of the President or Governor. See Section VII., below.

4. Rental Development

Assist for profit and non-profit organizations in the acquisition, construction, or rehabilitation of new and existing rental housing. See Section VIII., below.

B. All strategies require the following:

1. Applicant must be qualified for assistance by County Staff performing an income certification process
2. Applicant must sign an Agreement with the County, the Contractor and a 2nd Mortgage and Promissory Note for the Loan being granted. *EXCEPTION – Disaster recovery will be awarded as a grant versus a loan and a 2nd Mortgage will not be required.*
3. Applicants may not receive assistance more than twice for the same property.

Priority will be given to applicants with special needs, essential services personnel as defined by the LHAP and those in the very low-income category, when necessary to do so, in order to ensure that the SHIP program requirements are being met.

C. Eligible repairs are defined as:

1. Leaking or failed roof system (shingle, or metal in certain situations where shingles are not feasible)
2. Failing or lacking plumbing
3. Electrical systems
4. Failed structural systems such as floors and structural walls
5. Lack of working heat/AC, including insulation
6. Windows and Doors in poor condition
7. Water heater
8. Bathroom replacement of tubs, lavatories and sinks, only when deemed necessary due to unsafe or unsanitary conditions; aesthetics will not be considered
9. Kitchen sink, cabinets and counter top replacement, only when deemed necessary due to unsafe or unsanitary conditions; aesthetics will not be considered
10. Handicapped accessibility improvements (ramps, widening doorways, bathroom modifications)
11. Mold and mildew remediation on those parts of the property and materials directly associated with work undertaken pursuant to the scope- of-work and that is not covered by the homeowner's insurance
12. Replacement of flooring, only when deemed necessary due to unsafe or unsanitary conditions; aesthetics will not be considered

D. Rehabilitation work NOT allowed includes any of the following:

1. Appliances
2. Wood Flooring
3. Saunas, Hot tubs or pools

4. Patio or porch additions
5. Painting
6. Building a garage or any addition
7. Landscaping, except that large limbs that pose an immediate threat to safety of home or occupants may be removed
8. Cosmetic work of any kind
9. Fences

V. OWNER OCCUPIED REHABILITATION

The purpose of this strategy is to assist homeowners who are financially unable to make necessary essential repairs. Repairs will be considered before replacement of items. All replacement items will be contractor grade chosen by the contractor in consultation with the homeowner, approved by the County. County is not obligated, in regard to materials or relative cost, to make like-for-like replacements.

A. OWNER ELIGIBILITY:

1. Applicant must be the homeowner and the deed must be in the homeowner's name only
2. Applicant must fall within the income guidelines as periodically updated by the State Housing Initiative Partnership Program.
3. Applicant must not be delinquent on any real property tax owed to Okaloosa County
4. Home must be covered by property insurance
 - a. Applicant must show how much, if any, of the cost of rehabilitation has been paid by home insurance
 - b. SHIP shall not be responsible for any rehabilitation for which the homeowner has received an insurance payment sufficient to cover the cost of said rehabilitation
 - c. SHIP funds will not be used in lieu of filing an insurance claim or in lieu of insurance funds if a claim is paid.
5. Applicant must reside in the home year-round as indicated by homestead exemption
6. Mortgage payments on the homes first mortgage must be current
7. Applicant's home must have been occupied by property owner for the past three (3) years
8. Applicant must occupy the home upon completion for period determined by Local Housing Assistance Plan (LHAP)

B. HOUSE ELIGIBILITY:

For a house to be eligible the following criteria must be met:

1. Be located in Okaloosa County
2. Cost of rehabilitation must not exceed 50% of the home's value according to the property appraiser
3. Must not be a mobile or manufactured home

VI. PURCHASE ASSISTANCE

To assist first time homebuyers with down payment, closing and rehabilitation for new and existing homes.

A. OWNER ELIGIBILITY:

1. Applicant must fall within the income guidelines as periodically updated by the State Housing Initiative Partnership Program
2. Applicant must reside in the home year-round as indicated by homestead exemption
3. Applicant must pre-qualify for a home loan from a participating lender
4. Completion of a homebuyer's class may be required

B. HOUSE ELIGIBILITY:

For a house to be eligible the following criteria must be met:

1. Be located in Okaloosa County
2. Must not be a mobile or manufactured home
3. House Price must not exceed purchase price limit set by LHAP
4. Monthly Mortgage payment including taxes and insurance must not exceed 30 % of the median adjusted monthly gross income of applicant

VII. DISASTER RECOVERY

Funds that are allocated from a set-aside determined by Florida Housing or from a special allocation of funds from the Legislature. When a disaster is declared, affected SHIP local governments may do the following:

- May activate their disaster recovery strategies in their approved LHAPs or choose to utilize the disaster strategy incorporated in the SHIP program rule.
- May also undertake any additional activities approved through the Executive Order or any accompanying Supplemental Orders issued at the state level. For example, a Supplemental Order may be issued to allow local governments to provide rental assistance to residents displaced by the declared disaster.
- Funds cannot be used to pay for any repair items to be paid by an insurance claim
- Funds may be used to assist in paying an insurance deductible not to exceed \$5,000.00

In addition to eligible repairs listed in Section II.C., above, the County may approve housing related expenses not normally allowed such as: blue tarps, removal of a fallen tree on a house, in the yard, or on a fence and other temporary measures to avoid additional damage, and temporary relocation of displaced households.

A. OWNER ELIGIBILITY:

Same as Owner Occupied Rehabilitation

Note: Applications for Disaster recovery funding must be received before the end of the executive order

B. HOUSE ELIGIBILITY:

Same as Owner Occupied Rehabilitation

VIII. RENTAL DEVELOPMENT

To provide assistance to profit and non-profit organizations in the acquisition, construction, or rehabilitation of new and existing rental housing when combined with funding from another source.

Rental development funding is limited by the set-aside requirements of the SHIP program.

SHIP funds are not considered expended until the SHIP rental unit has been fully constructed and occupied by a SHIP eligible tenant.

A. DEVELOPER SELECTION CRITERIA:

1. When rental development funding is available it will be advertised.
2. Applicant will submit request for funding to the County Department of Growth Management housing staff
3. Requests must contain the following:
 - a. Proof of experience in providing affordable rental housing
 - b. Proof of financial capacity
 - c. Evidence of site control (or contract for sale)
 - d. Proof of ability to proceed once funding is closed
 - e. Housing design plan that meets with the county's housing element in the Comprehensive Plan
 - f. Proposed area should be located in an area if immediate need due to lack of available affordable rental units
 - g. Rehabilitation projects should purpose to preserve and improve existing units
4. Requests received will be presented to the Affordable Housing Advisory Committee (AHAC) for recommendation for award
5. If awarded
 - a. Agreement with the County must be signed by applicant or authorized agent
 - b. Agreements will contain language that first right of refusal will be given to eligible nonprofit organizations for purchase at the current market value for continued occupancy by eligible persons
 - c. 2nd Mortgage and promissory note must be signed and recorded
 - d. Must maintain long-term affordability, minimum of 15 years
 - e. Applicants for residence of units must be income certified in accordance with SHIP rules before occupying units
 - f. Residents are required to be recertified on an annual basis
 - g. 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.
 - h. County must monitor all SHIP rental developments receiving \$10,000 or more for a minimum of 15 years; monitoring will include the following at minimum:

- Income Eligibility of tenants
- Unit Affordability

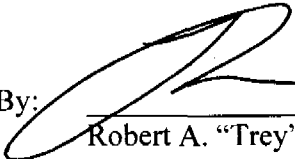

IX. SUBORDINATION OF COUNTY'S INTEREST

The policy of the County is not to subordinate mortgages and other lien interests of the County.

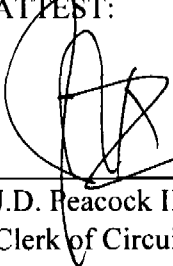
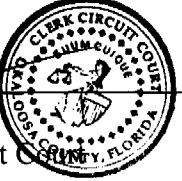
THESE POLICIES AND GUIDELINES AS WELL AS REQUIREMENTS OF THE SHIP PROGRAM INCLUDING BUT NOT LIMITED TO CHAPTER 420 OF THE FLORIDA STATUTES AND RULE 67-37 OF THE FLORIDA ADMINISTRATIVE CODE SHALL BE ADHERED TO AT ALL TIMES

DULY PASSED AND ADOPTED THIS 5th DAY OF MAY, 2020.

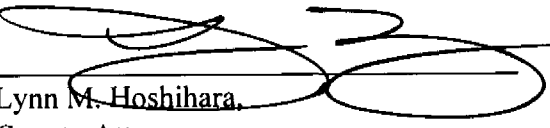
BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

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Robert A. "Trey" Goodwin III, Chairman

ATTEST:

By:  
J.D. Peacock II
Clerk of Circuit Court

APPROVED AS TO FORM:

By: 
Lynn M. Hoshihara
County Attorney