



## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

*Safeguard individual liberty* – The bill increases the options of individuals in the conduct of their own affairs.

*Empower families* – The bill increases the opportunities of local governments, governmental entities, and private organizations to support, assist, and encourage families in circumstances occasioning need; and increases family stability, self support, and management.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Effect of Proposed Changes**

HB 1309 amends existing law relating to local housing assistance plans by providing homeownership down payment assistance to “essential service personnel” and “building trades personnel.” The bill accomplishes this by:

- Providing homeownership down payment assistance eligibility criteria, including a 5-year commitment; an assistance limit of 25% of the purchase price; and verification of compliance.
- Providing for removal of security lien upon completion of the 5-year commitment by the eligible employee.
- Encouraging local governments to incorporate provisions within the local housing assistance plan to better recruit and retain “essential service personnel” and “skilled trades personnel.”
- Providing for the allocation of funds.
- Providing the Florida Housing Finance Corporation (Corporation) with rulemaking authority to implement the provisions of this bill.
- Providing an appropriation to the Corporation from the Local Government Housing Trust Fund in an amount to be sufficient for the purpose of providing funds for affordable housing to assist in the retention and recruitment of “essential service personnel” and “persons skilled in the building trades.”

The bill requires that certain provisions be included within the local housing assistance plan in order to provide “essential service personnel” and “skilled building trades personnel” with homeownership down payment assistance. In addition to the features outlined below, the bill make conforming cross-reference changes.

##### **Local Housing Assistance Plan**

The bill encourages inclusion of provisions into the local housing assistance plan relating to the recruitment and retention of service personnel and skilled trades personnel by providing for homeownership down payment assistance.

**Eligibility Criteria:** The bill requires that in addition to meeting other conditions within the local housing assistance plan, the employee must:

- Be a full time employee in an “essential service occupation” or “skilled building trade.”
- Declare homestead on the home and maintain residency at the residence.
- Demonstrate a 5-year minimum commitment to continued employment in an essential service occupation or skilled building trade within the county of current employment.

Employee Compliance: The bill requires the county or eligible municipality to verify the eligibility criteria set forth above during the life of the loan.

Amount of Down Payment Assistance: The bill provides that the amount of down payment assistance shall be determined by rule, but cannot exceed 25% of the purchase price of the home. This assistance may only be provided if the county, or eligible city in which the employee is employed, provides this funding assistance to the eligible employee, solely or in conjunction with a local housing finance agency or a private sector partner, through its State Housing Initiatives Partnership Program (SHIP).

Security Lien Removal: The bill provides that any lien on the recipient's property securing the assistance addressed in this bill shall be released when the employee's 5-year commitment is fulfilled.

Creation of an element within the local housing assistance plan: The bill encourages each county and eligible municipality to develop an element within its local housing assistance plan that emphasizes the recruitment and retention of essential service personnel and persons skilled in the building trades.

Allocation of funds: The bill provides authority to the Corporation to allocate funds to implement this assistance provided for in this subsection and allocate funds to projects that are regional or statewide in scope.

Rulemaking: The bill authorizes the Corporation to initiate rulemaking to implement the provisions of this bill, including, but not limited to, the allocation of funds and selection of projects for funding under this subsection.

Appropriation: The bill provides for an appropriation from the Local Government Housing Trust Fund, for distribution through SHIP to the Corporation, in an amount to be sufficient for the purpose of providing funds for affordable housing to assist in the retention and recruitment of essential service personnel and person skilled in the building trades.

## **Background**

The state has committed significant resources over the last decade to addressing the severe housing problems facing very low and low income residents of this state. Much of this effort is focused through programs of the Florida Housing Finance Corporation (Corporation). The Corporation's programs are funded in part with revenues generated by the documentary stamp tax, which are most often coupled with federal funding. These "affordable housing" programs have traditionally targeted families making 60% or less of the area median income (AMI) in the rental programs, and those making 80% or less of AMI in the home ownership programs.

The Corporation allocates documentary stamp funds to local governments through the State Housing Initiatives Partnership (SHIP). The large majority of SHIP funds are directed by statute toward home ownership activities, generally serving those with incomes up to 120% AMI.

In the current market, the need for affordable housing has outstripped the production capacity of the existing federal, state, and local affordable housing programs. Due to dramatic increases in housing costs coupled with modest rises in incomes, many low income and moderate income Florida families can no longer afford safe, decent and affordable single family housing.

In addition to the needs of the very low and low income families, recent steep increases in real estate prices have also effectively priced moderate income families out of the market. Florida is experiencing a critical shortage of housing for individuals who are employed in essential service occupations, such as teachers, police, hospital workers, and others who do not qualify for existing affordable housing

programs. As a result, many communities are finding it increasingly difficult to recruit, employ, and retain personnel necessary to provide essential public services to Florida's communities.

#### The Florida Housing Finance Corporation (Corporation)

The Corporation was created by the Legislature as a public corporation that administers the governmental function of financing or refinancing housing and related facilities in Florida. The Corporation administers various programs which facilitate the development and purchase of affordable housing for Floridians. These programs are financed through a variety of state, federal and local sources.

#### State Housing Initiatives Partnership Program (SHIP)

The Corporation administers the SHIP, which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families. Depending on an individual's income, a person could be eligible for home repair or replacement, down payment assistance, rental housing assistance and other affordable housing assistance.

#### Local Housing Assistance Plan

A local housing assistance plan is statutorily defined in s. 420.9071, F.S., as a "concise description of the local housing assistance strategies and local housing incentive strategies adopted by local government resolution with an explanation of the way in which the program meets the requirements of ss. 420.907-420.9079, F.S. and [Corporation] rule."

#### C. SECTION DIRECTORY:

Section 1: Amends s. 420.9075, F.S., relating to local housing assistance plans and partnerships.

Section 2: Amends s. 420.9072, F.S., relating to the State Housing Initiatives Partnership by conforming language to changes provided for in this bill.

Section 3: Amends s. 420.9079, F.S., relating to the Local Government Housing Trust Fund by conforming language to changes provided for in this bill.

Section 4: Creates an appropriation from the Local Government Housing Trust Fund.

Section 5: Provides an effective date of July 1, 2006.

### **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

Indeterminate. The state may be benefited by the provision of essential workforce housing in support of commerce which may result in increased state revenues.

##### 2. Expenditures:

Indeterminate. The level of funding to support the local housing financial assistance provided for this bill is not established.

#### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

##### 1. Revenues:

Indeterminate. Local governments may be benefited by the provision of essential workforce housing in support of commerce which may result in increased state revenues.

2. Expenditures:

Indeterminate. The bill provides encouragement and opportunity for local government to support the affordable housing efforts advance by this bill, but does not require any particular level of financial commitment.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may have a beneficial impact on the private sector in the following manner:

- Provides incentives for the private sector development and provision of affordable housing.
- Provides housing opportunities for certain types of employees, thus supporting some private and public employers by authorizing means by which they may assist employees to secure affordable housing.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. The bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

There do not appear to be any other constitutional issues.

B. RULE-MAKING AUTHORITY:

The bill authorizes the Florida Housing Finance Corporation to initiate rulemaking to implement the provisions of this bill, including, but not limited to, the allocation of funds and selection of projects for funding.

C. DRAFTING ISSUES OR OTHER COMMENTS:

The bill applies to “essential service personnel” and “skilled building codes personnel.” Consistent use of these terms when referring to these occupations would provide more clarity.

- “essential service personnel” and “skilled building codes personnel” [Section 1 - (5)]
- “essential service occupation or skilled building trade.” [Section 1 - (5)(a) 1]
- “persons skilled in the building trades.” [Section 1 - (5)(f) ]

### IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.