

1                                   A bill to be entitled  
2                   An act relating to housing; creating s.  
3                   196.1978, F.S.; providing that property used to  
4                   provide housing for certain persons under ch.  
5                   420, F.S., and owned by certain nonprofit  
6                   corporations is exempt from ad valorem  
7                   taxation; creating ss. 220.185 and 420.5093,  
8                   F.S.; creating the State Housing Tax Credit  
9                   Program; providing legislative findings and  
10                  policy; providing definitions; providing for a  
11                  credit against the corporate income tax in an  
12                  amount equal to a percentage of the eligible  
13                  basis of certain housing projects; providing a  
14                  limitation; providing for allocation of credits  
15                  and administration by the Florida Housing  
16                  Finance Corporation; providing for an annual  
17                  plan; providing application procedures;  
18                  providing that neither tax credits nor  
19                  financing generated thereby shall be considered  
20                  income for ad valorem tax purposes; providing  
21                  for recognition of certain income by the  
22                  property appraiser; amending s. 420.503, F.S.;  
23                  providing that certain projects shall qualify  
24                  as housing for the elderly for purposes of  
25                  certain loans under the State Apartment  
26                  Incentive Loan Program, and shall qualify as a  
27                  project targeted for the elderly in connection  
28                  with allocation of low-income housing tax  
29                  credits and with the HOME program under certain  
30                  conditions; amending s. 420.5087, F.S.;  
31                  directing the Florida Housing Finance

1 Corporation to adopt rules for the equitable  
2 distribution of certain unallocated funds under  
3 the State Apartment Incentive Loan Program;  
4 authorizing the corporation to waive a mortgage  
5 limitation under said program for projects in  
6 certain areas; providing an effective date.  
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8 Be It Enacted by the Legislature of the State of Florida:  
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10 Section 1. Section 196.1978, Florida Statutes, is  
11 created to read:

12 196.1978 Low-income housing property  
13 exemption.--Property used to provide housing pursuant to any  
14 state housing program authorized under chapter 420 to  
15 low-income or very-low-income persons as defined by s.  
16 420.0004, which property is owned entirely by a nonprofit  
17 corporation which is qualified as charitable under s.  
18 501(c)(3) of the Internal Revenue Code and which complies with  
19 Rev. Proc. 96-32, 1996-1 C.B. 717, shall be considered  
20 property owned by an exempt entity and used for a charitable  
21 purpose, and such property shall be exempt from ad valorem  
22 taxation. All property identified in this section shall comply  
23 with the criteria for determination of exempt status to be  
24 applied by property appraisers on an annual basis as defined  
25 in s. 196.195.

26 Section 2. Section 220.185, Florida Statutes, is  
27 created to read:

28 220.185 State housing tax credit.--  
29 (1) LEGISLATIVE FINDINGS.--The Legislature finds that:  
30 (a) There exist within the urban areas of the state  
31 conditions of blight evidenced by extensive deterioration of

1 public and private facilities, abandonment of sound  
2 structures, and high unemployment, and these conditions impede  
3 the conservation and development of healthy, safe, and  
4 economically viable communities.

5 (b) Deterioration of housing and industrial,  
6 commercial, and public facilities contributes to the decline  
7 of neighborhoods and communities and leads to the loss of  
8 their historic character and the sense of community which this  
9 inspires; reduces the value of property comprising the tax  
10 base of local communities; discourages private investment; and  
11 requires a disproportionate expenditure of public funds for  
12 the social services, unemployment benefits, and police  
13 protection required to combat the social and economic problems  
14 found in urban communities.

15 (c) In order to ultimately restore social and economic  
16 viability to urban areas, it is necessary to renovate or  
17 construct new infrastructure and housing, including housing  
18 specifically targeted for the elderly, and to specifically  
19 provide mechanisms to attract and encourage private economic  
20 activity.

21 (d) The various local governments and other  
22 redevelopment organizations now undertaking physical  
23 revitalization projects and new housing developments in urban  
24 areas are limited by tightly constrained budgets and  
25 inadequate resources.

26 (e) In order to significantly improve revitalization  
27 efforts by local governments and community development  
28 organizations and to retain as much of the historic character  
29 of our communities as possible, it is necessary to provide  
30 additional resources, and the participation of private  
31

1 enterprise in revitalization efforts is an effective means for  
2 accomplishing that goal.

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

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

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

15 (b) "Eligible basis" means the adjusted basis of the  
16 housing portion of a qualified project as of the close of the  
17 first taxable year of the credit period.

18 (c) "Adjusted basis" means the owner's adjusted basis  
19 in the project, calculated in a manner consistent with the  
20 calculation of basis under the Internal Revenue Code, taking  
21 into account the adjusted basis of property of a character  
22 subject to the allowance for depreciation used in common areas  
23 or provided as comparable amenities to the entire project.

24 (d) "Designated project" means a qualified project  
25 designated pursuant to s. 420.5093 to receive the tax credit  
26 under this section.

27 (e) "Qualified project" means a project located in an  
28 urban infill area, at least 50 percent of which, on a cost  
29 basis, consists of a qualified low-income housing project  
30 within the meaning of s. 42(g) of the Internal Revenue Code,  
31 including such projects designed specifically for the elderly

1 but excluding any income restrictions imposed pursuant to s.  
2 42(g) of the Internal Revenue Code upon residents of the  
3 project unless such restrictions are otherwise established by  
4 the Florida Housing Finance Corporation pursuant to s.  
5 420.5093, and the remainder of which constitutes commercial or  
6 single-family residential development consistent with and  
7 servng to complement the qualified low-income project.

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

10 (4) AUTHORIZATION TO GRANT STATE HOUSING TAX CREDITS;  
11 LIMITATION.--

12 (a) There shall be allowed a credit of 9 percent of  
13 the eligible basis of any designated project for each year of  
14 the credit period against any tax due for a taxable year under  
15 this chapter.

16 (b) The total amount of tax credits allocated for all  
17 projects shall not exceed the amount appropriated for the  
18 State Housing Tax Credit Program in the General Appropriations  
19 Act. The total tax credits allocated is defined as the total  
20 credits pledged over a 5-year period for all projects.

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

24 (d) Each designated project must comply with the  
25 applicable provisions of s. 42 of the Internal Revenue Code  
26 with respect to the multifamily residential rental housing  
27 element of the project, including specifically the provisions  
28 of s. 42(h)(6).

29 (e) A tax credit shall be allocated to a designated  
30 project and shall not be subject to transfer by the recipient  
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1 unless the transferee is also an owner of the designated  
2 project.

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

5 420.5093 State Housing Tax Credit Program.--

6 (1) There is created the State Housing Tax Credit  
7 Program for the purposes of stimulating creative private  
8 sector initiatives to increase the supply of affordable  
9 housing in urban areas, including specifically housing for the  
10 elderly, and to provide associated commercial facilities  
11 associated with such housing facilities.

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

27 (3) The corporation shall adopt allocation procedures  
28 that will ensure the maximum use of available tax credits in  
29 order to encourage development of low-income housing and  
30 associated mixed-use projects in urban areas, taking into  
31 consideration the timeliness of the application, the location

1 of the proposed project, the relative need in the area of  
2 revitalization and low-income housing and the availability of  
3 such housing, the economic feasibility of the project, and the  
4 ability of the applicant to proceed to completion of the  
5 project in the calendar year for which the credit is sought.

6 (4)(a) A taxpayer who wishes to participate in the  
7 State Housing Tax Credit Program must submit an application  
8 for tax credit to the corporation. The application shall  
9 identify the project and its location and include evidence  
10 that the project is a qualified project as defined in s.  
11 220.185. The corporation may request any information from an  
12 applicant necessary to enable the corporation to make tax  
13 credit allocations according to the guidelines set forth in  
14 subsection (3).

15 (b) The corporation's approval of an applicant as a  
16 designated project shall be in writing and shall include a  
17 statement of the maximum credit allowable to the applicant. A  
18 copy of this approval shall be transmitted to the executive  
19 director of the Department of Revenue, who shall apply the tax  
20 credit to the tax liability of the applicant.

21 (5) For purposes of implementing this program and  
22 assessing the property for ad valorem taxation under s.  
23 193.011, neither the tax credits nor financing generated by  
24 tax credits shall be considered as income to the property, and  
25 the rental income from rent-restricted units in a state  
26 housing tax credit development shall be recognized by the  
27 property appraiser.

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

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

5 420.503 Definitions.--As used in this part, the term:

6 (19) "Housing for the elderly" means, for purposes of  
7 s. 420.5087(3)(c)2., any nonprofit housing community that is  
8 financed by a mortgage loan made or insured by the United  
9 States Department of Housing and Urban Development under s.  
10 202, s. 202 with a s. 8 subsidy, s. 221(d)(3) or (4), or s.  
11 236 of the National Housing Act, as amended, and that is  
12 subject to income limitations established by the United States  
13 Department of Housing and Urban Development, or any program  
14 funded by the Rural Development Agency of the United States  
15 Department of Agriculture and subject to income limitations  
16 established by the United States Department of Agriculture. A  
17 project which qualifies for an exemption under the Fair  
18 Housing Act as housing for older persons as defined by s.  
19 760.29(4) shall qualify as housing for the elderly for  
20 purposes of s. 420.5087(3)(c)2. In addition, if the  
21 corporation adopts a qualified allocation plan pursuant to s.  
22 42(m)(1)(B) of the Internal Revenue Code or any other rules  
23 that prioritize projects targeting the elderly for purposes of  
24 allocating tax credits pursuant to s. 420.5099 or for purposes  
25 of the HOME program under s. 420.5089, a project which  
26 qualifies for an exemption under the Fair Housing Act as  
27 housing for older persons as defined by s. 760.29(4) shall  
28 qualify as a project targeted for the elderly, if the project  
29 satisfies the other requirements set forth in this part.



1 Section 5. Subsections (1) and (5) of section  
2 420.5087, Florida Statutes, 1998 Supplement, are amended to  
3 read:

4 420.5087 State Apartment Incentive Loan  
5 Program.--There is hereby created the State Apartment  
6 Incentive Loan Program for the purpose of providing first,  
7 second, or other subordinated mortgage loans or loan  
8 guarantees to sponsors, including for-profit, nonprofit, and  
9 public entities, to provide housing affordable to  
10 very-low-income persons.

11 (1) Program funds shall be distributed over successive  
12 3-year periods in a manner that meets the need and demand for  
13 very-low-income housing throughout the state. That need and  
14 demand must be determined by using the most recent statewide  
15 low-income rental housing market studies available at the  
16 beginning of each 3-year period. However, at least 10 percent  
17 of the program funds distributed during a 3-year period must  
18 be allocated to each of the following categories of counties,  
19 as determined by using the population statistics published in  
20 the most recent edition of the Florida Statistical Abstract:

21 (a) Counties that have a population of more than  
22 500,000 people;

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

25 (c) Counties that have a population of 100,000 or  
26 less.

27  
28 Any increase in funding required to reach the 10-percent  
29 minimum shall be taken from the county category that has the  
30 largest allocation. The corporation shall adopt rules which  
31 establish an equitable process for distributing any portion of

1 the 10 percent of program funds allocated to the county  
2 categories specified in this subsection which remains  
3 unallocated at the end of a 3-year period. Counties that have  
4 a population of 100,000 or less shall be given preference  
5 under these rules.

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

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