

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: CS/SB 3002

SPONSOR: Committee on Comprehensive Planning and Senators Bennett and Wise

SUBJECT: Affordable Housing

DATE: April 16, 2004 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Cooper	Yeatman	CP	Fav/CS
2.	_____	_____	FT	_____
3.	_____	_____	ATED	_____
4.	_____	_____	AP	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This Committee Substitute (CS) implements many of the recommendations of the Florida House of Representatives Select Committee on Affordable Housing. This CS:

- Provides requirements for assessing property subject to a low-income housing tax credit;
- Increases from \$10 million to \$20 million the total annual amount of tax credits which may be granted under the community contribution tax credit program; increases, from 50 percent to 80 percent, the amount of available tax credits to be reserved for businesses that contribute to housing projects for low-income and very-low-income households; and extends the repeal of the program until 2015;
- Expands the list of permitted uses of state surplus land to include affordable housing;
- Expands the authority, responsibilities, and assessment and reporting requirements of the FHFC;
- Increases, from \$200,000 to \$500,000, the SAIL loan cap for projects for elderly persons;
- Amends a number of provisions in ch. 421, F.S., related to public housing authorities;
- Imposes additional requirements on local affordable housing advisory committees; and
- Appropriates \$350,000 in General Revenue to the FHFC to promote single family homeownership; \$350,000 in General Revenue to match rent set-asides in home purchases; and \$5,000,000 in General Revenue to establish incentives which defer, reduce or waive impact fees.

This CS amends the following sections of Florida Statutes: 193.017, 212.08, 220.03, 220.183, 253.034, 420.0003, 420.507, 420.508, 420.5087, 420.511, 420.5092, 420.517, 420.9072, 420.9075, 420.9076, 421.02, 421.08, 421.09, 421.23, and 624.5105.

This CS creates section 193.017, and repeals s. 421.54 of the Florida Statutes.

II. Present Situation:

Florida Housing Finance Corporation

Florida Housing Finance Corporation (FHFC) is the primary state agency responsible for encouraging the construction of affordable housing in Florida.¹ The FHFC is overseen by a board of directors composed of the Secretary of DCA and eight members appointed by the Governor, subject to confirmation by the Senate.

Currently, the FHFC operates several housing programs financed by the state and federal governments, to include:

- The State Apartment Incentive Loan (SAIL) program, which is designed to stimulate production of affordable, multi-family rental housing for very-low income individuals and families;
- The Florida Homeowner Assistance Program (HAP), which assists low-income persons in purchasing a home by reducing the cost of the home with below-market construction financing, by reducing the amount of down payment and closing costs paid by the borrower to a maximum of 5 percent of the purchase price, or by reducing the monthly payment to an affordable amount for the purchaser;
- Florida Affordable Housing Guarantee Program, which encourages affordable housing lending by issuing guarantees on financing of affordable housing developments financed with mortgage revenue bonds;
- The State Housing Initiatives Partnerships (SHIP) program, which provides funds to counties and cities as an incentive to create local housing partnerships and to preserve and expand production of affordable housing; and
- Federal Tax Credit Program for Low-Income Housing, which provides federal tax credits to developers of affordable housing.

In s. 420.0003, F.S., the Legislature stated that it is the intent of this act to begin the process of articulating a state housing strategy that will carry the state towards the goal of assuring that by the year 2010 each Floridian shall have decent and affordable housing. This strategy must involve state, regional, and local governments working in partnership with communities and the private sector and must involve financial as well as regulatory commitment to accomplish this goal. This section also sets forth the policies and implementation strategy for achieving this goal.

Section 420.511, F.S., requires the FHFC to submit to the Governor and the presiding officers of each house of the Legislature, within 2 months after the end of its fiscal year, a complete and detailed report setting forth its operations and accomplishments; financial status; and information relating to FHFC's activities relating to the SAIL and FHAP programs.

Section 420.517, F.S., requires the FHFC to provide incentives to developers to build housing that encourages onsite job skills training to enable low-income residents to obtain and maintain

¹ Part V, ch. 420, F.S. The FHFC was created within the Department of Community Affairs (DCA) as a public corporation. It is an "entrepreneurial public corporation" that is a separate budget entity and is not subject to control, supervision, or direction by DCA. However, a contractual relationship exists between DCA and FHFC identifying performance measures for FHFC and the role of the Inspector General of DCA in analyzing and verifying the performance of the FHFC.

meaningful employment. To the extent possible, the FHFC must direct all recipients of state housing funds to work in cooperation with local and regional Job Training Partnerships Boards to provide training to residents and others who may be making the transition from welfare to the workforce. The FHFC must provide incentives through housing policy and program guidelines to prioritize those developments that encourage workforce training and skills development.

SAIL Program

Section 420.5087, F.S., creates the SAIL program to provide first, second, or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, nonprofit, and public entities, to provide housing affordable to very-low-income persons.

Subsection (3) provides for the reservation of funds for tenant groups, which are: commercial fishing workers and farm workers; families; persons who are homeless; and elderly persons. Ten percent of the amount reserved for the elderly must be reserved to provide loans to sponsors of housing for the elderly for the purpose of making building preservation, health, or sanitation repairs or improvements which are required by federal, state, or local regulation or code, or life safety or security-related repairs or improvements to such housing. Such a loan may not exceed \$200,000 per housing community.

Subsection (6) establishes basic requirement for SAIL loans.

Section 420.507(22), F.S., authorizes the FHFC to make first, second, and other subordinated SAIL mortgage loans, variable or fixed rate. Mortgage loans must be made available at the following rates of interest rates:

- Zero to 3 percent interest for sponsors of projects that maintain an 80 percent occupancy of residents qualifying as farmworkers, commercial fishing workers, or the homeless over the life of the loan; or
- Three to 9 percent interest for sponsors of projects targeted at populations other than farmworkers, commercial fishing workers, and the homeless.

Florida Homeowner Assistance Program

Section 420.5088, F.S., creates the Florida Homeowner Assistance Program (HAP) to assist low-income persons in purchasing a home by reducing the cost of the home with below-market construction financing, by reducing the amount of down payment and closing costs paid by the borrower to a maximum of 5 percent of the purchase price, or by reducing the monthly payment to an affordable amount for the purchaser. Loans are made available at an interest rate that does not exceed 3 percent. The balance of any loan is due at closing if the property is sold or transferred.

For purchase or down-payment loans, the corporation may make mortgage loans, for the term of the first mortgage, to persons or families who have incomes that do not exceed 80 percent of the state or local median income, whichever is greater, adjusted for family size. Loans are limited to the lesser of 25 percent of the purchase price of the home or the amount necessary to enable the purchaser to meet credit underwriting criteria.

State Housing Initiative Partnership Program (SHIP)

Part VII of ch. 420, F.S., creates the State Housing Initiative Partnership (SHIP) program to provide funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related employment.²

Section 420.9072(1)(a), F.S., requires local governments to establish an affordable housing advisory committee to recommend monetary and non-monetary incentives for affordable housing.

Section 420.9075, F.S., requires each local government to develop and implement a local housing assistance plan. Paragraph (3)(a) requires that each county or municipality to develop a qualification system and selection criteria for applications for awards by eligible sponsors, adopt criteria for the selection of eligible persons, and adopt a maximum award schedule or system of amounts consistent with the intent and budget of its local housing assistance plan and with corporation rule. Subsection (4) stipulates certain criteria apply to awards made to eligible sponsors or eligible persons for the purpose of providing eligible housing. Paragraph (c) requires that the sales price or value of new or existing eligible housing may not exceed 90 percent of the average area purchase price in the statistical area in which the eligible housing is located.

Section 420.9076(2), F.S., requires the governing board of a county or municipality to appoint the members of the affordable housing advisory committee by resolution. The committee must include persons representing a cross-section of the housing development community.

Subsection (4) requires the advisory committee to review the established policies and procedures, ordinances, land development regulations, and adopted local government comprehensive plan of the appointing local government; and to recommend specific initiatives to encourage or facilitate affordable housing while protecting the ability of the property to appreciate in value.

Federal Tax Credit Program for Low-Income Housing

The Federal Tax Credit Program for Low-Income Housing provides federal tax credits to developers of affordable housing. Each year, the U.S. Department of Treasury awards each state with an allocation authority consisting of the per capita amount (\$1.25) and the state's share of the national pool (unused credits from other states). Section 420.5099, F.S., provides that FHFC is the sole issuer of tax credits for Florida. Currently, this program provides 107,429 affordable rental units in Florida, valued at \$7.48 billion.³

Tax credits may be claimed by owners of residential rental property used for low income housing. The credit amounts are based on the cost of the building and the portion of the project that low income households occupy. The cost of acquiring, rehabilitating, and constructing a building constitutes the building's eligible basis. The portion of the eligible basis attributable to

² In FY 2003/04, \$222.3 million distributed to the Local Government Housing Trust Fund, which funds local government housing initiatives through the State Housing Initiatives Partnerships (SHIP) program.

³ Information provided by FHFC staff, March, 2004.

low-income units is the building's qualified basis. A percentage of the qualified basis may be claimed for 10 years as the low income housing credit. Eligible properties must comply with a number of requirements regarding tenant income levels, gross rents, and occupancy. Projects must be held for low-income use for a minimum of 15 years under federal law. For a project to qualify for the low income housing credit, one of two tests must be met:

- at least 20 percent of the project must be occupied by households with incomes at or below 50 percent of the area median income; or
- at least 40 percent of the project must be occupied by households at or below 60 percent of the area median income.

Ad Valorem Taxation – Assessment of Low-Income Housing

Article VII, section 4 of the Florida Constitution, requires "a just valuation of all property for ad valorem taxation . . ." However, the Florida Constitution does allow agricultural, high water recharge, and noncommercial recreational property to be classified by the Legislature and assessed solely on the basis of character or use. Additionally, tangible personal property and livestock that is held as inventory may be assessed at a specified percentage of its value or totally exempted from taxation.

The Florida Supreme Court has interpreted "just valuation" to mean fair market value.⁴ Such an assessment may be exclusive of reasonable fees and costs of sale.⁵

Section 193.011, F.S., directs property appraisers to take into consideration eight factors when deriving a just valuation of property. Briefly, these factors include:

- The present cash value of the property, exclusive of reasonable fees and costs of purchase;
- The highest and best use to which the property can be expected to be put in the immediate future and the present use of the property, taking all legal limitations imposed on the property into consideration;
- The location of the property;
- The quantity or size of the property;
- The cost of the property and the present replacement value of improvements;
- The condition of the property;
- The income from the property; and
- The net proceeds from the sale of the property, exclusive of reasonable fees and costs of the sale.

Sections 420.5093 and 420.5099, F.S., requires that, in considering ad valorem assessment of affordable housing programs, neither the tax credits nor the financing generated by tax credits be considered as income to the property. It also requires property appraisers to recognize the rental income from rent restricted units in a low-income tax credit development.

⁴ *Walter v. Schuler*, 176 So. 2d 81 (Fla. 1965).

⁵ *Oyster Pointe Resort Condo. v. Nolte*, 524 So. 2d 415 (Fla. 1988).

Sections 12 and 13 of ch. 2002-18, L.O.F., amended ss. 420.5093 and 420.5099, F.S., respectively, to further specify that when considering or using the market or cost approaches under s. 193.001, F.S., neither the costs paid for by tax credits nor the costs paid for by additional financing proceeds resulting from the property being in the program may be included in the valuation. These sections further provide that any extended low income housing agreement which is recorded and filed in the county where the property is located shall be deemed a land use regulation during the term of the agreement.

Public Housing Authorities⁶

Chapter 421, F.S., governs public housing authorities throughout the various communities in Florida. These authorities were created to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. Public housing comes in all sizes and types, from scattered single family houses to high-rise apartments for elderly families. There are approximately 1.3 million households living in public housing units in the United States, managed by some 3,300 housing authorities. The U.S. Department of Housing and Urban Development (HUD) administers Federal aid to local housing agencies that manage the housing for low-income residents at rents they can afford. HUD furnishes technical and professional assistance in planning, developing and managing these developments.

Housing Authorities are responsible for the management and operation of its local public housing program. They may also operate other types of housing programs. Sometimes they provide other services, that might include such things as: homeownership opportunities for qualified families; employment training opportunities, and other special training and employment programs for residents; and support programs for the elderly.

Community Contribution Tax Credit Program

Finding that deterioration of housing and commercial facilities both evidences and contributes to the economic decline in Florida communities, the Legislature in 1980 created the Community Contribution Tax Credit Program in s. 220.183, F.S., to encourage businesses to make donations toward revitalization projects undertaken by redevelopment organizations.⁷

Available tax credits under the program may be taken against sales or use taxes, corporate income taxes, and insurance premium taxes.⁸ Tax credits are limited to 50 percent of the amount of a "community contribution" or donation to a maximum of \$200,000 annually per donor.⁹ The total amount of community contribution tax credits available per year under the program is \$10 million.¹⁰ Tax credits against sales or use taxes are granted as a refund against sales and use taxes reported on returns and remitted in the 12 months preceding the application to the Department of Revenue for a refund.¹¹ Tax credits against corporate income taxes and insurance premium taxes are claimed against taxes due.¹²

⁶ General information obtained @ <http://www.hud.gov/renting/phprog.cfm>

⁷ Ch. 80-249, L.O.F. Other tax incentives currently available to businesses located in and employing residents of enterprise zones include sales tax exemptions for building materials, business equipment, and electrical energy, and job tax credits.

⁸ Sections 212.08(5)(q), 220.183, and 624.5105, F.S.

⁹ Sections 212.08(5)(q)1.a. and c., 220.183(1)(a) and (b), and 624.5105(1)(a) and (b), F.S.

¹⁰ Sections 212.08(5)(q)1.e., 220.183(1)(c), and 624.5105(1)(c), F.S.

¹¹ Section 212.08(5)(q)1.b., F.S.

¹² Sections 220.183(1)(a) and 624.5105(1)(a), F.S.

Community contributions or donations must take the following forms:¹³

- Cash or other liquid assets;
- Real property;
- Goods or inventory; or
- Other physical resources.

For purposes of credits against insurance premium taxes and corporate income taxes, the Department of Revenue is authorized to identify “other physical resources” that qualify as a community contribution. For purposes of credits against sales or use taxes, the Office of Tourism, Trade, and Economic Development is authorized to identify “other physical resources.”

Community contributions must be used for projects to provide: low and very low-income housing; commercial, industrial, or public resources and facilities; entrepreneurial and job development opportunities for low-income persons; access to high speed broadband capability for rural enterprise zones; and educational programs and materials for the Florida Holocaust Museum in St. Petersburg.¹⁴

Projects to provide low and very low-income housing may be located anywhere in this state.¹⁵ However, community development projects, such as projects to construct or rehabilitate commercial, industrial, or public facilities, must be located in an enterprise zone or Front Porch Florida Community.¹⁶ For purposes of credits against corporate income taxes, projects increasing access to high speed broadband capabilities may be located in any area of a rural county.¹⁷ For purposes of credits against sales or use taxes, a project that is designed to increase high speed broadband access to rural enterprise zones may be located anywhere.¹⁸ For the purposes of credits against insurance premium taxes, however, a project that is designed to increase high speed broadband access to rural enterprise zones must be located in an enterprise zone or Front Porch Florida Community.¹⁹

Applications to receive community contribution tax credits must be submitted to the Office of Tourism, Trade, and Economic Development. The application must set forth the terms of the application, such as the name of the sponsor, a description of the project, and the type, value, and purpose of the contribution. After approval for community contribution tax credits is received by an applicant, the applicant must also claim the credit from the Department of Revenue.²⁰ Unused credits against corporate income taxes and insurance premium taxes may be carried forward for 5 years.²¹ Unused credits against sales taxes may be carried forward for 3 years.²²

¹³ Sections 212.08(5)(q)2.a., 220.03(1)(d), and 624.5105(5)(a), F.S.

¹⁴ Sections 212.08(5)(q)2.b., 220.03(1)(t), and 624.5105(2)(b) and (5)(e), F.S.

¹⁵ Sections 212.08(5)(q)2.d., 220.183(2)(d), and 624.5105(2)(d), F.S.

¹⁶ *Id.*

¹⁷ Section 220.183(2)(d), F.S.

¹⁸ Section 212.08(5)(q)2.d., F.S.

¹⁹ Section 624.5105(2)(d), F.S.

²⁰ Section 212.08(5)(q)3.c., F.S., and Rules 12A-1.107(4), 12B-8.001, and 12C-1.0188, F.A.C.

²¹ Sections 220.183(1)(e) and 624.5105(1)(e), F.S.

²² Section 212.08(5)(q)1.b. and 5., F.S.

The statutes creating the community contribution tax credit program are scheduled to expire on June 30, 2005.

OTTED is responsible for approving these tax credits. Section 220.183(2)(b), F.S. authorizes OTTED to reserve up to 50 percent of the available annual tax credits for housing for very-low-income households pursuant to s. 420.9071(28), F.S., for the first 6 months of the fiscal year.

Section 420.9071(28), F.S., defines "very-low-income household" as:

. . . one or more natural persons or a family that has a total annual gross household income that does not exceed 50 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the non-metropolitan median for the state, whichever is greatest.

OTTED reports that they do not exercise this authorized discretion to reserve funds for very-low-income housing projects. In addition, they do not distinguish between low-income and very-low-income projects when qualifying projects. Credits are allocated on a 'first come, first serve' basis.

In recent years, the credits have been claimed within the first few days of the fiscal year. In FY 02/03, OTTED reported that 90 percent of the \$10 million allocated for the program went to businesses contributing to eligible sponsors providing housing to low-income persons.

Disposal of Surplus Land

Section 253.034, F.S., prescribes the procedure for the state to dispose of surplus lands. Subsection (6) requires the Board of Trustees of the Internal Improvement Trust Fund to determine which lands may be surplus. Paragraph (f) requires that, in reviewing lands owned by the board, the Acquisition and Restoration Council must consider whether such lands would be more appropriately owned or managed by the county or other unit of local government in which the land is located. Permissible uses for such surplus lands may include public schools; public libraries; fire or law enforcement substations; and governmental, judicial, or recreational centers.

III. Effect of Proposed Changes:

Section 1 names the act as the "Florida Homeownership Act of 2004."

Section 2 creates s. 193.017, F.S., to provide requirements for assessing property that is subject to a low-income housing tax credit. This new provision is substantially identical to ss. 420.5093(5) & (6) and 420.5099(5) & (6), F.S.

Specifically, property used for affordable housing which has received a low-income housing tax credit from the Florida Housing Finance Corporation "shall be assessed under s. 193.011 and consistent with s. 420.5099(5) and (6), pursuant to this section." This section provides that:

- The tax credits granted and the financing generated by the tax credits may not be considered as income to the property;
- The actual rental income from rent-restricted units in such a property shall be recognized by the property appraiser; and
- Any costs paid for by tax credits and costs paid for by additional financing proceeds received under chapter 420 may not be included in the valuation of the property.

Furthermore, if an extended low-income housing agreement is filed in the official public records of the county in which the property is located, the agreement, and any recorded amendment or supplement thereto, shall be considered a land-use regulation and a limitation on the highest and best use of the property during the term of the agreement, amendment, or supplement.

Section 3 amends s. 220.08(5), F.S., which relates to the state sales tax, to increase from \$10 million to \$20 million the total annual amount of tax credits which may be granted under the combined community contribution tax credit program; to increase, from 50 percent to 80 percent, the amount of available tax credits to be reserved for businesses that contribute to housing projects for low-income and very-low-income households for the first two months of the fiscal year (thereafter, businesses contributing to qualified non-housing entities are entitled to apply for remaining credits); and to extend the repeal of the program until 2015.

OTTED is also required to reserve 20 percent of the available annual community contribution tax credits, for the first two months of the fiscal year, for businesses contributing to qualified entities other than those constructing or rehabilitating low and very-low-income housing. Thereafter, businesses contributing to qualified housing entities are entitled to apply for remaining credits.

This section also provides procedures for distributing available tax credits to eligible businesses.

This change is consistent with the changes proposed in Sections 4, 5, and 21 of this CS .

Section 4 amends s. 220.03, F.S., to delete the requirement that OTTED reserve 50 percent of the available annual community contribution tax credits for businesses contributing to qualified entities constructing or rehabilitating low and very-low-income housing. In addition, the repeal date of the program is extended until 2015. These changes are consistent with the changes proposed in Sections 3, 5, and 21 of this CS.

Section 5 amends s. 220.183, F.S., which relates to the corporate income tax, to increase from \$10 million to \$20 million the total annual amount of tax credits which may be granted under the combined community contribution tax credit program; to increase, from 50 percent to 80 percent, the amount of available tax credits to be reserved for businesses that contribute to housing projects for low-income and very-low-income households for the first two months of the fiscal year (thereafter, businesses contributing to qualified non-housing entities are entitled to apply for remaining credits); and to extend the repeal of the program until 2015.

OTTED is also required to reserve 20 percent of the available annual community contribution tax credits, for the first two months of the fiscal year, for businesses contributing to qualified entities other than those constructing or rehabilitating low and very-low-income housing. Thereafter, businesses contributing to qualified housing entities are entitled to apply for remaining credits.

This section also provides procedures for distributing available tax credits to eligible businesses.

This change is consistent with the changes proposed in Sections 3, 4, and 21 of this CS.

Section 6 amends s. 253.034(6), F.S., to expand the list of permitted uses of state surplus land to include affordable housing.

Section 7 creates subsection (5) of s. 420.0003, F.S., to set forth in the state housing strategy the option to use “manufactured housing” to achieve the goal of providing “decent and affordable housing” in Florida. Specifically, subsection (5) is created to state that:

“...the affordable housing delivery system shall provide for a variety of housing options as appropriate, including, but not limited to, single family and multifamily housing built according to chapter 553, manufactured housing as defined in s. 320.01(2)(b), and housing coordinated with services for special needs populations.”

Chapter 553, F.S., provides for building construction standards for the state. Part IV provides for the Florida Building Code (Code), which is the sole document for all building standards for structures built in the state. Part I is the Florida Manufactured Building Act of 1979. Section 553.355, F.S., states that the Florida Building Code and the Florida Fire Prevention and Life-safety Codes are the minimum construction requirements governing the manufacture, design, construction, erection, alteration, modification, repair, and demolition of manufactured buildings.

Manufactured buildings are distinct from manufactured housing in that the construction standards for manufactured housing is governed by the federal Manufactured Home Construction and Safety Standard Act. The terms “manufactured home” and “mobile home” are nearly synonymous. Section 320.01(2)(b) defines a "manufactured home" as:

“...a mobile home²³ fabricated on or after June 15, 1976, in an offsite manufacturing facility for installation or assembly at the building site, with each section bearing a seal certifying that it is built in compliance with the federal Manufactured Home Construction and Safety Standard Act.”

Section 8 amends s. 420.507(2), F.S., to authorize the FHFC to “determine whether supplies of affordable housing in various markets may exceed future demands, and to develop methods of assessing and assisting in the viability of properties adversely affected by overbuilt markets.”

This section also amends s. 420.507(22), F.S., to allow the board of the FHFC to set the interest rate for homeless SAIL projects, with such rates based on the pro rata share of homeless occupancy if such occupancy is less than 80 percent of the units in the borrower's project. In addition, paragraph (h) is created to authorize the FHFC to establish, by rule, procedures to “intervene, negotiate terms, or undertake any actions that are fiscally responsible, maximize

²³ Section 320.01(2)(a), defines "mobile home" as “... a structure, transportable in one or more sections, which is 8 body feet or more in width and which is built on an integral chassis and designed to be used as a dwelling when connected to the required utilities and includes the plumbing, heating, air-conditioning, and electrical systems contained therein.”

returns to the state, and are deemed necessary to avoid a default” of SAIL loans. (Currently, the FHFC may only re-structure loans after a default occurs.)

In addition, this section is amended to expand the authority of the FHFC. The corporation is authorized:

- To promote single-family home ownership in this state, develop and implement a marketing plan, in cooperation with local governments and state and federal agencies, which includes strategies, such as advertising, home buyer fairs, and home buyer education;
- To establish by rule a program, not to exceed \$5,000 per home, to match the amount of rents set aside under resident programs that are managed by affordable housing providers participating in the corporation's rental programs in order to provide financial assistance toward the purchase of a home;²⁴
- To establish by rule a program of incentives for local governments which defer, reduce, or waive impact fees for homes constructed for or sold to persons who qualify for financing under an affordable homeownership program provided by the state or a local government; and
- To establish by rule requirements for periodic reporting of data, including, but not limited to, financial data, housing market data, data concerning detailed economic and physical occupancy on multifamily projects, and demographic data on all housing financed through corporation programs.

Section 9 amends s. 420.508, F.S., to authorize FHFC to “provide by rule for master lease agreements for farm-worker housing developments when and where appropriate to ensure continuity and stability of housing for farm-worker populations.”

Section 10 amends s. 420.5087(3)(d), F.S., to increase, from \$200,000 to \$500,000, the SAIL loan cap for projects for elderly persons.

Paragraph (6)(m) is amended to clarify that sponsor certification of the adjusted gross income of persons or families living in SAIL projects must be according to the requirements provided by FHFC rule.

Section 11 amends s. 420.511, F.S., to expand the scope of issues required to be addressed in FHFC annual report. These issues include any rule changes made by the FHFC, the quarterly physical occupancy rate of each multifamily housing project, and information relating to revenue bonds and “stabilized properties guaranteed” by the Florida Affordable Housing Guarantee Program.

Section 12 creates subsection (12) of s. 420.5092, F.S., to require an annual assessment of the Florida Affordable Housing Guarantee Program to be submitted to the Governor and the Legislature.

²⁴ Currently, some rental developments participating in the federal tax credit program offer rent set-aside programs (5% of the monthly rent) to residents through a “Home Ownership Opportunity Program” to assist them in saving for future home purchases.

Section 13 amends s. 420.517, F.S., to impose additional requirements on the FHFC relating to coordination of affordable housing and support services to low-income housing residents. Specifically,

- FHFC must coordinate with state and regional entities, including, but not limited to, the Agency for Workforce Innovation, the Department of Education, the Department of Elderly Affairs, the Department of Children and Family Services, the Department of Veterans' Affairs, the Department of Corrections, and the Department of Juvenile Justice, to provide tenants and providers of affordable housing with information concerning available supportive services, including education, job training, and health and social services. In addition, FHFC must coordinate with state agencies to provide prospective tenants with assistance in qualifying for affordable housing.
- FHFC must develop state and regional partnerships to connect tenants of affordable housing with supportive services, including, but not limited to, education, job training, and health and social services in order to enable low-income residents to live in the most independent setting possible.
- FHFC must report on its coordination efforts and accomplishments in their annual report.

Section 14 amends s. 420.9072, F.S., to amend the Legislative findings related to the SHIP program. Specifically, local governments are intended to retain, after it has been established, an affordable housing advisory committee to recommend monetary and non-monetary incentives for affordable housing.

Section 15 amends s. 420.9075(4)(c), F.S., to further specify the criteria for SHIP awards for affordable housing. FHFC is authorized to adopt a rule which establishes the price threshold for what constitutes affordable housing in the respective statistical areas. In addition, local governments are prohibited from setting the threshold sales prices below the amounts established by the FHFC. However, if the thresholds set by the Federal Housing Administration are lower than those set by FHFC, the federal thresholds are to be the maximum.

Section 16 amends s. 420.9076(2), F.S., to allow more than nine members be appointed to the local affordable housing advisory committees and to require that additional members be residents of the jurisdiction of the local governing body making the appointments.

A new subsection (3) is created to require each county or eligible municipality participating in the SHIP program to maintain an operational affordable housing advisory committee. This is consistent with the changes proposed in Section 12 of this bill.

Renumbered subsection (4) is amended to require the local affordable housing advisory committees make recommendations on affordable housing incentives in the review of the housing element of the local government comprehensive plan and the local housing assistance plan.

Subsection (9) is created to provide that the advisory committee shall continue to have oversight on the implementation of the local housing assistance plan and incentive strategies. The committee is required to meet annually to review the plan and strategies and to offer

recommendations in regard to housing strategies and incentives. Such recommendations must be transmitted to the FHFC with the annual SHIP report.

Section 17 amends s. 421.02(2), F.S., to delete legislative findings that the construction of public housing projects for persons of low income would not be competitive with private enterprise.

Section 18 amends s. 421.08, F.S., to provide statutory authority for public housing authorities to create public-private partnerships to assist in creating and maintaining residential projects. It permits projects to include non-residential uses and to include housing for individuals whose income does not exceed 150 percent of area median income. The existence of current public-private partnerships is ratified. Housing authorities are authorized to use federal travel and per diem guidelines.

Section 19 amends s. 421.09, F.S., to specify that the not-for-profit status of housing authorities does not prohibit or restrict the activities allowed by s. 420.08(8), F.S., which was created in the previous section.

Section 20 amends s. 421.23, F.S., to specify that liabilities incurred by governing boards of housing authorities may not be payable from the rents, fees, revenues, grants or subsidies paid by the federal government “unless such other funds are lawfully pledged by the authority’s governing board.”

Section 21 amends s. 624.5105, F.S., which relates to the insurance premium income tax, to increase from \$10 million to \$20 million the total annual amount of tax credits which may be granted under the combined community contribution tax credit program; to increase, from 50 percent to 80 percent, the amount of available tax credits to be reserved for businesses that contribute to housing projects for low-income and very-low-income households for the first two months of the fiscal year (thereafter, businesses contributing to qualified non-housing entities are entitled to apply for remaining credits); and to extend the repeal of the program until 2015.

OTTED is also required to reserve 20 percent of the available annual community contribution tax credits, for the first two months of the fiscal year, for businesses contributing to qualified entities other than those constructing or rehabilitating low and very-low-income housing. Thereafter, businesses contributing to qualified housing entities are entitled to apply for remaining credits.

This section also provide procedures for distributing available tax credits to eligible businesses.

This change is consistent with the changes proposed in Sections 3, 4, and of this CS.

Section 22 repeals s. 421.54, F.S., concerning required notice and approval provisions for public housing in Orange and Seminole Counties.

Section 23 appropriates:

- \$350,000 in General Revenue to the FHFC for the purpose of promoting single family homeownership, as authorized in proposed s. 420.507(42), F.S.;

- \$350,000 in General Revenue for the purpose of matching rent set-asides used to provide financial assistance in the purchase of a home, as authorized in proposed s. 420.507(43), F.S.; and
- \$5,000,000 in General Revenue to establish incentives which defer, reduce or waive impact fees, as authorized in proposed s. 420.507(44),F.S.

Section 24 provides that this act will take effect July 1, 2004.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This CS increases from \$10 million to \$20 million the total annual amount of tax credits which may be granted under the community contribution tax credit program.

This CS increases, from 50 percent to 80 percent, the amount of tax credits available for businesses that contribute to housing projects for low-income and very-low-income households.

B. Private Sector Impact:

Businesses that contribute to projects that provide housing for low-income and very-low-income households may be able to claim more in tax credits for such contributions.

C. Government Sector Impact:

OTTED will be required to revise their processes to ensure that at least 80 percent of the available annual tax credits are allocated to projects that provide housing for low-income and very-low-income households.

This CS expands the authority and responsibilities of the FHFC.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
