

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: Transportation and Economic Development Appropriations Committee

BILL: CS/CS/SB 132

INTRODUCER: Transportation and Economic Development Appropriations Committee, Community Affairs Committee, and Senator Bennett

SUBJECT: Affordable Housing

DATE: April 25, 2006

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|----------------|----------------|-----------|-------------------------------|
| 1. | <u>Vickers</u> | <u>Yeatman</u> | <u>CA</u> | <u>Fav/CS</u> |
| 2. | <u>McKay</u> | <u>Wilson</u> | <u>GO</u> | <u>Fav/1 amendment</u> |
| 3. | <u>Weaver</u> | <u>Martin</u> | <u>TA</u> | <u>Fav/CS</u> |
| 4. | _____ | _____ | <u>WM</u> | _____ |
| 5. | _____ | _____ | <u>RC</u> | _____ |
| 6. | _____ | _____ | _____ | _____ |

I. Summary:

This committee substitute (CS) implements a number of revisions to Florida's affordable housing programs, and addresses a number of related land use and regulatory issues. Specifically, the CS implements the following major provisions:

- Requires local governments to identify surplus lands and, where appropriate, make such lands available for purposes of affordable housing;
- Authorizes special districts to provide housing assistance to employed personnel, and authorizes school districts to make surplus lands available for affordable housing for employed personnel;
- Provides financial incentives and programmatic changes to facilitate increased production of housing units for "extremely low income persons" (30 percent of area median income);
- Creates the *Community Workforce Housing Innovation Pilot Program* to provide grants and incentives for affordable rental and home ownership projects that target: high-cost and high growth counties, certain public-private partnerships, workforce housing, essential service personnel, and innovative projects; the CS provides standards and guidelines for the program;
- Increases the income thresholds governing the Homeownership Assistance Program and increases the percentage of the home purchase price available as assistance;
- Revises the State Apartment Incentive Loan Program to provide additional flexibility and incentives for the development of multi-family housing;
- Revises certain land use requirements to encourage the construction of affordable housing;
- Implements provisions of the Governor's Hurricane Housing Recovery proposal; and

- Appropriates \$270 million (in addition to the \$243 million authorized in the General Appropriations Act for 2006-2007) for various affordable housing initiatives.

This CS substantially amends the following sections of the Florida Statutes: 163.31771, 189.4155, 191.006, 197.252, 201.15, 215.619, 220.183, 253.034, 295.16, 380.06, 380.0651, 420.0004, 420.503, 420.507, 420.5087, 420.5088, 420.9072, 420.9075, 420.9079, and 1001.42. This CS creates sections 125.379 and 166.0451 of the Florida Statutes, as well as unnumbered sections of the Florida Statutes. This CS repeals sections 420.37 and 420.530 of the Florida Statutes.

II. Present Situation:

Florida's Affordable Housing Programs – The Florida Housing Finance Corporation (Florida Housing) serves as the state's lead housing agency. The Florida Housing Finance Corporation administers a number of multifamily, single family and special programs that help low and moderate income Floridians obtain safe, decent affordable housing. Florida Housing Finance 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 percent or less of the area median income (AMI) in the rental programs, and those making 80 percent or less of AMI in the home ownership programs. Major affordable housing programs administered by the Florida Housing Finance Corporation include:

State Apartment Incentive Loan - The State Apartment Incentive Loan (SAIL) program provides low-interest loans on a competitive basis to developers of affordable rental housing each year. SAIL funds provide gap financing that allows developers to obtain the full financing needed to construct affordable multifamily units. SAIL dollars are available to individuals, public entities, and nonprofit or for-profit organizations for the construction or substantial rehabilitation of multifamily units. Special consideration is given to properties that target specific demographic groups such as the elderly, homeless people, farmworkers, and commercial fishing workers.

A portion of SAIL funds is set aside to fund the Elderly Housing Community Loan (EHCL) program. This program provides up to \$750,000 in loans to make substantial improvements to existing affordable elderly rental housing. The EHCL program generally has one competitive funding cycle each year and the application period is open for a minimum of 60 days. These funds are available for the purpose of making building preservation, sanitation repairs or improvements required by federal, state or local regulation codes, and for life safety or security related improvements.

Low Income Housing Tax Credits - The competitive Housing Credit program provides for-profit and nonprofit organizations with a dollar-for-dollar reduction in federal tax liability in exchange for the acquisition and substantial rehabilitation or new construction of affordable rental housing units. Special consideration is given to properties that target specific demographic groups such as the elderly, homeless people, farmworkers and commercial fishing workers. Consideration is also given to properties that target specific geographic areas such as the Florida Keys, rural areas, urban infill areas, and Front Porch Florida communities.

State Housing Initiatives Partnership - The State Housing Initiatives Partnership (SHIP) program provides funds to local governments on a population-based formula as an incentive to produce and preserve affordable housing for very low, low, and moderate income families. These funds are derived from the collection of documentary stamp tax revenues, which are deposited into the Local Government Housing Trust Fund. SHIP funds are distributed on an entitlement basis to all 67 counties and 48 Community Development Block Grant entitlement cities in Florida. The minimum allocation per county is \$350,000 and the maximum allocation is over \$9 million. In order to participate, local governments must establish a local housing assistance program by ordinance; develop a local housing assistance plan and housing incentive strategy; amend land development regulations or establish local policies to implement the incentive strategies; form partnerships and combine resources in order to reduce housing costs; and ensure that rent or mortgage payments within the targeted areas do not exceed 30 percent of the AMI limits, unless authorized by the mortgage lender.

SHIP funds may be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling. Each participating local government may use up to ten percent of their SHIP funds for administrative expenses.

Homeownership Loan Program - The Homeownership Loan Program allows developers to apply for funding through either the HOME Investment Partnerships program or the Homeownership Assistance Program (HAP). Funding is obtained through a competitive process to assist with the construction of homes or to provide purchase assistance to the homebuyer for up to 25 percent of the purchase price of the home. Currently, a minimum of 30 percent of the homes must be sold to eligible homebuyers who have an adjusted income that does not exceed 50 percent of the AMI, and a minimum of another 30 percent of the homes must be sold to eligible homebuyers who have an adjusted income that does not exceed 80 percent AMI. Any remaining homes must be sold to persons or households that have an adjusted income that does not exceed 150 percent AMI. The HOME program is a federal program available to eligible for-profit and nonprofit developers, local housing agencies, community housing development organizations, and public housing authorities. HAP is a state funded program tailored to nonprofit organizations and nonprofit sponsors, as well as community based organizations.

In the wake of the 2004 and 2005 hurricane seasons, the state has played a major role in housing assistance and recovery efforts. For example, during fiscal year 2005-2006, Florida Housing Finance Corporation administered \$208 million allocated through the Hurricane Housing Recovery Program and \$42 million allocated through the Rental Recovery Loan Program. These two programs, modeled on existing home ownership and multifamily rental programs managed by Florida Housing Finance Corporation were used for a variety of purposes, including rehabilitation and reconstruction, home purchase assistance, home construction assistance, housing repair and emergency repair.

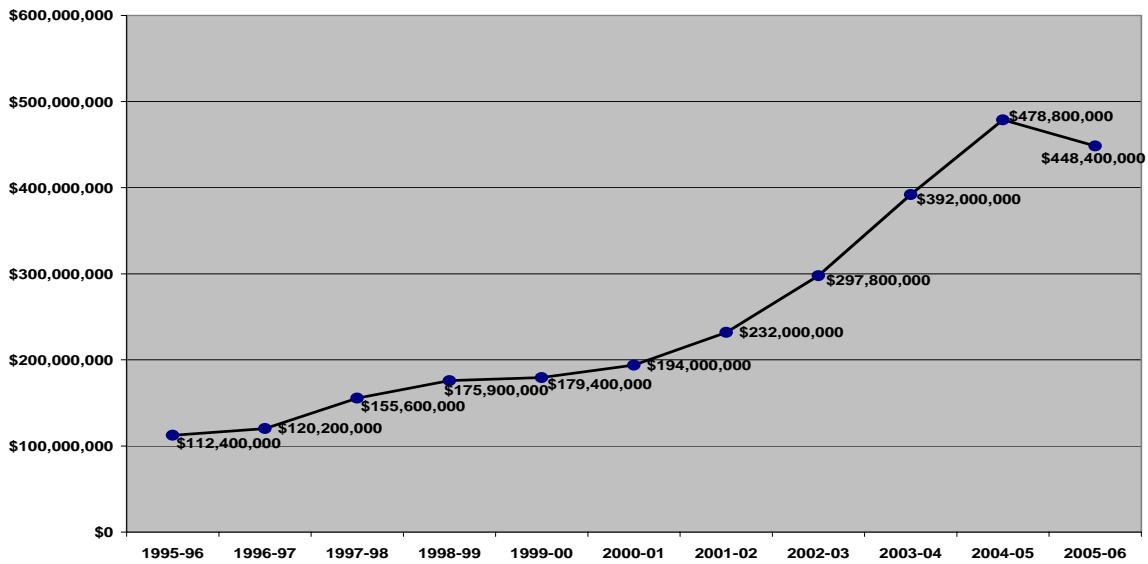
Affordable Housing Funding - In 1992, the Florida Legislature adopted the William E. Sadowski Affordable Housing Act. The Sadowski Act provides both the funding mechanism for a dedicated source of revenue for state and local housing programs, and a flexible but

accountable framework for local programs that stimulates local economies. The Act establishes a dedicated revenue source for affordable housing, with two phases for funding implementation:

- A ten-cent increase to the documentary stamp tax paid on the transfer of real estate beginning August 1992, and
- A reallocation of an additional ten cents of existing documentary stamp tax revenues from general revenue, beginning July 1995.

Sadowski Act monies are statutorily dedicated by formula to the state and local housing trust funds with 70 percent of the revenue dedicated to local governments through the SHIP program and 30 percent of the revenue dedicated to the state to fund programs such as SAIL and HAP. As depicted in Table 1, annual revenues to the housing trust funds has increased significantly in recent years as Florida’s real estate market has experienced steady growth. Pursuant to ch. 2005-192, L.O.F., effective July 1, 2007, the amounts distributed to the housing trust funds will be capped at \$243 million annually.

Table 1. Florida Housing Trust Funds - Annual Revenues



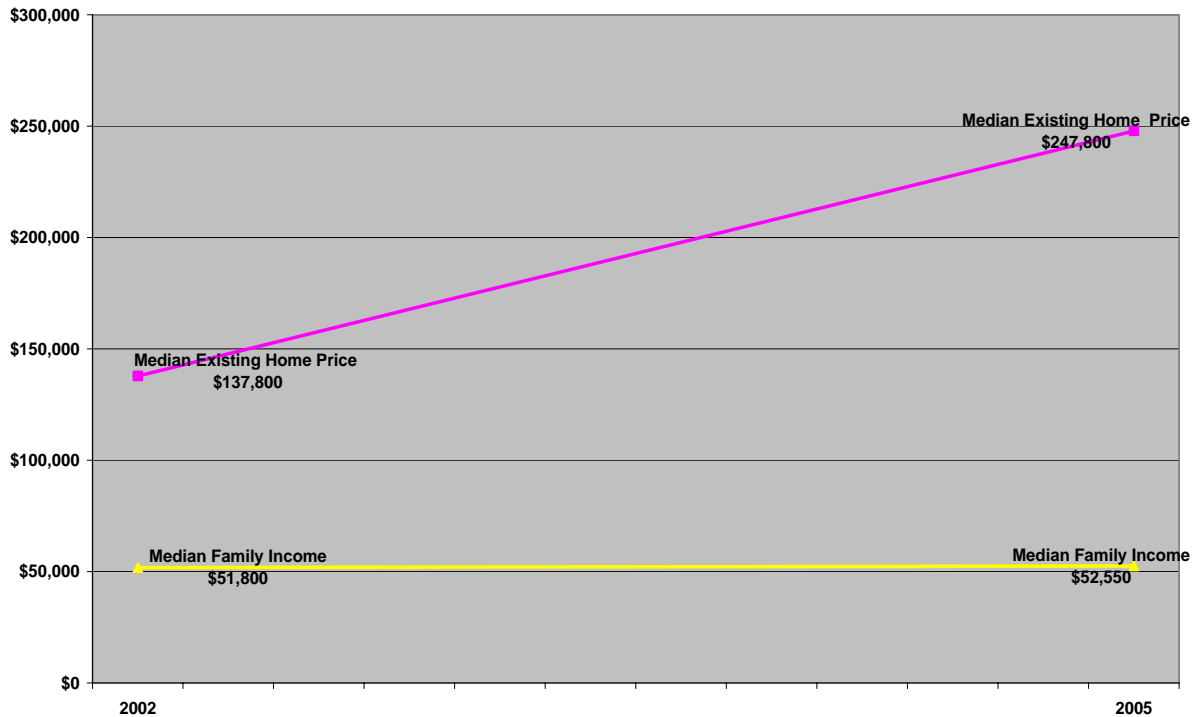
Recent Housing Trends - Due to dramatic increases in housing costs coupled with modest rises in incomes, many low income and moderate income Florida families are finding it difficult to obtain safe, decent, and affordable rental and single family housing. Compounding concerns is the fact that Federal housing programs, especially those that typically serve individuals with the lowest incomes, have experienced significant budget reductions in recent years. This has placed increasing pressure on state and local governments to provide housing assistance for persons at the lowest income levels.

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 homeownership market in many communities. The average cost of a home in Florida has risen by close to

90 percent since 2001 with average wages rising only about 10 percent. This has exacerbated the state’s existing affordable housing needs. The result is a widening of the “gap” in the ability of many working families to access affordable rental and owner housing. Some Florida communities are 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, these communities are finding it increasingly difficult to recruit, employ, and retain personnel necessary to provide essential public services to Floridians.

In 2004, the Shimberg Center at the University of Florida reported that the mean sales price for homes in Florida was \$222,849. The median sales price was \$162,050. Based on the reported median sales price of homes in Florida, the following counties had average sales prices above the statewide average: Monroe, Franklin, Walton, Gulf, Martin, Miami-Dade, Nassau, Sarasota, Lee, Seminole, Orange, Indian River, Flagler, and Charlotte.

Table 2 - Median Sales Price, Single-Family, Existing Homes & Median Family Income Comparison 2002 vs. 2005



Source: Department of Housing and Urban Development, FY 2002-2005 Median Family Incomes for Florida; Florida Association of Realtors, 2002 and 2005 Median Existing Home Price Data

The need for “workforce housing” to meet existing and future housing needs for working families whose incomes, from 80 percent to 150 percent AMI typically make them ineligible for existing housing programs, has recently become increasingly evident. In response, a number of “high-cost” communities have suggested that state and local governments should encourage the implementation of innovative housing strategies that are focused on the needs of moderate-income Floridians.

Increasing housing costs and the current shortage of affordable housing also have significant implications for residents living in manufactured and mobile homes. Mobile home parks often provide housing for those who are unable to afford site-built housing but no longer wish to be a renter. There are also many retirees living in mobile home parks. Many mobile homes in Florida are located in parks for which the land use designation may change in the future and park residents will be forced to relocate. The active real estate market in Florida and more severe hurricane seasons have placed even greater pressure on mobile home park owners to redevelop or sell their parks.

III. Effect of Proposed Changes:

Section 1 creates s. 125.379, F.S., which provides that every 3 years counties must prepare an inventory of all real property within its jurisdiction to which the county holds fee simple title. The inventory list must include the address and tax identification number of each property, and specify whether the property is vacant or improved. County planning staff are required to review the inventory list and identify each property that is appropriate to surplus for affordable housing. Upon approval of the county commission, the properties identified as appropriate to surplus must be offered for sale and the proceeds used to purchase land for affordable housing development or donated to the Local Government Housing Trust Fund, sold with a restriction that requires any development on the property to include a specified percentage of permanently affordable housing, or donated to a non-profit for the construction of permanently affordable housing.

Section 2 amends s. 163.31771, F.S., to incorporate cross-references to changes made elsewhere in the CS.

Section 3 creates s. 166.0451, F.S., to require municipalities to prepare an inventory of all real property within its jurisdiction to which the municipality holds fee simple title. The inventory list must include the address and tax identification number of each property, and specify whether the property is vacant or improved. City planning staff are required to review the inventory list and identify each property that is appropriate to surplus for affordable housing. Upon approval of the city commission, the properties identified as appropriate to surplus must be offered for sale and the proceeds used to purchase land for affordable housing development or donated to the Local Government Housing Trust Fund, sold with a restriction that requires any development on the property to include a specified percentage of permanently affordable housing, or donated to a non-profit for the construction of permanently affordable housing.

Section 4 provides a statement of important state interest in support of the use of surplus lands owned by governmental entities for purposes of affordable housing.

Section 5 amends s. 189.4155, F.S., to authorize special districts to provide housing and housing assistance to employed personnel eligible under the provisions of s. 420.0004, F.S.

Section 6 amends s. 191.006, F.S., expanding the powers which a special fire control district may exercise by majority vote to include the power to provide housing or housing assistance for its employed personnel eligible under the provisions of 420.0004, F.S.

Section 7 amends s. 197.252, F.S., to revise eligibility requirements governing the homestead tax deferral program. The tax deferral program allows qualifying homestead property owners to defer ad valorem and non-ad valorem assessments until there is change in the ownership or use of the property, at which time the deferred taxes, assessments, and interests are due and payable. The CS revises program eligibility requirements to decrease the age limit (from 70 to 65) and increase the income threshold (from \$12,000 to \$23,460). The CS also reduces the maximum interest rate that may be charged on deferred property taxes from 9.5 to 7 percent.

Section 8 amends s. 201.15, F.S., to provide that documentary stamp taxes distributed for the Florida Forever/Preservation 2000 bonds and Everglades Restoration bonds are to be distributed on pro rata basis. This provision will allow for the issuance of Everglades Restoration bonds on a parity basis, strengthening the credit for those bonds. The CS also implements several necessary technical changes to provisions contained in ch. 2005-290, L.O.F.

Section 9 amends s. 201.15, F.S., as effective July 1, 2007, to conform to the revisions implemented in section 8 of the CS.

Section 10 amends s. 215.619, F.S., to provide that documentary stamp taxes distributed for the Florida Forever/Preservation 2000 bonds and Everglades Restoration bonds are to be distributed on pro rata basis. This provision will allow for the issuance of Everglades Restoration bonds on a parity basis, strengthening the credit for those bonds. This provision conforms this section to changes implemented in sections 8 and 9 of the CS.

Section 11 amends s. 253.034, F.S., to provide that a local government may request that state lands be specifically surplused to provide affordable housing. In addition, this section provides that state lands that are surplused to a local government for affordable housing must be disposed of under the provisions of the newly created s. 125.379, F.S., or s. 166.0451, F.S.

Section 12 amends s. 295.16, F.S., to allow veterans to be exempt from paying building license or permit fees to any county or municipality for wheelchair accessibility improvements made upon a mobile home, when certain criteria are met. The CS increases the type of residences eligible for the permit fee exemption in s. 295.16, F.S to include any dwelling they own. This provision will enable a larger population of eligible, disabled veterans to take advantage of the existing fee exemption, reducing the costs that they are obligated to pay in order to make their homes wheelchair accessible.

Section 13 amends s. 380.06, F.S. (“Developments of Regional Impact – Substantial Deviations”), to provide a residential density bonus to increase the density threshold by the greater of 50 percent or 200 units when 15 percent of the increase in the number of dwelling units is dedicated to the construction of workforce housing subject to a recorded land use restriction that shall be for a period of at least 20 years and that includes resale provisions to ensure long-term affordability for income-eligible homeowners and renters and provisions for the workforce housing to be commenced prior to the completion of 50 percent of the market rate dwelling.

The CS defines “affordable workforce housing” for purposes of this provision as housing that is affordable to a person who earns less than 120 percent of the AMI or less than 140 percent of the

AMI if located in a county in which the median purchase price for a single-family existing home exceeds the statewide median purchase price of a single-family existing home. “Statewide median purchase price of a single-family existing home” is defined for purposes of this bonus as the statewide purchase price as determined in the Florida Sales Report, Single-Family Existing Homes, released each January by the Florida Association of Realtors and the University of Florida Real Estate Research Center.

Additionally, the CS provides that an increase in the number of residential dwelling units by 200 does not constitute a substantial deviation and is not subject to DRI review for additional impacts if all the residential dwelling units are dedicated to affordable workforce housing for a period of at least 20 years which includes resale provisions to ensure long-term affordability for income-eligible homeowners and renters. For these purposes, affordable workforce housing is defined as housing that is affordable to a person who earns less than 120 percent of the AMI, or less than 140 percent of the AMI is located in a county in which the median purchase price for a single—family existing home exceeds the statewide median purchase price of a single-family existing home. “Statewide median purchase price of a single-family existing home” is defined for purposes of this bonus as described above.

Section 14 amends s. 380.0651, F.S., (“Developments of Regional Impact – Guidelines and Standards”) to provide a residential density bonus of 50 percent where a developer demonstrates that at least 15 percent of the total residential dwelling units will be dedicated to affordable workforce housing subject to a recorded land use restriction for no less than 20 years and that includes resale provisions to ensure long-term affordability for income-eligible homeowners and renters and provisions for the workforce housing to be commenced prior to the completion of 50 percent of the market rate dwelling. For these purposes, affordable workforce housing and “statewide median purchase price of a single-family existing home” are as described above.

Section 15 amends s. 420.0004, F.S., to create a definition for “extremely low income persons”. Such a person is defined as a person or family whose annual household income does not exceed 30 percent of median annual adjusted gross income for households within the state. Florida Housing Finance Corporation is authorized to adjust this amount annually by rule to provide that in lower income counties the extremely low income may exceed 30 percent of AMI and that in higher income counties extremely low income may be less than 30 percent of AMI.

Section 16 amends s. 420.503, F.S., to revise the definition of “farmworker” to reference the corresponding federal definition.¹ Incorporating the federal definition is intended to maximize opportunities for the use of federal funds for eligible housing initiatives.

Section 17 amends s. 420.507, F.S., which governs the operation of certain programs administered by Florida Housing Finance Corporation. With regard to the State Apartment Incentive Loan (SAIL) program, the CS amends this section to allow:

¹ 7 CFR 3560.11 defines a *domestic farm laborer* as a person who, consistent with the requirements in Sec. 3560.576(b)(2), receives a substantial portion of his or her income from farm labor employment (not self-employed) in the United States, Puerto Rico, or the Virgin Islands and either is a citizen of the United States or resides in the United States, Puerto Rico or the Virgin Islands after being legally admitted for permanent residence. This definition may include the immediate family members residing with such a person.

- pro-rated interest based on the number of units provided for persons transitioning out of homelessness;
- reduced interest rates for loans to sponsors of projects targeting certain populations; and
- loans in excess of 25 percent of project cost and to allow forgiveness of loans, both contingent on provision of units for extremely low income (ELI) families.

These changes will allow Florida Housing Finance Corporation to better address the needs of persons who have the lowest incomes. This section also amends certain provisions relating to the Homeownership Assistance Program (HAP). The CS would allow loans to developers for property acquisition and to provide financing for homes. Presently, these funds are earmarked only for home construction. The Florida Housing Finance Corporation reports that these funds will be put to use much more quickly and with less bureaucracy if this change is enacted.

The CS also authorizes Florida Housing Finance Corporation to establish subsidiary business entities and to adopt rules allowing it to intervene, negotiate terms, or undertake other actions that it deems to further program goals or avoid default on a program loan. Additionally, Florida Housing Finance Corporation is authorized to require periodic reporting of certain data for housing financed through its programs.

Section 18 amends s. 420.5087, F.S., which governs the SAIL program. This section increases the threshold for large counties from 500,000 to 825,000, to maintain the existing county classification by large, medium, and small groups for purposes of SAIL funding distributions. In addition, the CS lowers the required match for Elderly Housing Community Loans from 15 percent to 5 percent to make those funds more readily available to applicants. The CS allows SAIL loans to be made coterminous with superior mortgages which have terms in excess of 15 years and authorizes rent controls when the sponsor has committed to set aside units for extremely-low-income persons, which rents shall be restricted at the level applicable for federal low-income tax credits.

The CS also amends this section to allow Florida Housing Finance Corporation to waive loan-to-value requirements for projects which serve extremely low income families. Similarly, this section is amended to delete obsolete provisions, and to create a new section which makes provision of units for the extremely low income a scored item in the competitive SAIL application process. Finally, the CS clarifies Florida Housing Finance Corporation's authority to allow a sale or transfer of a project and to negotiate terms on sale, transfer, or refinancing of a loan (conforms to changes implemented to s. 420.507, F.S.).

Section 19 amends s. 420.5088, F.S., relating to the Florida Homeownership Assistance Program (HAP) to expand the scope of the program to moderate-income persons in purchasing a primary residence. The CS amends this section to raise the income limit served by the program from 80 percent to 120 percent of AMI, to include more moderate-income families who need homeownership assistance. This increase in the income threshold will align with the limit applicable to the SHIP program. In addition, the CS increases the amount of available assistance from 25 percent to 35 percent of purchase price, to reflect recent market conditions, and

authorizes the Corporation to not require the balance of a loan to be due at the time the property is sold, refinanced, rented, or transferred.

Currently, this section mandates that 30 percent of the homes in single family developments financed through HAP be sold to individuals earning 50 percent of the average median income or less. Historically, very few families earning 50 percent of the average median income or less can support a mortgage, especially with the rising sale price of homes in Florida. The CS amends this section to increase the cap from 50 percent to 65 percent. Finally, existing language which requires a reservation of available funds for 9 months is repealed. The Florida Housing Finance Corporation indicated that the primary effect of the limitations imposed by this provision has been to delay distribution of funds, and has had no positive effect on the HAP.

Section 20 amends s. 420.9072, F.S., to correct a cross-reference.

Section 21 amends s. 420.9075, F.S., to provide that each local housing assistance plan shall include a definition of essential service personnel for county or eligible municipality. Similarly, the CS encourages eligible local governments to develop a strategy within its local housing assistance plan that emphasizes recruitment and retention of essential service personnel.

The CS allows local governments to utilize federal data in setting limits of housing purchased through SHIP. Currently, local governments rely on an independent study to determine area median purchase prices which translates into calculating the sales price or value limits of new and existing housing that can be purchased using funds from SHIP. The CS allows local governments to use average purchase price limits established by the United States Department of Treasury as an alternative to relying on an independent study of area median purchase prices. This will allow local governments to have more tools available to adapt to market conditions and most effectively use state housing resources. Further, low and moderate income citizens buying a home will have more flexibility on the price of home they purchase.

Section 22 creates the **Community Workforce Housing Innovation Pilot Program (CWHIPP)** for the purpose of providing affordable rental and home ownership community workforce housing for essential services personnel with medium incomes in high-cost and high-growth counties. The program is designed to use regulatory incentives and state and local funds to promote local public-private partnerships and to leverage government and private sources.

Florida Housing Finance Corporation (Corporation) - The CS provides the Corporation with authority to provide CWHIPP loans to an applicant for construction or rehabilitation of workforce housing in eligible areas. The Corporation is directed to establish a funding process and selection criteria by rule or by request for proposals. The funding appropriated for this pilot program is intended to be used with other public and private sector resources. The Corporation is directed to provide incentives for local governments in eligible areas to use local affordable housing funds to assist in meeting the affordable housing needs of persons eligible under the program.

Definitions: The CS directly or indirectly defines several terms as outlined below.

- “Areas of critical state concern” is indirectly defined as those areas designated under s. 380.05, F.S., for which the Legislature has declared its intent to provide affordable housing.² One of the five designated ACSC areas appears to comply with this indirect definition: Florida Keys ACSC (s. 380.0552, F.S.).
- “Public-private partnerships” is defined to mean any form of business entity which includes substantial involvement of at least one county, one municipality, or one public sector entity, and at least one private sector for-profit or not-for-profit business or charitable entity.
- “Workforce housing” is defined as housing affordable to natural persons or families whose total annual household income does not exceed 140 percent of the AMI, adjusted for household size or a higher area median income in areas of critical state concern or 150% of AMI, adjusted for family size, in areas of critical state concern designated under s. 380.05, F.S., for which the Legislature has declared its intent to provide affordable housing and areas that were designated as areas of critical state concern for at least 20 consecutive years prior to removal of the designation.
- “Essential services personnel” is defined as persons in need of affordable housing who are employed in occupations or professions in which they are considered essential service personnel as defined in that area’s local housing assistance plan as provided for in the SHIP program.

Priority Funding Consideration: The CS provides the program shall provide priority funding consideration to projects in counties where the disparity between the area median income and the median sales price for a single family home is greatest. The Corporation is also authorized to fund projects in counties where innovative regulatory and financial incentives are made available. Priority funding consideration shall be given where:

- The local jurisdiction establishes:
 - Appropriate regulatory incentives;
 - Local contributions or financial strategies, or other funding sources, to promote the development and ongoing financial viability of such projects.
 - Local incentives include: (1) expediting the review of development orders and permits; (2) supporting development near transportation hubs and major employment centers; and (3) adopting land development regulations designed to allow flexibility in densities, use of accessory units, mixed use developments, and flexible lot configurations.

² Established in Chapter 380.05, Florida Statutes, the Area of Critical State Concern (ACSC) program protects resources and public facilities of major statewide significance. Designated Areas of Critical State Concern are: City of Apalachicola; City of Key West; Green Swamp; Florida Keys (Monroe County); and the Big Cypress Swamp (Miami-Dade, Monroe and Collier counties). In ACSCs, Department of Community Affairs (DCA) staff review all local development projects and may appeal to the Administration Commission any local development orders that are inconsistent with state guidelines. The DCA is also responsible for reviewing and approving amendments to comprehensive plans and land development regulations proposed by local governments within the designated areas.

- Financial strategies include: (1) promoting employer assisted housing programs; (2) tax increment financing; and (3) providing land.
- Projects are innovative, and include new construction or rehabilitation, mixed-income housing, or commercial and housing mixed-use elements, and those that promote homeownership. Program funding shall not exceed the costs attributable to the portion of the project that is set aside to provide housing for the targeted population.
- Projects that set aside at least 80 percent of units for workforce housing and at least 50 percent for essential services personnel and for projects that require the least amount of program funding compared to the overall housing costs for the project.

Expedited Comprehensive Plan Amendments: The CS provides that any local government comprehensive plan amendment to implement a CWHIPP project consistent with this program shall be expedited.

Grant Eligibility: The CS provides program eligibility requirements as follows:

- For home ownership, applications must limit the sales price of a detached unit, townhome, or condominium unit to not more than 80 percent of the higher of the median sales price for that type of unit in that county, or the statewide median sales price for that type of unit. Applicants must require that all eligible purchasers of home ownership units occupy the homes as their primary residence.
- For rental units, applicants must restrict rents for all workforce housing serving those with incomes at or below 120 percent of the AMI at the appropriate income level using the restricted rents for the federal low-income housing tax credit program. For workforce housing units serving those with incomes above 120 percent of AMI, applicants must restrict rents to those established by the Corporation, not to exceed 30 percent of the maximum household income adjusted to unit size.
- Demonstrate that the applicant is a public-private partnership.
- Have grants, donations of land or contributions from the public-private partnership or other sources collectively totaling at least 15 percent of the total development cost. These grants, donations of land, or contributions are evidenced only by letter of commitment at the time of application.
- Demonstrate how the applicant will use the regulatory incentives and financial strategies outlined above. The CS provides that the Corporation may consult with the department in evaluating the use of regulatory incentives by applicants.
- Demonstrate that the applicant possesses title to or site control of land and evidences availability of required infrastructure.
- Demonstrate the applicant's affordable housing development and management experience.

- Provide any available research or facts supporting the demand and need for rental or home ownership workforce housing for eligible persons in the market in which the project is proposed.

The CS provides that projects eligible for loans may include certain manufactured housing that includes local contributions or financial strategies.

Interest Rate: The CS provides that the Corporation shall award loans with a 1 to 3 percent interest rate which may be forgiven where long-term affordability is provided and where at least 80 percent of the units are set aside for workforce housing and at least 50 percent of the units are set aside for essential services personnel.

Maximum Administrative Overhead: The CS authorizes the Corporation to use no more than 2 percent of the annual appropriation for administration and compliance monitoring.

Review and Report: The CS requires the Corporation to conduct a review of the success of the CWHIPP to ascertain whether the projects financed by the program are useful in meeting the housing needs of eligible areas. The Corporation shall submit its report and any recommendations to the Governor, the Speaker of the House of Representatives, and the President of the Senate within 2 months of the end of the Corporation's fiscal year.

Rulemaking: The Corporation may adopt rules to implement the CHWIPP.

Section 23 amends s. 420.9079, F.S., to authorize Florida Housing Finance Corporation to request one-quarter of one percent of the appropriation for SHIP and the newly created Community Workforce Housing Innovation Pilot Program for purposes of compliance-monitoring.

Section 24 amends s. 1001.42, F.S., to provide that certain school board lands, acquired prior to January 1, 2006, may be made available to a private developer or nonprofit housing organization for purposes of providing teachers and other instructional personnel with housing assistance. Teachers and other instructional personnel must be eligible under ch. 420, F.S., and the school board must declare the land surplus.

Section 25 directs the Department of Community Affairs to develop a model residential density bonus ordinance that may be used by local governments to increase the availability of affordable housing in the state.

Section 26 reenacts s. 161.05301(1), F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 27 reenacts s. 161.091, F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 28 reenacts s. 370.0603(3), F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 29 reenacts s. 420.5092(5) and (6), F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 30 reenacts s. 420.9073, F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 31 reenacts s. 1013.64, F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 32 reenacts s. 1013.738, F.S., for purposes of incorporating amendments enacted to s. 201.15, F.S.

Section 33 amends s. 196.1978, F.S., to correct a cross-reference.

Section 34 amends s. 212.08, F.S., to correct a cross-reference.

Section 35 reenacts s. 420.503(19), F.S., for purposes of incorporating amendments enacted to s. 420.5087, F.S.

Section 36 reenacts s. 420.5061, F.S., for purposes of incorporating amendments enacted to s. 420.5088, F.S.

Section 37 reenacts s. 420.9071(25), F.S., for purposes of incorporating amendments enacted to s. 420.9075, F.S.

Section 38 repeals s. 420.37, F.S. This section specifies additional powers of the Florida Housing Finance Corporation relative to the Low-income Emergency Home Repair Program. According to Florida Housing Finance Corporation, this section is unnecessary as this program is administered by the Department of Community Affairs pursuant to s. 420.36, F.S. The CS also repeals 420.530, F.S., which relates to an obsolete housing pilot loan program.

Section 39 authorizes Florida Housing Finance Corporation to provide funds to eligible entities for affordable housing recovery in those areas of the state which sustained housing damage due to hurricanes during 2004 and 2005. Florida Housing Finance Corporation is directed to utilize data provided by FEMA to assist in its allocation of funds to local jurisdictions. Subject to an appropriation, funds are to be provided for the Hurricane Housing Recovery Program, the Farmworker Housing Recovery and the Special Housing Assistance and Development Programs, and the Rental Recovery Loan Program. Florida Housing Finance Corporation is directed to provide technical and training assistance, and adopt emergency rules pursuant to s. 120.54, F.S.

Section 40 provides that \$30 million of non-recurring funds is appropriated from the Local Government Housing Trust Fund to the Florida Housing Finance Corporation within the Department of Community Affairs for the purpose of implementing the provisions of this act relating to production of housing units for extremely-low-income persons during the 2006-2007 fiscal year.

Section 41 provides that \$50 million of non-recurring funds is appropriated from the State Housing Trust Fund to the Florida Housing Finance Corporation within the Department of Community Affairs for the purpose of implementing the provisions of this act relating to the Community Workforce Housing Innovation Pilot Program during the 2006-2007 fiscal year.

Section 42 provides that \$76 million of non-recurring funds is appropriated from the Local Government Housing Trust Fund and \$32 million of non-recurring funds is appropriated from the State Housing Trust Fund to the Florida Housing Finance Corporation within the Department of Community Affairs for the purpose of implementing the provisions of this act relating to hurricane housing recovery during the 2006-2007 fiscal year.

Section 43 provides that \$82 million of non-recurring funds is appropriated from the Florida Small Cities Community Development Block Grant Program Fund to the Department of Community Affairs for the purpose of implementing the provisions of this act relating to hurricane housing recovery during the 2006-2007 fiscal year.

Section 44 provides that \$250,000 of recurring funds and \$300,000 of non-recurring funds is appropriated from the Grants and Donations Trust Fund to the Department of Community Affairs for the purpose of implementing the provisions of this act relating to the Century Commission for a Sustainable Florida during the 2006-2007 fiscal year.

Section 45 provides that except as otherwise expressly provided, the act shall take effect July 1, 2006.

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:

The CS would broaden the existing building permit fee waiver for totally and permanently disabled veterans who make their homes wheelchair accessible.

B. Private Sector Impact:

The CS implements numerous changes to the state's affordable housing programs which are intended to increase the availability of safe and affordable housing through financial and regulatory incentives. Many of these provisions are intended to address the specific housing needs of extremely-low (below 30 percent AMI) and moderate income (up to 140 percent AMI) Floridians. Presently, the overall fiscal impact of these provisions on the private sector is indeterminate.

The CS would increase the number of homestead property owners who are eligible to defer all or a portion of their ad valorem taxes and non-ad valorem assessments. Similarly, the CS reduces the maximum interest rate applicable to deferred taxes and assessments. The number of additional individuals who would elect to utilize the deferral option is unknown.

C. Government Sector Impact:

State Government - The bill authorizes the expenditure of funds for various affordable housing initiatives.

From state trust funds, a total of \$188,550,000 is appropriated, and from federal trust funds \$82,000,000 is appropriated. Funds from state trust funds represent non-recurring unencumbered balances, primarily from the housing trust funds, and federal funds are recently awarded non-recurring Florida Small Cities Community Development Block Grant Program funds.

The CS also allows for the issuance of Everglades Restoration bonds on a parity basis with Florida Forever bonds, strengthening the credit for those bonds.

The Department of Community Affairs would likely incur costs associated with the development of the model residential density bonus ordinance, however, the cost to the department are presently unknown.

Local Government - The fiscal impact of the veteran/building permit provision on local government revenues is indeterminate. However, the impact is expected to be minimal. The impact on revenues is indeterminate since it is unknown exactly how many eligible veterans would use this benefit.

Local governments may incur additional costs associated with the implementation of the proposed surplus lands provisions of the CS. However, s. 253.034, F.S., currently requires local governments to prepare the inventory referenced in the CS.

The tax deferral provision contained in the CS could impact the revenue stream of local governments in two ways. First, it will limit the short term cash flow the local governments would receive from the property taxes deferred on the property. Second, it will increase the total overall amount of revenue the local government will receive on the property because the deferred amount will accrue interest during the period of deferral.

The amount of each effect could not be adequately estimated at the time of analysis because there is no method of determining how many property owners would avail themselves of this option or the amount of taxes and other assessments that would be deferred.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

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

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.
