

Memorandum



Date: March 4, 2008

To: Honorable Chairman Bruno A. Barreiro
and Members, Board of County Commissioners

From: George M. Burgess
County Manager

Subject: SHIP and Surtax Pro Forma

Agenda Item No. 12(B)4

This is a follow-up report to the discussion held at the September 12, 2007 meeting of the Economic Development and Human Services (EDHS) Committee, which provides a revised recommendation for the allocation of State Housing Initiative Partnership (SHIP) funds and Documentary Stamp Surtax (Surtax) funds towards housing activities in a manner that ensures a range of affordable housing opportunities, both homeownership and rental in the following fashion.

Exhibit A to this report is an Affordable Housing Pro Forma that shows the County's multi-year forecast of Surtax (excluding Metro-Miami Action Plan's portion) and SHIP revenues and expenditures by activity. Exhibit B to this report includes the revised SHIP and Surtax funding recommendations, as well as for other funding sources, across four different housing strategies.

Summary of Recommended Surtax and SHIP Housing Activities

It is recommended that 50 percent of the combined available SHIP and Surtax revenue (\$49.554 million), excluding administrative costs and prior funding commitments, shall be allocated towards rental housing activities. The remaining 50 percent will go to homeownership activities such as: 1) homebuyer assistance towards the purchase of units in which the County has invested land or development funds, or 2) an existing waitlist for owner-occupied rehabilitation loans. Exhibit A to this report shows the revised recommended expenditures in these categories.

With respect to FY 2007-08, a total of \$49.554 million in SHIP (\$17.99 million) and Surtax (\$31.564 million) revenues, excluding administrative costs and prior housing development commitments, is available for new housing activities. Specifically, these funds will be allocated as follows:

Rental Housing Activities

It is recommended that 50 percent of the combined total, or \$24.777 million (\$5.397 million in SHIP and \$19.38 million in Surtax revenues), be made available for rental housing development, both new construction and rehabilitation. Funds allocated towards rental housing activities will be administered by Office of Community and Economic Development (OCED) and will be awarded to housing developers through competitive processes.

Homeownership Activities

The remaining \$24.777 million is recommended for homeownership activities and would be allocated as follows:

- A. \$8.32 million in homebuyer mortgage assistance for approximately 104 housing units under the Infill Housing Program;
- B. \$8 million in homebuyer mortgage assistance towards the purchase of approximately 100 housing units developed with County assistance under the SHIP, Surtax, HOME and/or CDBG Programs;
- C. \$866,421 in homebuyer education and counseling in support of the homebuyer mortgage assistance activities above;

- D. \$4.89 million for approximately 163 owner-occupied rehabilitation loans, with an emphasis on elderly and disabled persons in accordance with Resolution R-1036-06 sponsored by Commissioner Joe A. Martinez; and
- E. \$2.7 million towards development loans for 178 homeownership units as approved by the BCC through the FY 2008 Action Plan.

The \$16.32 million (A and B immediately above) in homebuyer assistance will be targeted as follows:

- 15 percent to very low income homebuyers (50 percent of area median income (AMI) or less);
- 60 percent to low income homebuyers (80 percent of AMI or less); and
- 25 percent to moderate income homebuyers (up to 140 percent of AMI).

In the event that staff is unable to meet targets based upon the above-mentioned formula due to lack of income-qualifying households, then additional loans to eligible households in the remaining income target ranges will be authorized.

Homebuyer mortgage assistance and owner-occupied rehabilitation loans will be administered by the Housing Finance Authority (HFA). Homebuyer education and counseling will be conducted by non-profit organizations under contract with OCED. OCED will also monitor the \$1.5 million for the development of homeownership units.

SHIP Allocation

The FY 2007-08 Adopted Budget includes a total of \$20.214 million in SHIP funds, which is comprised of new revenues, carryover, repayments and interest income. However, only \$17.99 million is available for new housing activities once prior housing development commitments (\$1.3 million) and administrative costs (\$924,000) are taken into account.

In accordance with Section 420.9075(5)(b) Florida Statutes, at least 65 percent of all available SHIP funds must be directed towards homeownership activities (versus rental) and at least 75 percent of all available funds must be directed towards construction, rehabilitation, or emergency repair of affordable, eligible housing. Mortgage assistance toward the purchase of newly developed units through new construction or rehabilitation counts towards this 75 percent threshold requirement.

SHIP funds may benefit households up to 120 percent of AMI; however, 30 percent of all SHIP funds must benefit very low-income persons and at least an additional 30 percent of the SHIP funds must benefit low income persons.

The \$17.99 million in SHIP, which is part of the \$49.554 million total available for all housing activities, is recommended for allocation as follows:

- \$5.397 million, or 30 percent, for development of affordable rental housing, which must be directed toward the production of units affordable to very low income households;
- \$12.593 million for homeownership activities, of which 1) \$8.32 million is for mortgage assistance towards the purchase of units developed under the Infill Housing Program; 2) \$3.907 million for mortgage assistance towards the purchase of units developed with County funds administered by OCED; and 3) \$366,421 for homebuyer counseling and education in connection with County-provided mortgage assistance.

Documentary Stamp Surtax Allocation

FY 2007-08 Surtax funds (including new revenues, carryover, repayments, interest and miscellaneous income) total \$131.7 million. However, this number does not include MMAP's projection of \$4.271 million, which includes their eight percent share of new revenues, carryover and repayments.

Based on the latest Affordable Housing Funding Pro Forma, the amount in FY 2007-08 for allocation to new housing activities is \$31.564 million after subtracting prior housing Surtax funding commitments and administrative costs.

Although Surtax funds may benefit households up to 140 percent of median income, at least 50 percent of Surtax revenue must benefit low income households. The revised recommended Surtax allocations by housing activity are as follows:

- \$19.38 million toward development of affordable rental housing;
- \$1.5 million for the development of affordable homeownership units housing as approved by the BCC through the FY 2008 Action Plan;
- \$4.093 million for homebuyer mortgage assistance towards the purchase of units developed with the assistance of funds administered by OCED;
- \$6.091 million for owner-occupied rehabilitation loans; and
- \$500,000 for homebuyer education and counseling in connection with mortgage assistance provided by the County.

In FY 2007-08, it is anticipated that MMAP's \$4.271 million (which includes their eight percent share of new revenues, carryover, and repayments) will be used for homeownership activities. Funding decisions on the use of MMAP's Surtax funds are made by the MMAP Trust Board; therefore, MMAP's revenues and expenditures are not included in Exhibit B.

Additional Housing Activities

Pursuant to Resolution R-1222-07, the Board of County Commissioners approved the use of HOME, HOME CHDO, Community Development Block Grant (CDBG), Housing Development Action Grant (HODAG), Rental Rehabilitation and Emergency Shelter Funds in FY 2007-2008 towards housing activities. The allocation of these funds by housing activity can also be found in Exhibit B.

Attachments


Cynthia W. Curry
Senior Advisor to the County Manager

Surtax

	Projection FY 2008	Estimate FY 2009	Estimate FY 2010	Estimate FY 2011
Revenues:				
Carryover	83,500,000	0	0	0
New Surtax	30,000,000	30,000,000	30,000,000	30,000,000
Repayments	14,500,000	15,000,000	15,000,000	15,000,000
Interest Income	3,000,000	1,128,000	500,000	500,000
Miscellaneous Income	700,000	700,000	500,000	300,000
MDHA Repayment				
TOTAL REVENUES	131,700,000	46,828,000	46,000,000	45,800,000
Expenditures:				
Administration	5,076,000	5,425,000	5,785,000	6,160,000
Prior Development Loans	95,060,000	18,212,000	19,105,000	17,623,000
Net Revenue	31,564,000	23,191,000	21,110,000	22,017,000
Rental	19,380,040	61%	14,035,048	61%
			12,906,586	61%
				13,277,507
				60%
Homeownership				
Mortgage Assistance:				
Rehab Loans	4,891,000	2,500,000	2,500,000	2,500,000
Homeownership Counseling	500,000	500,000	500,000	500,000
OCED Funded Projects	4,092,960	6,155,952	5,203,414	5,739,493
Total Mortgage Assistance	9,483,960	9,155,952	8,203,414	8,739,493
New Development Loans	2,700,000			
Total Homeownership	12,183,960	39%	9,155,952	39%
			8,203,414	39%
				8,739,493
				40%
Total Homeownership and Rental	31,564,000	23,191,000	21,110,000	22,017,000
TOTAL EXPENDITURES	131,700,000	46,828,000	46,000,000	45,800,000
Revenues minus Expenditures	0	0	0	0

SHIP Split

Revenues:	Projection FY 2008	Estimate FY 2009	Estimate FY 2010	Estimate FY 2011				
Carryover	6,626,000	0	0	0				
New SHIP	8,888,000	8,443,600	8,021,420	7,620,349				
Repayments	4,000,000	4,000,000	4,000,000	4,000,000				
Interest Income	700,000	630,000	567,000	510,300				
TOTAL REVENUES	20,214,000	13,073,600	12,588,420	12,130,649				
Expenditures:								
Administration	923,800	875,860	830,492	787,550				
Prior Development Loans	1,300,000							
Net Revenue	17,990,200	12,197,740	11,757,928	11,343,099				
Rental	5,397,060	30%	3,659,322	30%	3,527,378	30%	3,402,930	30%
Homeownership								
Mortgage Assistance:								
Infill	8,320,000	8,000,000	8,000,000	7,574,169				
OCED Funded Projects	3,906,719	172,418	0					
Homeownership Counseling	366,421	366,000	230,550	366,000				
Total Mortgage Assistance	12,593,140	8,538,418	8,230,550	7,940,169				
New Development Loans		0	0					
Total Homeownership	12,593,140	70%	8,538,418	70%	8,230,550	70%	7,940,169	70%
TOTAL EXPENDITURES	20,214,000	13,073,600	12,588,420	12,130,649				
Revenues minus Expenditures	0	0	0	0				

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**FUNDING ALLOCATIONS BY HOUSING STRATEGY AND ACTIVITY
FISCAL PERIOD FY'07-'08**

EXHIBIT B

AVAILABLE PROGRAM FUNDS	MIMAP SURTAX	SURTAX	SHIP	HOME	CDBG	HODAG	HOME-CHDO	RENTAL REHAB	ESG	HOMELESS F&B ¹	TOTAL AVAILABLE
	1,720,000	\$31,564,000	\$17,990,200	\$4,205,000	\$1,148,435	\$2,642,739	\$1,000,000	\$1,295,000	\$808,000	\$17,000	\$62,390,374

Housing Strategy	Program/Activity	ALLOCATION OF FUNDS										TOTAL ALLOCATION			
		MIMAP SURTAX	SURTAX	SHIP	HOME	CDBG	HODAG	HOME-CHDO	RENTAL REHAB	ESG	HOMELESS F&B ¹				
1	Mortgage Assistance Reserved for Infill Housing		\$0		\$0		\$0		\$0		\$0	\$8,320,000	\$0	\$0	\$8,320,000
	Mortgage Assistance Reserved for OCED-Funded Units		\$4,092,960		\$1,195,000		\$0		\$0		\$0	\$3,906,719	\$0	\$0	\$9,194,679
	Homebuyer Education & Counseling		\$500,000		\$0		\$0		\$0		\$0	\$366,421	\$0	\$0	\$866,421
	MIMAP Down and Closing Assistance	1,720,000	\$0		\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$1,720,000
2	Generate Additional Affordable Housing Stock for Homeownership						\$2,334,000	\$1,148,435			\$0	\$1,000,000	\$0	\$0	\$7,182,435
	Generate Additional Affordable Housing Stock for Rent				\$19,380,040		\$500,000		\$2,392,739		\$0	\$1,295,000	\$0	***	\$28,964,839
	Project-Based Rental Assistance				\$176,000		\$0		\$250,000		\$0	\$0	\$0	\$0	\$426,000
3	Preserve Existing Affordable Housing Stock				\$4,891,000		\$0		\$0		\$0	\$0	\$0	\$0	\$4,891,000
	Preserve Housing Stability Through Homeless Prevention & Intervention				\$0		\$0		\$0		\$0	\$0	\$0	\$17,000	\$17,000
4	Federal Emergency Shelter Grant Operating Support		\$0		\$0		\$0		\$0		\$0	\$0	\$0	\$0	\$0
	TOTAL	1,720,000	\$31,564,000	\$17,990,200	\$4,205,000	\$1,148,435	\$2,642,739	\$1,000,000	\$1,295,000	\$808,000	\$17,000	\$62,390,374	\$17,000	\$0	\$62,390,374

Funding of Housing Strategies 1 Through 3		All Funds	
Homeownership Activity	Rental Housing Activity	Percentage	Percentage
\$24,777,100	\$32,174,535	50%	52%
\$24,777,100	\$29,390,839	50%	48%
TOTAL \$49,554,200	\$61,565,374		

1 - Homeless Food and Beverage Tax revenue also funds homeless prevention activities including emergency rental and mortgage assistance as well as other Continuum of Care housing and services such as temporary housing, residential treatment and transitional housing or services. Multi-family rental housing development above includes units set aside for homeless/formerly homeless.

2 - OCED's \$17,000 match for Housing Central will be included as part of the department's administrative costs

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