

# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission

FROM: Eric Carpenter, City Manager

DATE: September 11, 2024

TITLE: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, APPROVING AND AUTHORIZING THE CITY MANAGER TO ALLOCATE FY 2024/2025 STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) FUNDS, IN THE AMOUNT OF \$403,374, AS FOLLOWS: (1) TO THE FIRST TIME HOMEBUYER PROGRAM AND HOMEOWNER REHABILITATION PROGRAM IN THE AMOUNT OF \$363,036.60; AND (2) TO THE SHIP PROGRAM ADMINISTRATIVE COSTS IN THE AMOUNT OF \$40,337.40; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE CITY INTERDEPARTMENTAL AGREEMENTS AND OTHER AGREEMENTS TO BE SIGNED BY SUB-RECIPIENTS.

### **RECOMMENDATION**

The Administration recommends approving the Resolution.

### **BACKGROUND/HISTORY**

The State Housing Initiatives Partnership (SHIP) Program, administered through the Florida Housing Finance Corporation (FHFC), was established in 1992 by the William E. Sadowski Affordable Housing Act to stimulate the production of affordable housing statewide. SHIP Program funds are derived from documentary stamp levies on real estate transactions and held in the SHIP Program Trust Fund. Annually, FHFC allocates SHIP program funds among participating jurisdictions on a formula basis. SHIP program funds serve to increase access to affordable housing for income-eligible participants.

Entitlement communities receiving SHIP funds must produce and file a Local Housing Assistance Plan (LHAP), which governs each community's use of SHIP funds. On June 22, 2022, the Mayor and City Commission approved the FY 2022-2025 LHAP via Resolution 2022-32187. The City's 2022-2025 Local Housing Assistance Plan determines the housing activities that can be funded with all funding allocations. In the past five (5) years, the Administration has recommended funding allocations for down payment assistance with rehabilitation costs for first-time homebuyers, homeowner rehabilitation assistance, and rehabilitation of multi-family housing rental projects.

The SHIP Program is governed by Florida Statute 420.9075. There are several programmatic set-asides that must be met with each funding allocation:

- At least 65 percent of the funds must be reserved for homeownership for eligible persons;
- At least 75 percent of the funds must be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing;
- At least 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to very-low-income persons (up to 50 percent area median income (AMI));

- At least an additional 30 percent of the funds deposited into the local housing assistance trust fund must be reserved for awards to low-income persons (up to 80 percent AMI);
- A minimum of 20 percent of the SHIP allocation must be used to serve persons with special needs as defined in 420.0004 Florida Statutes; and
- Up to 25 percent of allocation can be reserved for rental assistance or development.

SHIP funds can be combined with HOME Investment Partnerships Programs (HOME) funds to maximize funding gaps as identified. For example, during the pandemic, the City expended all available SHIP funds through the first-time homebuyer program and created a waitlist.

On March 29, 2023, Senate Bill (SB) 102, or Live Local Act, was signed into law. SB 102 continues the historically high funding for the State Apartment Incentive Loan (SAIL) and SHIP Programs, maintaining statutory language prohibiting sweeping these funds to general revenue. Based on the current documentary stamp estimate, \$252 million is appropriated to the SHIP program statewide.

Using a population-based formula, SHIP funds are allocated on an entitlement basis to all 67 counties and 55 Community Development Block Grant entitlement cities in Florida. On June 24, 2024, the Florida Housing Finance Corporation (FHFC) announced that \$174,000,000 has been appropriated for the SHIP program for the 2024-2025 state fiscal year. The City has been allocated \$403,374. These funds must be encumbered by June 30, 2026, and fully expended by June 30, 2027.

## **ANALYSIS**

The Administration reviews applications for first-time homebuyer and homeowner rehabilitation programs on a first come, first qualified basis. According to available funding sources, it determines the award amount based on need and income level. The HOME Program can only assist households earning up to 80% AMI with up to \$40,000, while the SHIP Program can help households earning up to 120% AMI. Income-eligible households may receive between \$40,000 to \$150,000 in down payment assistance, depending on their household income and contingent upon funding availability. Funds are provided to eligible residents as a deferred forgivable loan secured by a lien and restrictive covenant on the property. If a homeowner sells, rents, or refinances his/her property or the property is no longer the primary residence prior to the 15-year affordability period, he/she must repay the City the value of the assistance as defined in the City's restrictive covenant, promissory note, program agreement, and mortgage agreement.

As of August 2024, there are 44 households on a waitlist interested in completing an application and income certification for the first-time homebuyer program, and there are seven (7) households interested in completing an income certification and application for the homeowner rehabilitation program. The Administration continues to work with prospective buyers and homeowners to assess their income qualification and program eligibility. Once an applicant is approved, those funds are encumbered for a minimum of 90 days, and an extension can be provided if the applicant remains income eligible. There are currently eight (8) applications for first-time homebuyers in the queue, with an expected assistance of up to \$400,000.

The Administration recommends the following allocation for FY 2024-2025 SHIP funds:

<b>FY 24-25 SHIP Allocation</b>	<b>\$403,374</b>
<b>Activity/Project</b>	<b>Amount</b>
Purchase Assistance with Rehabilitation and Homeowner Occupied Rehabilitation	\$363,036.60

Administration (10% of allocation)	\$40,337.40
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On July 10, 2024, the Administration issued a Request for Applications (RFA) inviting proposals for funding up to \$127,062.81 for affordable or workforce housing rental development. The application period was open from July 10, 2024, to August 2, 2024. Public notice of the RFA and Notice of Funding Availability was published on July 14, 2024. The Administration also promoted the RFA through the City's social media channels and distributed the information to various community partners. Regrettably, no applications for affordable multi-family housing projects were received.

To meet funding set-asides, the City recommends the following allocations for income-eligible households:

Strategies	Very-Low Income Units (up to 50% AMI)	Low-Income Units (up to 80% AMI)	Moderate Income Units (up to 120% AMI)
<b>Purchase Assistance with Rehabilitation</b>	Two (2) (up to \$100,000 per unit)	One (1) (up to \$60,000 per unit)	One (1) (up to \$50,000 per unit)
<b>Owner-Occupied Rehabilitation</b>		Two (2) (up to \$50,000 per unit)	

## **FISCAL IMPACT STATEMENT**

\$403,374

## **Does this Ordinance require a Business Impact Estimate?**

(FOR ORDINANCES ONLY)

If applicable, the Business Impact Estimate (BIE) was published on:

See BIE at: <https://www.miamibeachfl.gov/city-hall/city-clerk/meeting-notice/>

## **FINANCIAL INFORMATION**

N/A

## **CONCLUSION**

The Administration recommends approval of the FY 2024-2025 SHIP funding allocation.

## **SUPPORTING SURVEY DATA**

The Mayor and City Commission identified the need for workforce and affordable housing as a key objective in the City's 2019 Strategic Plan Through the Lens of Resilience. The City's 2040 Comprehensive Plan prioritizes affordable housing, with the express goal "to encourage redevelopment that provides workforce and affordable housing" within the City."

## **Applicable Area**

Citywide

**Is this a "Residents Right to Know" item, pursuant to City Code Section 2-17?**

**Is this item related to a G.O. Bond Project?**

No

No

**Was this Agenda Item initially requested by a lobbyist which, as defined in Code Sec. 2-481, includes a principal engaged in lobbying?** No

If so, specify the name of lobbyist(s) and principal(s):

**Department**

Housing and Community Services

**Sponsor(s)**

**Co-sponsor(s)**

**Condensed Title**

Approve 2024/2025 SHIP Funds. HCS