

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.)

Prepared By: Community Affairs Committee

BILL: SB 1032

INTRODUCER: Senator Margolis

SUBJECT: Affordable Housing

DATE: January 24, 2006

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Vickers	Yeatman	CA	Favorable
2.	_____	_____	TA	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

The Elderly Housing Community Loan (EHCL) Program is a loan program within the State Apartment Incentive Loan Program in which a portion of the funds are reserved to sponsors of housing for the elderly to provide for specific repairs and improvements. This bill reduces the minimum match requirement that a sponsor must commit to in order to receive a loan under the EHCL Program from 15 percent to 5 percent of the loan amount.

This bill substantially amends section 420.5087 of the Florida Statutes.

II. Present Situation:

Section 420.5087, F.S., creates 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 SAIL program provides 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. The Florida Housing Finance Corporation is responsible for the management of this program.

Subsection (3) of s. 420.5087, F.S., provides for the reservation of SAIL funds for specified tenant groups. The designated tenant group categories include: commercial fishing workers and farm workers; families; persons who are homeless; and elderly persons. Presently, 24 percent of the total amount is reserved for the elderly.¹ Ten percent of the amount reserved for the elderly

¹ Section 420.503(19), F.S., provides "housing for the elderly" means, for purposes of s. 420.5087(3)(d), any nonprofit housing community that is financed by a mortgage loan made or insured by the United States Department of Housing and Urban Development under s. 202, s. 202 with a s. 8 subsidy, s. 221(d)(3) or (4), or s. 236 of the National Housing Act, as

must be allocated to the Elderly Housing Community Loan Program (EHCL) to provide loans for 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. Under the EHCL Program, sponsors are required to match the loan amount received at a rate of 15 percent. Funds received from matching are used to supplement the loan amount received to pay the cost of repair or improvement for which these funds are available. Prior to 2005, loans under the EHCL Program were capped at \$200,000. During the 2005 Regular Session, the Legislature increased the maximum loan amount from \$200,000 to \$750,000.² The increase in the maximum loan amount had the practical effect of increasing the potential match requirement from \$30,000 to \$112,500

According to the Florida Housing Finance Corporation, the match requirement is used to leverage state funds and make more fiscally prudent investments. Prior to the increase in the available loan amount, sponsors were awarded additional points during the loan application process for exceeding the minimum match requirement by a certain percentage. With the current increased loan amount and match rate, this process is no longer being used. However, under general operating policy, sponsors are still encouraged to match at the highest percentage possible, which can exceed the minimum percentage amount set in statute.

III. Effect of Proposed Changes:

This bill amends s. 420.5087, F.S., to reduce the minimum match requirement that a sponsor of housing for the elderly must commit to in order to receive a loan under the SAIL/EHCL program. Reducing the matching requirement from 15 percent to 5 percent, as provided in this bill, would result in a maximum required match amount of \$37,500.

A representative of the Florida Association of Homes for the Aging³ indicated that the bill will make the EHCL Program more user friendly since most of the facilities that apply for loans under the EHCL Program are financially constrained non-profits that are financed through the Department of Housing and Urban Development (HUD) and are subject to HUD's restrictions in raising rents. The Florida Association of Homes for the Aging suggests that at the higher 15 percent match rate, many sponsors that apply for the EHCL Program are finding it difficult to make use of the higher available loan amounts and that reducing the match rate would allow more sponsors to take advantage of the higher loan amounts now available.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

amended, and that is subject to income limitations established by the United States Department of Housing and Urban Development, or any program funded by the Rural Development Agency of the United States Department of Agriculture.

² Ch. 2005-102, L.O.F., (SB 724).

³ Mary Ellen Early, Senior Vice President of Public Policy

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

This bill may have an economic impact on a private sector apartment owner that qualifies under the EHCL Program by reducing the match amount required to qualify for a loan under the program, allowing them to take advantage of higher loan amounts.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.

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