

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Banking and Insurance

BILL: SPB 7028

INTRODUCER: Banking and Insurance Committee

SUBJECT: My Safe Florida Home Program

DATE: January 18, 2024

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Thomas	Knudson		BI Submitted as Comm. Bill/Fav.

I. Summary:

SPB 7028 amends s. 215.5586, F.S., relating to the My Safe Florida Home (MSFH) Program to:

- Allow a subsequent application for a mitigation inspection or mitigation grant only under certain circumstances;
- Authorize the Department of Financial Services (DFS) to request additional information from the applicant if the application contains apparent errors or omissions;
- Provide that an applicant meeting the requirements for a mitigation inspection may receive an inspection even if the applicant is not eligible for a mitigation grant or the applicant does not apply for such grant;
- Require the homeowner to agree to provide information received from the homeowner's insurer identifying the premium discounts realized by the homeowner due to the mitigation improvements funded through the program;
- Provide that the DFS will not maintain a list of participating contractors, but rather, the homeowner must use a properly licensed contractor for the project;
- Revise the list grant eligible improvements to specify the inclusion of windows and skylights;
- Require the DFS to prioritize applications for the first 60 days it accepts inspection applications and grant applications following an appropriation based on the following:
 - First, applications from low-income homeowners who are at least 60 years old;
 - Second, applications from all other low-income homeowners;
 - Third, applications from moderate-income homeowners who are at least 60 years old;
 - Fourth, applications from all other moderate-income homeowners; and
 - Lastly, all other applications;
- Revise provisions regarding the distribution of the MSFH Program brochure which provides information on the benefits to homeowners of residential hurricane damage mitigation; and
- Reorganize and rephrase certain provisions within the statute to provide better clarity.

The bill appropriates, for the 2024-2025 fiscal year, \$100 million in nonrecurring funds from the General Revenue Fund to the Department of Financial Services to provide mitigation grants under the MSFH Program and \$7 million for administrative costs related to implementation.

The bill provides an effective date of July 1, 2024.

II. Present Situation:

My Safe Florida Home Program

Background

Following the 2004 and 2005 hurricane seasons, where 2.8 million Florida homeowners suffered more than \$33 billion in insured property damage,¹ 86 percent of the 4.4 million homes in Florida were built prior to the adoption of stronger building codes in 2002, and the average age of a home was 26 years, Florida began to experience a decline in the availability of property insurance and an increase in its cost.² In 2006, the Legislature created the My Safe Florida Home (MSFH) Program³ within the Department of Financial Services (DFS).⁴ The original appropriation for the program was \$250 million for a period not to exceed three years with any unused appropriated funds reverting to the General Revenue Fund on June 30, 2009.⁵

The MSFH Program was created with the intent to provide trained and certified inspectors to perform mitigation inspections for owners of site-built, single-family, residential properties (mitigation inspections), and mitigation grants to eligible applicants, subject to the availability of funds.⁶ The Program was to “develop and implement a comprehensive and coordinated approach for hurricane damage mitigation...”⁷ The Program allowed the DFS to undertake a public outreach and advertising campaign to inform consumers of the availability and benefits of the mitigation inspections and grants.⁸ From its inception to January 30, 2009, the MSFH Program received approximately 425,193 applications, performed more than 391,000 inspections and awarded 39,000 grants. From July 2007 through January 2009, MSFH Program expenditures totaled approximately \$151.9 million.⁹ Funding for the program ceased on June 30, 2009.¹⁰

The DFS requested Risk Management Solutions (RMS) to conduct an impact analysis of the MSFH Program. RMS released a report of the impact analysis of the Program on May 14, 2009

¹ Department of Financial Services, *My Safe Florida Home, 2008 Annual Report* (Feb. 2009) (on file with Senate Committee on Banking and Insurance).

² *Id.*

³ *Id.*

⁴ The Legislature initially established the program as the Florida Comprehensive Hurricane Damage Mitigation Program (ch. 2006-12, L.O.F.) however, the name was subsequently changed in 2007 (ch. 2007-126, L.O.F.).

⁵ Chapter 2006-12 L.O.F.

⁶ Section 215.5586, F.S.

⁷ *Id.*

⁸ Section 215.5586(3), F.S.

⁹ Florida Auditor General, *Department of Financial Services, My Safe Florida Home Program, Operational Audit Report No. 2010-074* (Jan. 1010), available at <https://flauditor.gov> (last visited January 8, 2024).

¹⁰ Department of Financial Services, *My Safe Florida Home, 2008 Annual Report* (Feb. 2009) (on file with Senate Committee on Banking and Insurance).

(report).¹¹ In the report, RMS concluded program grants were beneficial to the State of Florida, individual homeowners, and the insurance industry.¹² RMS indicated the predicted reduction in loss as a result of the grant projects completed far exceeded the grant money spent.¹³ The MSFH Program was never repealed from law and additional funding was not provided until May 2022.

2022 Renewal and Funding of the MSFH Program

In May 2022, during Special Session 2022-D, and under a property insurance bill (SB 2-D), the Legislature reestablished the MSFH Program within the DFS to provide financial incentives for Florida residential property owners to obtain free home inspections which identify mitigation measures and provide mitigation grants to retrofit such properties, thereby reducing their vulnerability to hurricane damage and helping decrease the cost of residential property insurance.¹⁴

To implement the renewed MSFH Program, \$150 million in nonrecurring funds from the General Revenue Fund was appropriated to the DFS. The funds were designated for the following purposes:

- \$25 million for hurricane mitigation inspections;
- \$115 million for hurricane mitigation grants;
- Four million dollars for education and consumer awareness;
- One million dollars for public outreach to contractors, real estate brokers, and sales associates; and
- Five million dollars for administrative costs.¹⁵

2023 Legislation and Funding of the MSFH Program

During the 2023 Regular Legislative Session, HB 881 was passed making additional changes to the MSFH program. The bill:

- Provided the MSFH Program may select as a mitigation inspector a licensed home inspector who has completed certain training;
- Provided an inspection under the MSFH Program may only be done on a property for which a homestead exemption has been granted;
- Revised eligibility requirements for mitigation inspections to include townhouses to determine if opening protection mitigation would provide improvements to mitigate hurricane damage;
- Revised eligibility requirements for mitigation grants to include dwellings with an insured value of \$700,000 or less (up from \$500,000 or less) and for opening protection for townhouses when recommended by a hurricane mitigation inspection;
- Deleted the requirement a property eligible for a mitigation grant must be located in the “wind-borne debris region;”

¹¹ Risk Management Solutions, *Analyzing the Effects of the My Safe Florida Home Program on Florida Insurance Risk*, (May 14, 2009), available at <https://www.ipcc> (last visited January 8, 2024).

¹² *Id.*

¹³ *Id.*

¹⁴ Section 3, ch. 2022-268, L.O.F.

¹⁵ Section 4, ch. 2022-268, L.O.F.

- Increased the amount, from \$5,000 to \$10,000, low-income homeowners may receive from a grant and not have to provide a matching amount;
- Added the Citizens Property Insurance Corporation to the list of entities that may receive Program brochures for redistribution;
- Deleted the requirement contracts valued at one million dollars or more entered into by the Program be reviewed and approved by the Legislative Budget Commission; and
- Required the DFS to develop a quality assurance and reinspection program.

Also, during the 2023 Regular Legislative Session, the Legislature appropriated an additional \$100 million for mitigation grants and \$2,065,000 for operations and administration costs.¹⁶

During Special Session 2023-C, HB 1-C¹⁷ was passed, which included provisions relating to the MSFH Program. The bill:

- Appropriated \$176,170,000 in nonrecurring general revenue for the backlog of 17,617 mitigation grant applications that had been submitted and awaiting funding;
- Appropriated \$5,285,100 in nonrecurring general revenue for administrative costs related to the processing of mitigation grants; and
- Prohibited the DFS from continuing to accept applications or to create a waiting list in anticipation of additional funding absent express authority from the Legislature.

Hurricane Mitigation Inspections

The MSFH Program provides licensed inspectors to perform inspections for owners of site-built, single-family, residential properties, for which a homestead exemption has been granted, to determine what mitigation measures are needed, what insurance premium discounts may be available, and what improvements to existing residential properties are needed to reduce the property's vulnerability to hurricane damage. A townhouse as defined in s. 481.203, F.S.,¹⁸ for which a homestead exemption has been granted, may qualify to receive a mitigation inspection to determine if opening protection¹⁹ mitigation would provide improvements to mitigate hurricane damage. The mitigation inspections must include, at a minimum:

- A home inspection and report that summarizes the results and identifies recommended improvements a homeowner may take to mitigate hurricane damage;
- A range of cost estimates regarding the recommended mitigation improvements; and
- Information regarding estimated premium discounts, correlated to the current mitigation features and the recommended mitigation improvements identified by the inspection.²⁰

The DFS is authorized to contract with "wind certification entities" as vendors to provide such inspections. Each wind certification entity must, at a minimum, meet the following requirements:

- Use hurricane mitigation inspectors who are licensed or certified as:
 - A building inspector under s. 468.607, F.S.;
 - A general, building, or residential contractor under s. 489.111, F.S.;

¹⁶ SB 2500 (2023); Specific Appropriations 2368A & 2368B, ch. 2023-239, Laws of Fla.

¹⁷ Chapter 2023-349, L.O.F.

¹⁸ "Townhouse" generally means "a single-family dwelling unit not exceeding three stories in height which is constructed in a series or group of attached units with property lines separating such units." Section 481.203(16), F.S.

¹⁹ Opening protection includes windows, exterior doors, and garage doors. See s. 215.5586(2)(e), F.S.

²⁰ Section 215.5586(1)(a), F.S.

- A professional engineer under s. 471.015, F.S.;
- A professional architect under s. 481.213, F.S.; or
- A home inspector under s. 468.8314 and who have completed at least 3 hours of hurricane mitigation training approved by the Construction Industry Licensing Board, which training must include hurricane mitigation techniques, compliance with the uniform mitigation verification form, and completion of a proficiency exam.
- Use hurricane mitigation inspectors who have also undergone drug testing and a background screening.
- Provide a quality assurance program that includes a reinspection component.²¹

Hurricane Mitigation Grants

The homeowner eligibility requirements for the mitigation grants are:

- The homeowner must have been granted a homestead exemption on the home;
- The home must be a dwelling with an insured value of \$700,000 or less. Low-income homeowners are exempt from this requirement;
- The home must have undergone an acceptable hurricane mitigation inspection;
- The building permit for the initial construction of the home must have been made before January 1, 2008; and
- The homeowner must agree to make the home available for inspection upon completion of the mitigation project.²²

MSFH Program grants must be matched on the basis of one dollar provided by the applicant for two dollars provided by the state, up to a maximum state contribution of \$10,000 toward the actual cost of the mitigation project.²³ Low-income homeowners may receive up to \$10,000 in grant funds without providing matching dollars.²⁴

Program Transparency Requirements

The DFS must submit an annual report of MSFH Program activities to the President of the Senate and the Speaker of the House of Representatives by February 1 of each year. The report must indicate the number of inspections requested, the number of inspections performed, the number of grant applications received, the number and value of grants approved, the estimated average annual amount of insurance premium discounts and the total estimated amount of such discounts homeowners received from insurers resulting from the mitigation funded through the Program.²⁵

MSFH Program Implementation

Following the passage of SB 2-D in 2022, the DFS procured a vendor to administer the program. A second solicitation was issued for vendors who could conduct the required home inspections for the program. A third solicitation was issued to enlist contractors who would agree to participate in the program and be placed on a list for homeowners to choose from to complete

²¹ Section 215.5586(1)(b), F.S.

²² Section 215.5586(2)(a), F.S.

²³ Section 215.5586(2)(b), F.S.

²⁴ Section 215.5586(2)(g), F.S.

²⁵ Section 215.5586(9), F.S.

mitigation work on their home.²⁶ The DFS compiled a list of approved vendors homeowners participating in the MSFH Program could choose for mitigation inspections and mitigation work.²⁷ On November 18, 2022, a web-based application for homeowners to request mitigation inspections and mitigation grant funds went live.²⁸

As of November 28, 2023, the MSFH Program has disbursed \$35,784,376, \$181,060,000 has been obligated but has not yet been disbursed, with \$174,320,000 remaining unobligated. The remaining \$174,320,000 is sufficient funding to eliminate the existing backlog of grant applications.²⁹

MSFH Program Statistics³⁰

Inspections:

- 91,627 home inspections have been completed.
- 9,268 home inspections are either scheduled or are in the process of being scheduled.

Grants:

- 21,540 grants have been approved.
- Over \$216.8 million has been obligated to homeowners who are in various stages of completing work on their homes
- 17,617 grant applications have been submitted and await funding.

Reimbursements:

- 3,897 Homeowners have been sent a check for their grant reimbursements.
- Average disbursement is \$9,183 per homeowner.
- Total disbursements: \$35,784,376

Insurance Premium Discounts Tracked:

- Of the 3,897 homeowners who have completed the process, 1,928 have reported an insurance premium discount.
- Average discount of those reporting is \$981.³¹

²⁶ Florida Department of Financial Services, *Senate Bill 748 Agency Analysis* (Mar. 3, 2023) (on file with Senate Banking and Insurance Committee.)

²⁷ *Id.*

²⁸ *Id.*

²⁹ Email from Parker Powell, Deputy Director of Legislative Affairs, Department of Financial Services, RE: MSFH Program (Nov. 29, 2023).

³⁰ *Id.*

³¹ The discount information typically comes in one of two forms:

1. The homeowner provides a declarations page with the cost of their insurance pre-construction and then an updated declarations page post construction. In this case, the Program will net the two numbers against each other to determine a savings.
2. The homeowner provides an email or other communication from their insurance agent/company stating exactly what the discount will be to their premium based on the work done on the home.

III. Effect of Proposed Changes:

Section 1 amends s. 215.5586, F.S., relating to the My Safe Florida Home Program to generally reorganize and rephrase certain portions of s. 215.5586, F.S., to provide better clarity.

The bill revises the inspection and grant application process and the eligibility criteria for inspections, as it:

- Allows a subsequent application for a mitigation inspection or mitigation grant if:
 - The original application was denied or withdrawn because of errors or omissions;
 - The original application was denied or withdrawn because the home did not meet the eligibility criteria at the time of the prior application and the homeowner reasonably believes that home now is eligible for an inspection or grant; or
 - The program's eligibility requirements have changed since the original application date and the applicant reasonably believes that the home is eligible under the new eligibility requirements;
- Authorizes the DFS to request additional information if the application contains apparent errors or omissions; the application is to be considered withdrawn if the DFS does not receive a response to its request within 60 days;
- Provides that an applicant meeting the requirements for a mitigation inspection may receive an inspection of a home even if the applicant is not eligible for a hurricane mitigation grant or the applicant does not apply for such grant; and
- Requires the homeowner to agree to provide information received from the homeowner's insurer identifying the premium discounts realized by the homeowner due to the mitigation improvements funded through the program.

The bill provides that the DFS will not maintain a list of participating contractors, but rather, the homeowner must use a properly licensed contractor for the mitigation project.

The bill revises the criteria for eligible improvements to:

- Include within improvements to "opening protection," exterior doors, garage doors, windows, and skylights;
- Clarify language authorizing projects for a "secondary water barrier" for a roof to instead refer to a secondary water "resistance" barrier for a roof.

The bill requires the DFS to prioritize applications for the first 60 days it accepts inspection applications and grant applications after any legislative appropriation funding inspections and grants based on the following:

- First, applications from low-income homeowners, as defined in s. 420.0004(11), F.S.,³² who are at least 60 years old;

³² Section 420.0004(11), F.S., defines "Low-income persons" to mean "one or more natural persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the state, or 80 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater." Section 420.0004(2), F.S., defines "Adjusted gross income" to mean "all wages, assets, regular cash or noncash contributions or gifts from persons outside the household, and such other resources and benefits as may be determined to be income by the United States Department of Housing and Urban Development, adjusted for family size, less deductions allowable under s. 62 of the Internal Revenue Code."

- Second, applications from all other low-income homeowners, as defined in s. 420.0004(11), F.S.;
- Third, applications from moderate-income homeowners, as defined in s. 420.0004(12), F.S.,³³ who are at least 60 years old and are not low-income homeowners;
- Fourth, applications from all other moderate-income homeowners, as defined in s. 420.0004(12), F.S., who are not low-income homeowners; and
- Lastly, all other applications.

The bill requires, rather than encourages, the Citizens Property Insurance Corporation to distribute to its policyholders the MSFH Program brochure which provides information on the benefits to homeowners of residential hurricane damage mitigation. The bill removes existing language that encourages contractors and real estate licensees to distribute the brochure.

Section 2 appropriates to the Department of Financial Services, for the 2024-2025 fiscal year, \$100 million to provide mitigation grants under the MSFH Program and \$7 million for administrative costs related to implementation. The appropriated funds are nonrecurring funds from the General Revenue Fund.

The effective date of the bill is July 1, 2024.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

³³ Section 420.0004(12), F.S., defines “Moderate-income persons” to mean “one or more natural persons or a family, the total annual adjusted gross household income of which is less than 120 percent of the median annual adjusted gross income for households within the state, or 120 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater.”

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

The bill increases the funds available for the MSFH Program, making it possible for more homes to be granted mitigation grants. Homeowners that complete mitigation projects funded by the MSFH Program will receive mitigation credits that reduce the cost of their property insurance.

C. Government Sector Impact:

The bill appropriates to the Department of Financial Services, for the 2024-2025 fiscal year, \$100 million to provide mitigation grants under the MSFH Program and \$7 million for administrative costs related to implementation. The appropriated funds are nonrecurring funds from the General Revenue Fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following section of the Florida Statutes: 215.5586.

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.