

Amendment No. 1 (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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The Committee on Transportation & Economic Development
Appropriations offered the following:

Amendment (with title amendment)

Remove from the bill: Everything after the enacting clause
and insert in lieu thereof:

Section 1. Section 196.1978, Florida Statutes, is
created to read:

196.1978 Low-income housing property
exemption.--Property used to provide housing pursuant to any
state housing program authorized under chapter 420 to
low-income or very-low-income persons as defined by s.
420.0004, which property is owned entirely by a nonprofit
corporation which is qualified as charitable under s.
501(c)(3) of the Internal Revenue Code and which complies with
Rev. Proc. 96-32, 1996-1 C.B. 717, shall be considered
property owned by an exempt entity and used for a charitable
purpose, and such property shall be exempt from ad valorem
taxation. All property identified in this section shall comply
with the criteria for determination of exempt status to be

Amendment No. 1 (for drafter's use only)

1 applied by property appraisers on an annual basis as defined
2 in s. 196.195.

3 Section 2. Section 220.185, Florida Statutes, is
4 created to read:

5 220.185 State housing tax credit.--

6 (1) LEGISLATIVE FINDINGS.--The Legislature finds that:

7 (a) There exist within the urban areas of the state
8 conditions of blight evidenced by extensive deterioration of
9 public and private facilities, abandonment of sound
10 structures, and high unemployment, and these conditions impede
11 the conservation and development of healthy, safe, and
12 economically viable communities.

13 (b) Deterioration of housing and industrial,
14 commercial, and public facilities contributes to the decline
15 of neighborhoods and communities and leads to the loss of
16 their historic character and the sense of community which this
17 inspires; reduces the value of property comprising the tax
18 base of local communities; discourages private investment; and
19 requires a disproportionate expenditure of public funds for
20 the social services, unemployment benefits, and police
21 protection required to combat the social and economic problems
22 found in urban communities.

23 (c) In order to ultimately restore social and economic
24 viability to urban areas, it is necessary to renovate or
25 construct new infrastructure and housing, including housing
26 specifically targeted for the elderly, and to specifically
27 provide mechanisms to attract and encourage private economic
28 activity.

29 (d) The various local governments and other
30 redevelopment organizations now undertaking physical
31 revitalization projects and new housing developments in urban

Amendment No. 1 (for drafter's use only)

1 areas are limited by tightly constrained budgets and
2 inadequate resources.

3 (e) In order to significantly improve revitalization
4 efforts by local governments and community development
5 organizations and to retain as much of the historic character
6 of our communities as possible, it is necessary to provide
7 additional resources, and the participation of private
8 enterprise in revitalization efforts is an effective means for
9 accomplishing that goal.

10 (2) POLICY AND PURPOSE.--It is the policy of this
11 state to encourage the participation of private corporations
12 in revitalization projects within urban areas. The purpose of
13 this section is to provide an incentive for such participation
14 by granting state corporate income tax credits to qualified
15 low-income housing projects, including housing specifically
16 designed for the elderly, and associated mixed-use projects.
17 The Legislature thus declares this a public purpose for which
18 public money may be borrowed, expended, loaned, and granted.

19 (3) DEFINITIONS.--As used in this section:

20 (a) "Credit period" means the period of 5 years
21 beginning with the year the project is completed.

22 (b) "Eligible basis" means the adjusted basis of the
23 housing portion of a qualified project as of the close of the
24 first taxable year of the credit period.

25 (c) "Adjusted basis" means the owner's adjusted basis
26 in the project, calculated in a manner consistent with the
27 calculation of basis under the Internal Revenue Code, taking
28 into account the adjusted basis of property of a character
29 subject to the allowance for depreciation used in common areas
30 or provided as comparable amenities to the entire project.

31 (d) "Designated project" means a qualified project

Amendment No. 1 (for drafter's use only)

1 designated pursuant to s. 420.5093 to receive the tax credit
2 under this section.

3 (e) "Qualified project" means a project located in an
4 urban infill area, at least 50 percent of which, on a cost
5 basis, consists of a qualified low-income housing project
6 within the meaning of s. 42(g) of the Internal Revenue Code,
7 including such projects designed specifically for the elderly
8 but excluding any income restrictions imposed pursuant to s.
9 42(g) of the Internal Revenue Code upon residents of the
10 project unless such restrictions are otherwise established by
11 the Florida Housing Finance Corporation pursuant to s.
12 420.5093, and the remainder of which constitutes commercial or
13 single-family residential development consistent with and
14 serving to complement the qualified low-income project.

15 (f) "Urban infill area" means an area designated for
16 urban infill as defined by s. 163.3164.

17 (4) AUTHORIZATION TO GRANT STATE HOUSING TAX CREDITS;
18 LIMITATION.--

19 (a) There shall be allowed a credit of 9 percent of
20 the eligible basis of any designated project for each year of
21 the credit period against any tax due for a taxable year under
22 this chapter.

23 (b) The total amount of tax credits allocated for all
24 projects shall not exceed the amount appropriated for the
25 State Housing Tax Credit Program in the General Appropriations
26 Act. The total tax credits allocated is defined as the total
27 credits pledged over a 5-year period for all projects.

28 (c) The tax credit shall be allocated among designated
29 projects by the Florida Housing Finance Corporation as
30 provided in s. 420.5093.

31 (d) Each designated project must comply with the

Amendment No. 1 (for drafter's use only)

1 applicable provisions of s. 42 of the Internal Revenue Code
2 with respect to the multifamily residential rental housing
3 element of the project, including specifically the provisions
4 of s. 42(h)(6).

5 (e) A tax credit shall be allocated to a designated
6 project and shall not be subject to transfer by the recipient
7 unless the transferee is also an owner of the designated
8 project.

9 Section 3. Section 420.5093, Florida Statutes, is
10 created to read:

11 420.5093 State Housing Tax Credit Program.--

12 (1) There is created the State Housing Tax Credit
13 Program for the purposes of stimulating creative private
14 sector initiatives to increase the supply of affordable
15 housing in urban areas, including specifically housing for the
16 elderly, and to provide associated commercial facilities
17 associated with such housing facilities.

18 (2) The Florida Housing Finance Corporation shall
19 determine those qualified projects which shall be considered
20 designated projects under s. 220.185 and eligible for the
21 corporate tax credit under that section. The corporation shall
22 establish procedures necessary for proper allocation and
23 distribution of state housing tax credits, including the
24 establishment of criteria for any single-family or commercial
25 component of a project, and may exercise all powers necessary
26 to administer the allocation of such credits. The board of
27 directors of the corporation shall administer the allocation
28 procedures and determine allocations on behalf of the
29 corporation. The corporation shall prepare an annual plan,
30 which must be approved by the Governor, containing general
31 guidelines for the allocation and distribution of credits to

Amendment No. 1 (for drafter's use only)

1 designated projects.

2 (3) The corporation shall adopt allocation procedures
3 that will ensure the maximum use of available tax credits in
4 order to encourage development of low-income housing and
5 associated mixed-use projects in urban areas, taking into
6 consideration the timeliness of the application, the location
7 of the proposed project, the relative need in the area of
8 revitalization and low-income housing and the availability of
9 such housing, the economic feasibility of the project, and the
10 ability of the applicant to proceed to completion of the
11 project in the calendar year for which the credit is sought.

12 (4)(a) A taxpayer who wishes to participate in the
13 State Housing Tax Credit Program must submit an application
14 for tax credit to the corporation. The application shall
15 identify the project and its location and include evidence
16 that the project is a qualified project as defined in s.
17 220.185. The corporation may request any information from an
18 applicant necessary to enable the corporation to make tax
19 credit allocations according to the guidelines set forth in
20 subsection (3).

21 (b) The corporation's approval of an applicant as a
22 designated project shall be in writing and shall include a
23 statement of the maximum credit allowable to the applicant. A
24 copy of this approval shall be transmitted to the executive
25 director of the Department of Revenue, who shall apply the tax
26 credit to the tax liability of the applicant.

27 (5) For purposes of implementing this program and
28 assessing the property for ad valorem taxation under s.
29 193.011, neither the tax credits nor financing generated by
30 tax credits shall be considered as income to the property, and
31 the rental income from rent-restricted units in a state

Amendment No. 1 (for drafter's use only)

1 housing tax credit development shall be recognized by the
2 property appraiser.

3 (6) The corporation is authorized to expend fees
4 received in conjunction with the allocation of state housing
5 tax credits only for the purpose of administration of the
6 program, including private legal services which relate to
7 interpretation of s. 42 of the Internal Revenue Code.

8 Section 4. Subsection (19) of section 420.503, Florida
9 Statutes, 1998 Supplement, is amended to read:

10 420.503 Definitions.--As used in this part, the term:

11 (19) "Housing for the elderly" means, for purposes of
12 s. 420.5087(3)(c)2., any nonprofit housing community that is
13 financed by a mortgage loan made or insured by the United
14 States Department of Housing and Urban Development under s.
15 202, s. 202 with a s. 8 subsidy, s. 221(d)(3) or (4), or s.
16 236 of the National Housing Act, as amended, and that is
17 subject to income limitations established by the United States
18 Department of Housing and Urban Development, or any program
19 funded by the Rural Development Agency of the United States
20 Department of Agriculture and subject to income limitations
21 established by the United States Department of Agriculture. A
22 project which qualifies for an exemption under the Fair
23 Housing Act as housing for older persons as defined by s.
24 760.29(4) shall qualify as housing for the elderly for
25 purposes of s. 420.5087(3)(c)2. In addition, if the
26 corporation adopts a qualified allocation plan pursuant to s.
27 42(m)(1)(B) of the Internal Revenue Code or any other rules
28 that prioritize projects targeting the elderly for purposes of
29 allocating tax credits pursuant to s. 420.5099 or for purposes
30 of the HOME program under s. 420.5089, a project which
31 qualifies for an exemption under the Fair Housing Act as

Amendment No. 1 (for drafter's use only)

1 housing for older persons as defined by s. 760.29(4) shall
2 qualify as a project targeted for the elderly, if the project
3 satisfies the other requirements set forth in this part.

4 Section 5. Subsections (1) and (5) of section
5 420.5087, Florida Statutes, 1998 Supplement, are amended to
6 read:

7 420.5087 State Apartment Incentive Loan
8 Program.--There is hereby created the State Apartment
9 Incentive Loan Program for the purpose of providing first,
10 second, or other subordinated mortgage loans or loan
11 guarantees to sponsors, including for-profit, nonprofit, and
12 public entities, to provide housing affordable to
13 very-low-income persons.

14 (1) Program funds shall be distributed over successive
15 3-year periods in a manner that meets the need and demand for
16 very-low-income housing throughout the state. That need and
17 demand must be determined by using the most recent statewide
18 low-income rental housing market studies available at the
19 beginning of each 3-year period. However, at least 10 percent
20 of the program funds distributed during a 3-year period must
21 be allocated to each of the following categories of counties,
22 as determined by using the population statistics published in
23 the most recent edition of the Florida Statistical Abstract:

24 (a) Counties that have a population of more than
25 500,000 people;

26 (b) Counties that have a population between 100,000
27 and 500,000 people; and

28 (c) Counties that have a population of 100,000 or
29 less.

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31 Any increase in funding required to reach the 10-percent

Amendment No. 1 (for drafter's use only)

1 minimum shall be taken from the county category that has the
 2 largest allocation. The corporation shall adopt rules which
 3 establish an equitable process for distributing any portion of
 4 the 10 percent of program funds allocated to the county
 5 categories specified in this subsection which remains
 6 unallocated at the end of a 3-year period. Counties that have
 7 a population of 100,000 or less shall be given preference
 8 under these rules.

9 (5) The amount of the mortgage provided under this
 10 program combined with any other mortgage in a superior
 11 position shall be less than the value of the project without
 12 the housing set-aside required by subsection (2). However, the
 13 corporation may waive this requirement for projects in rural
 14 areas or urban infill areas which have market rate rents that
 15 are less than the allowable rents pursuant to applicable state
 16 and federal guidelines. In no event shall the mortgage
 17 provided under this program combined with any other mortgage
 18 in a superior position exceed total project cost.

19 Section 6. This act shall take effect July 1, 1999.

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22 ===== T I T L E A M E N D M E N T =====

23 And the title is amended as follows:

24 remove from the title of the bill: the entire title

25

26 and insert in lieu thereof:

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A bill to be entitled

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An act relating to housing; creating s.

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196.1978, F.S.; providing that property used to

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provide housing for certain persons under ch.

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420, F.S., and owned by certain nonprofit

Amendment No. 1 (for drafter's use only)

1 corporations is exempt from ad valorem
2 taxation; creating ss. 220.185 and 420.5093,
3 F.S.; creating the State Housing Tax Credit
4 Program; providing legislative findings and
5 policy; providing definitions; providing for a
6 credit against the corporate income tax in an
7 amount equal to a percentage of the eligible
8 basis of certain housing projects; providing a
9 limitation; providing for allocation of credits
10 and administration by the Florida Housing
11 Finance Corporation; providing for an annual
12 plan; providing application procedures;
13 providing that neither tax credits nor
14 financing generated thereby shall be considered
15 income for ad valorem tax purposes; providing
16 for recognition of certain income by the
17 property appraiser; amending s. 420.503, F.S.;
18 providing that certain projects shall qualify
19 as housing for the elderly for purposes of
20 certain loans under the State Apartment
21 Incentive Loan Program, and shall qualify as a
22 project targeted for the elderly in connection
23 with allocation of low-income housing tax
24 credits and with the HOME program under certain
25 conditions; amending s. 420.5087, F.S.;
26 directing the Florida Housing Finance
27 Corporation to adopt rules for the equitable
28 distribution of certain unallocated funds under
29 the State Apartment Incentive Loan Program;
30 authorizing the corporation to waive a mortgage
31 limitation under said program for projects in

Amendment No. 1 (for drafter's use only)

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certain areas; providing an effective date.