



City of Hollywood

Hollywood City Hall
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Legislation Text

File #: R-2024-010, **Version:** 1

A Resolution Of The City Commission Of The City Of Hollywood, Florida, Approving And Adopting Replacement Of The City's Current Housing Program Policies With Community Development Program Policies That For Housing And Other Eligible Programs, Include The Adjustment And Expansion Of Programs And The Addition, Consolidation, And Reformatting Of Policies Supported By Federal, State And Local Funding Agencies.

Quality of Life & Strong Neighborhoods

Staff Recommends: Approval of the attached Resolution.

Explanation:

The City receives and accepts grant funds allocated by the U.S. Department of Housing and Urban Development and the Florida Housing Finance Corporation and Local funds and provides financial and other forms of assistance to eligible parties to facilitate housing development, housing rehabilitation, rental assistance, purchase assistance, property acquisition, public services, public improvements, and other eligible programs with the utilization of federal and state grant funds as well as other funds. The various funding sources require participating jurisdictions to administer programs in accordance with locally adopted policies. On October 7, 2020, the City Commission passed and adopted Resolution No. R-2020-246 approving and adopting the most recent Amended and Restated Policy Governing the City's Housing Programs.

Policy modifications are necessary to ensure compliance with the supporting funding agencies and increase access to various housing and other programs. The replacement of housing policies with community development policies will allow for the reformatting, consolidation, and inclusion of all community development programs, funding sources, requirements, regulatory language, adjustments, and the expansion of existing programs.

Florida Housing administers the State Housing Initiatives Partnership program ("SHIP"), which provides funds to 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. At least 65 percent of the annual SHIP distribution and funds recaptured during the fiscal year must be devoted to homeownership (as opposed to rental) activities, while at the same time at least 75 percent of the distribution "and recaptured funds" must be devoted to either new construction or

rehabilitation activities. Therefore, if a SHIP program has already spent 10 percent of funds on administration and 25 percent of a certain year's allocation on non-home ownership activities, it could not provide assistance under a rental strategy from that particular year. Homeownership activities include assistance to existing owner occupants as well as purchase assistance to new homebuyer. A minimum of 20 percent of the SHIP funding allocated under SB 1852 must be used to serve persons with special needs as defined in 420.0004 Florida Statutes, which includes an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition, a young adult formerly in foster care who is eligible for services, a survivor of domestic violence, or a person receiving benefits under the Social Security Disability Insurance program or the Supplemental Security Income program or from veterans' disability benefits. At least 30 percent of the funds must be reserved for very-low income households (up to 50 percent of the area median income or AMI); an additional 30 percent must be reserved for low income households (up to 80 percent of AMI); and the remaining funds may be reserved for households up to 140 percent of AMI.

A summary of the most significant changes include:

- “Community Development Program Policies” to replace existing “Housing Policies” includes all community development programs, which include housing and other programs.
- The programs and requirements of the supporting funding agencies are included in one master policies document.
- The policies include necessary reformatting, updated language pertaining to lead-based paint, environmental review requirements, conflict of interest, equal opportunity, non-discrimination, and other language required by the various funding sources.
- The policies include increased access to various housing and other programs and to modify program funding limits.
- Due to the increase in construction costs, the policies will increase the maximum limit of the housing rehabilitation program from the standard \$70,000.00 to \$120,000.00.
- The City's Local Housing Assistance Plan for the SHIP funds, which was passed and adopted by the City Commission by Resolution R-2022-117 on April 20, 2022, includes a purchase assistance strategy to provide mortgage subsidy for very low-, low- and moderate- income purchasers. Due to the housing market (i.e., affordable unit availability, interest rates, and other factors), the proposed policies will expand the program and allow for additional purchase assistance mortgage subsidy of up to \$120,000.00 for eligible households, that are at or below 120% AMI, using SHIP disbursement and recaptured funds, to purchase a home in the incorporated City limits of Hollywood.
 - The existing housing policies allow for up to \$50,000.00 in County Contribution Funds (“CCF”), which are offered as a conditional grant and may only be used in eligible areas of the city. Eligible households are at or below 120% AMI.

- This additional proposed mortgage assistance is not a forgivable debt. Mortgage assistance shall be provided at a 0% interest, deferred payment loan. The debt is payable in full on the maturity date set forth in the Mortgage that is 30 years from the date of the signing or the Promissory Note and Mortgage. The mortgagee shall offer the mortgagor the option to refinance with the same terms and conditions, provided mortgagor has not defaulted on any terms or conditions set forth in the Mortgage. This mortgage subsidy may be used in conjunction with other home buyer assistance programs.
- Community Development has received an average of \$1,420,000.00 in annual SHIP disbursements and an average of \$699,000.00 in recaptured SHIP funds during the past three years.
- The addition of the CCF, which is at \$5,000,000.00, not including rollover funds for affordable housing programs, is primarily being utilized for owner-occupied housing rehabilitation and purchase assistance as well as gap financing for multi-family housing development.
- Federal funding is also utilized for owner-occupied housing rehabilitation, at a minimal level, to address properties that do not qualify under other funding sources or for septic to sewer hook-up.
- With a windfall of annual funding from multiple sources, one-time funding allocations (CDBG-CV1, CDBG-CV2, CDBG-CV3, and HOME-ARP), funding parameters and eligible programming, Community Development staff reviewed budgets, requirements, restrictions, program structure and limits, etc. to determine how best to meet the needs of the community and the City while still meeting our funding source requirements and expenditure deadlines and maintaining compliance.
- Community Development staff conferred with Broward County Housing Finance Division and the Florida Housing Coalition to discuss the following strategy and both entities support the expansion of the home buyer program to meet SHIP set-aside requirements and expenditure deadlines.
- Community Development staff extensively researched various scenarios to determine the proposed program expansion to maximize the benefit to LMI households and meet set-aside requirements by considering housing market challenges, current program challenges, income thresholds, program parameters, average current interest rates, escrow costs, first mortgage loan underwriting guidelines, maximum allowable purchase price, companion programs, etc.

The Community Development Division will continue to develop partnerships, research, and employ best practices, and strategically implement funding within the respective funding

parameters to the benefit of very-low, low-and moderate-income households and the city.

The Community Development Manager recommends that the City Commission approve the replacement of the Housing Program Policies with Community Development Program Policies, inclusive of the above.

Fiscal Impact:

This item does not have a direct fiscal impact.

Recommended for inclusion on the agenda by:

Ryon Coote, Community Development Division Manager

Raelin Storey, Assistant City Manager