

Amendment No. (for drafter's use only)

CHAMBER ACTION

Senate

House

1 Representative(s) Sands offered the following:

2
3 **Amendment to Amendment (074037) (with title amendment)**

4 Remove line(s) 5-4305 and insert:

5 Section 1. Section 215.558, Florida Statutes, is created
6 to read:

7 215.558 Florida Hurricane Damage Prevention Endowment.--

8 (1) PURPOSE AND INTENT.--The purpose of this section is to
9 provide a continuing source of funding for financial incentives
10 to encourage residential property owners of this state to
11 retrofit their properties to make them less vulnerable to
12 hurricane damage, to help decrease the cost of residential
13 property and casualty insurance, and to provide matching funds
14 to local governments and nonprofit entities for projects that
15 will reduce hurricane damage to residential properties. It is
16 the intent of the Legislature that this section be construed
17 liberally to effectuate its purpose.

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

18 (2) DEFINITIONS.--As used in this section:

19 (a) "Board" means the State Board of Administration.

20 (b) "Corpus" means the money that has been appropriated to
21 the endowment by the 2006 Legislature, together with any amounts
22 subsequently appropriated to the endowment that are specifically
23 designated as contributions to the corpus and any grants, gifts,
24 or donations to the endowment that are specifically designated
25 as contributions to the corpus.

26 (c) "Earnings" means any money in the endowment in excess
27 of the corpus, including any income generated by investments,
28 any increase in the market value of investments net of decreases
29 in market value, and any appropriations, grants, gifts, or
30 donations to the endowment not specifically designated as
31 contributions to the corpus.

32 (d) "Endowment" means the Florida Hurricane Damage
33 Prevention Endowment created by this section.

34 (e) "Program administrator" means the Department of
35 Financial Services.

36 (3) ADMINISTRATION.--

37 (a) The board shall invest endowment assets as provided in
38 this section.

39 (b) The board may invest and reinvest funds of the
40 endowment in accordance with s. 215.47 and consistent with board
41 policy.

42 (c) The investment objective shall be long-term
43 preservation of the value of the corpus and a specified regular
44 annual cash outflow for appropriation, as nonrecurring revenue,
45 for the purposes specified in subsection (4).

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

46 (d) In accordance with s. 215.44, the board shall report
47 on the financial status of the endowment in its annual
48 investment report to the Legislature.

49 (e) Costs and fees of the board for investment services
50 shall be deducted from the assets of the endowment.

51 (4) FINANCIAL INCENTIVES FOR RESIDENTIAL HURRICANE DAMAGE
52 PREVENTION ACTIVITIES.--

53 (a) Not less than 80 percent of the net earnings of the
54 endowment shall be expended for financial incentives to
55 residential property owners as described in paragraph (b), and
56 no more than the remainder of the net earnings of the endowment
57 shall be expended for matching fund grants to local governments
58 and nonprofit entities for projects that will reduce hurricane
59 damage to residential properties as described in paragraph (c).
60 Any funds authorized for expenditure but not expended for these
61 purposes shall be returned to the endowment.

62 (b)1. The program administrator, by rule, shall establish
63 a request for a proposal process to annually solicit proposals
64 from lending institutions under which the lending institution
65 will provide interest-free loans to homestead property owners to
66 pay for inspections of homestead property to determine what
67 mitigation measures are needed and for improvements to existing
68 residential properties intended to reduce the homestead
69 property's vulnerability to hurricane damage, in exchange for
70 funding from the endowment.

71 2. In order to qualify for funding under this paragraph,
72 an interest-free loan program must include an inspection of
73 homestead property to determine what mitigation measures are
74 needed, a means for verifying that the improvements to be paid

219395
4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

75 for from loan proceeds have been demonstrated to reduce a
76 homestead property's vulnerability to hurricane damage, and a
77 means for verifying that the proceeds were actually spent on
78 such improvements. The program must include a method for
79 awarding loans according to the following priorities:

80 a. The highest priority must be given to single-family
81 owner-occupied homestead dwellings, insured at \$500,000 or less,
82 located in the areas designated as high-risk areas for purposes
83 of coverage by the Citizens Property Insurance Corporation.

84 b. The next highest priority must be given to single-
85 family owner-occupied homestead dwellings, insured at \$500,000
86 or less, covered by the Citizens Property Insurance Corporation,
87 wherever located.

88 c. The next highest priority must be given to single-
89 family owner-occupied homestead dwellings, insured at \$500,000
90 or less, that are more than 40 years old.

91 d. The next highest priority must be given to all other
92 single-family owner-occupied homestead dwellings insured at
93 \$500,000 or less.

94 3. The program administrator shall evaluate proposals
95 based on the following factors:

96 a. The degree to which the proposal meets the requirements
97 of subparagraph 2.

98 b. The lending institution's plan for marketing the loans.

99 c. The anticipated number of loans to be granted relative
100 to the total amount of funding sought.

101 4. The program administrator shall annually solicit
102 proposals from local governments and nonprofit entities for
103 projects that will reduce hurricane damage to homestead

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

104 properties. The program administrator may provide up to 50
105 percent of the funding for such projects. The projects may
106 include educational programs, repair services, property
107 inspections, and hurricane vulnerability analyses and such other
108 projects as the program administrator determines to be
109 consistent with the purposes of this section.

110 (5) ADVISORY COUNCIL.--There is created an advisory
111 council to provide advice and assistance to the program
112 administrator with regard to its administration of the
113 endowment. The advisory council shall consist of:

114 (a) A representative of lending institutions, selected by
115 the Financial Services Commission from a list of at least three
116 persons recommended by the Florida Bankers Association.

117 (b) A representative of residential property insurers,
118 selected by the Financial Services Commission from a list of at
119 least three persons recommended by the Florida Insurance
120 Council.

121 (c) A representative of home builders, selected by the
122 Financial Services Commission from a list of at least three
123 persons recommended by the Florida Home Builders Association.

124 (d) A faculty member of a state university selected by the
125 Financial Services Commission who is an expert in hurricane-
126 resistant construction methodologies and materials.

127 (e) Two members of the House of Representatives selected
128 by the Speaker of the House of Representatives.

129 (f) Two members of the Senate selected by the President of
130 the Senate.

131 (g) The senior officer of the Florida Hurricane
132 Catastrophe Fund.

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

133 (h) The executive director of Citizens Property Insurance
134 Corporation.

135 (i) The director of the Division of Emergency Management
136 of the Department of Community Affairs.

137
138 Members appointed under paragraphs (a)-(d) shall serve at the
139 pleasure of the Financial Services Commission. Members appointed
140 under paragraphs (e) and (f) shall serve at the pleasure of the
141 appointing officer. All other members shall serve ex officio.
142 Members of the advisory council shall serve without compensation
143 but may receive reimbursement as provided in s. 112.061 for per
144 diem and travel expenses incurred in the performance of their
145 official duties.

146 Section 2. Section 215.5586, Florida Statutes, is created
147 to read:

148 215.5586 Florida Comprehensive Hurricane Damage Mitigation
149 Program.--There is established within the Department of
150 Financial Services the Florida Comprehensive Hurricane Damage
151 Mitigation Program. The program shall be administered by an
152 individual with prior executive experience in the private sector
153 in the areas of insurance, business, or construction. The
154 program shall develop and implement a comprehensive and
155 coordinated approach for hurricane damage mitigation that shall
156 include the following:

157 (1) WIND CERTIFICATION AND HURRICANE MITIGATION
158 INSPECTIONS.--

159 (a) Free home-retrofit inspections of site-built,
160 residential property, including single-family, two-family,
161 three-family, or four-family residential units, shall be offered
219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

162 to determine what mitigation measures are needed and what
163 improvements to existing residential properties are needed to
164 reduce the property's vulnerability to hurricane damage. The
165 Department of Financial Services shall establish a request for
166 proposals to solicit proposals from wind certification entities
167 to provide at no cost to homeowners wind certification and
168 hurricane mitigation inspections. The inspections provided to
169 homeowners, at a minimum, must include:

170 1. A home inspection and report that summarizes the
171 results and identifies corrective actions a homeowner may take
172 to mitigate hurricane damage.

173 2. A range of cost estimates regarding the mitigation
174 features.

175 3. Insurer-specific information regarding premium
176 discounts correlated to recommended mitigation features
177 identified by the inspection.

178 4. A hurricane resistance rating scale specifying the
179 home's current as well as projected wind resistance
180 capabilities.

181 (b) To qualify for selection by the department as a
182 provider of wind certification and hurricane mitigation
183 inspections, the entity shall, at a minimum:

184 1. Use wind certification and hurricane mitigation
185 inspectors who:

186 a. Have prior experience in residential construction or
187 inspection and have received specialized training in hurricane
188 mitigation procedures.

189 b. Have undergone drug testing and background checks.

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

190 c. Have been certified, in a manner satisfactory to the
191 department, to conduct the inspections.

192 2. Provide a quality assurance program including a
193 reinspection component.

194 (2) GRANTS.--Financial grants shall be used to encourage
195 single-family, site-built, owner-occupied, residential property
196 owners to retrofit their properties to make them less vulnerable
197 to hurricane damage.

198 (a) To be eligible for a grant, a residential property
199 must:

200 1. Have been granted a homestead exemption under chapter
201 196.

202 2. Be a dwelling with an insured value of \$500,000 or
203 less.

204 3. Have undergone an acceptable wind certification and
205 hurricane mitigation inspection.

206
207 A residential property which is part of a multi-family
208 residential unit may receive a grant only if all homeowners
209 participate and the total number of units does not exceed four.

210 (b) All grants must be matched on a dollar-for-dollar
211 basis for a total of \$10,000 for the mitigation project with the
212 state's contribution not to exceed \$5,000.

213 (c) The program shall create a process in which mitigation
214 contractors agree to participate and seek reimbursement from the
215 state and homeowners select from a list of participating
216 contractors. All mitigation must be based upon the securing of
217 all required local permits and inspections. Mitigation projects

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

218 are subject to random reinspection of up to at least 10 percent
219 of all projects.

220 (d) Matching fund grants shall also be made available to
221 local governments and nonprofit entities for projects that will
222 reduce hurricane damage to single-family, site-built, owner-
223 occupied, residential property.

224 (3) LOANS.--Financial incentives shall be provided as
225 authorized by s. 215.558.

226 (4) EDUCATION AND CONSUMER AWARENESS.--Multimedia public
227 education, awareness, and advertising efforts designed to
228 specifically address mitigation techniques shall be employed, as
229 well as a component to support ongoing consumer resources and
230 referral services.

231 (5) MANUFACTURED HOUSING AND MOBILE HOME HURRICANE
232 MITIGATION PROGRAM.--The Manufactured Housing and Mobile Home
233 Hurricane Mitigation Program shall be also be implemented under
234 the Florida Comprehensive Hurricane Damage Mitigation Program.

235 (a) The program shall require the mitigation of damage to
236 homes for the areas of concern raised by the Department of
237 Highway Safety and Motor Vehicles in the 2004-2005 Hurricane
238 Reports on the effects of the 2004 and 2005 hurricanes on
239 manufactured and mobile homes in this state. The mitigation
240 shall include, but not be limited to, problems associated with
241 weakened trusses, studs, and other structural components, site-
242 built additions, or tie-down systems and may also address any
243 other issues deemed appropriate by the Department of Financial
244 Services upon consultation with the Department of Community
245 Affairs, Tallahassee Community College, the Federation of
246 Manufactured Home Owners of Florida, Inc., the Florida

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

247 Manufactured Housing Association, and the Department of Highway
248 Safety and Motor Vehicles. The program may include an education
249 and outreach component to ensure that owners of manufactured and
250 mobile homes are aware of the benefits of participation.

251 (b) The program shall include the offering of a matching
252 grant to owners of manufactured and mobile homes manufactured
253 after 1993 only. Homeowners accepted for the program shall be
254 eligible to qualify for a \$5,000 dollar-for-dollar matching
255 grant in which the homeowner may receive up to \$2,500 in state
256 moneys. The moneys appropriated for this program shall be
257 distributed directly to the Department of Financial Services for
258 the uses set forth under this paragraph.

259 (c) Upon evidence of completion of the program, the
260 Citizens Property Insurance Corporation shall grant, on a pro
261 rata basis, actuarially reasonable discounts, credits, or other
262 rate differentials or appropriate reductions in deductibles for
263 the properties of owners of manufactured homes or mobile homes
264 on which fixtures or construction techniques that have been
265 demonstrated to reduce the amount of loss in a windstorm have
266 been installed or implemented. The discount on the premium shall
267 be applied to subsequent renewal premium amounts. Premiums of
268 the Citizens Property Insurance Corporation shall reflect the
269 location of the home and the fact that the home has been
270 installed in compliance with building codes adopted after
271 Hurricane Andrew.

272 (d) On or before January 1 of each year, the Department of
273 Financial Services shall provide a report of activities under
274 this subsection to the Governor, the President of the Senate,
275 and the Speaker of the House of Representatives. The report

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

276 shall set forth the number of manufactured homes and mobile
277 homes that have taken advantage of the program, the types of
278 enhancements and improvements made to the manufactured homes or
279 mobile homes and attachments to such homes, and whether there
280 has been an increase of availability of insurance products to
281 owners of manufactured homes or mobile homes.

282 (6) ADVISORY COUNCIL.--There is created an advisory
283 council to provide advice and assistance to the program
284 administrator with regard to his or her administration of the
285 program. The advisory council shall consist of:

286 (a) A representative of lending institutions, selected by
287 the Financial Services Commission from a list of at least three
288 persons recommended by the Florida Bankers Association.

289 (b) A representative of residential property insurers,
290 selected by the Financial Services Commission from a list of at
291 least three persons recommended by the Florida Insurance
292 Council.

293 (c) A representative of home builders, selected by the
294 Financial Services Commission from a list of at least three
295 persons recommended by the Florida Home Builders Association.

296 (d) A faculty member of a state university, selected by
297 the Financial Services Commission, who is an expert in
298 hurricane-resistant construction methodologies and materials.

299 (e) Two members of the House of Representatives, selected
300 by the Speaker of the House of Representatives.

301 (f) Two members of the Senate, selected by the President
302 of the Senate.

303 (g) The Chief Executive Officer of the Federal Alliance
304 for Safe Homes, Inc., or his or her designee.

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

305 (h) The senior officer of the Florida Hurricane
306 Catastrophe Fund.

307 (i) The executive director of Citizens Property Insurance
308 Corporation.

309 (j) The director of the Division of Emergency Management
310 of the Department of Community Affairs.

311
312 Members appointed under paragraphs (a)-(d) shall serve at the
313 pleasure of the Financial Services Commission. Members appointed
314 under paragraphs (e) and (f) shall serve at the pleasure of the
315 appointing officer. All other members shall serve voting ex
316 officio. Members of the advisory council shall serve without
317 compensation but may receive reimbursement as provided in s.
318 112.061 for per diem and travel expenses incurred in the
319 performance of their official duties.

320 (7) FEDERAL FUNDING.--The department shall use its best
321 efforts to obtain grants or funds from the federal government to
322 supplement the financial resources of the program.

323 (8) RULES.--The Department of Financial Services shall
324 adopt rules pursuant to ss. 120.536(1) and 120.54 governing the
325 Florida Comprehensive Hurricane Damage Mitigation Program.

326 Section 3. Section 215.559, Florida Statutes, is amended
327 to read:

328 215.559 Hurricane Loss Mitigation Program.--

329 (1) There is created a Hurricane Loss Mitigation Program.
330 The Legislature shall annually appropriate \$10 million of the
331 moneys authorized for appropriation under s. 215.555(7)(c) from
332 the Florida Hurricane Catastrophe Fund to the Department of
333 Community Affairs for the purposes set forth in this section.

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

334 (2) (a) Seven million dollars in funds provided in
335 subsection (1) shall be used for programs to improve the wind
336 resistance of residences and mobile homes, including loans,
337 subsidies, grants, demonstration projects, and direct
338 assistance; cooperative programs with local governments and the
339 Federal Government; and other efforts to prevent or reduce
340 losses or reduce the cost of rebuilding after a disaster.

341 (b) Three million dollars in funds provided in subsection
342 (1) shall be used to retrofit existing facilities used as public
343 hurricane shelters. The department must prioritize the use of
344 these funds for projects included in the September 1, 2000,
345 version of the Shelter Retrofit Report prepared in accordance
346 with s. 252.385(3), and each annual report thereafter. The
347 department must give funding priority to projects in regional
348 planning council regions that have shelter deficits and to
349 projects that maximize use of state funds.

350 ~~(3) By the 2006-2007 fiscal year, the Department of~~
351 ~~Community Affairs shall develop a low interest loan program for~~
352 ~~homeowners and mobile home owners to retrofit their homes with~~
353 ~~fixtures or apply construction techniques that have been~~
354 ~~demonstrated to reduce the amount of damage or loss due to a~~
355 ~~hurricane. Funding for the program shall be used to subsidize or~~
356 ~~guaranty private sector loans for this purpose to qualified~~
357 ~~homeowners by financial institutions chartered by the state or~~
358 ~~Federal Government. The department may enter into contracts with~~
359 ~~financial institutions for this purpose. The department shall~~
360 ~~establish criteria for determining eligibility for the loans and~~
361 ~~selecting recipients, standards for retrofitting homes or mobile~~
362 ~~homes, limitations on loan subsidies and loan guaranties, and~~
219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

363 ~~other terms and conditions of the program, which must be~~
364 ~~specified in the department's report to the Legislature on~~
365 ~~January 1, 2006, required by subsection (8). For the 2005-2006~~
366 ~~fiscal year, the Department of Community Affairs may use up to~~
367 ~~\$1 million of the funds appropriated pursuant to paragraph~~
368 ~~(2)(a) to begin the low-interest loan program as a pilot project~~
369 ~~in one or more counties. The Department of Financial Services,~~
370 ~~the Office of Financial Regulation, the Florida Housing Finance~~
371 ~~Corporation, and the Office of Tourism, Trade, and Economic~~
372 ~~Development shall assist the Department of Community Affairs in~~
373 ~~establishing the program and pilot project. The department may~~
374 ~~use up to 2.5 percent of the funds appropriated in any given~~
375 ~~fiscal year for administering the loan program. The department~~
376 ~~may adopt rules to implement the program.~~

377 (3)~~(4)~~ Forty percent of the total appropriation in
378 paragraph (2)(a) shall be used to inspect and improve tie-downs
379 for mobile homes. Within 30 days after the effective date of
380 that appropriation, the department shall contract with a public
381 higher educational institution in this state which has previous
382 experience in administering the programs set forth in this
383 subsection to serve as the administrative entity and fiscal
384 agent pursuant to s. 216.346 for the purpose of administering
385 the programs set forth in this subsection in accordance with
386 established policy and procedures. The administrative entity
387 working with the advisory council set up under subsection (6)
388 shall develop a list of mobile home parks and counties that may
389 be eligible to participate in the tie-down program.

390 (4)~~(5)~~ Of moneys provided to the Department of Community
391 Affairs in paragraph (2)(a), 10 percent shall be allocated to a
219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

392 Type I Center within the State University System dedicated to
393 hurricane research. The Type I Center shall develop a
394 preliminary work plan approved by the advisory council set forth
395 in subsection (6) to eliminate the state and local barriers to
396 upgrading existing mobile homes and communities, research and
397 develop a program for the recycling of existing older mobile
398 homes, and support programs of research and development relating
399 to hurricane loss reduction devices and techniques for site-
400 built residences. The State University System also shall consult
401 with the Department of Community Affairs and assist the
402 department with the report required under subsection (8).

403 ~~(5)(6)~~ The Department of Community Affairs shall develop
404 the programs set forth in this section in consultation with an
405 advisory council consisting of a representative designated by
406 the Chief Financial Officer, a representative designated by the
407 Florida Home Builders Association, a representative designated
408 by the Florida Insurance Council, a representative designated by
409 the Federation of Manufactured Home Owners, a representative
410 designated by the Florida Association of Counties, and a
411 representative designated by the Florida Manufactured Housing
412 Association.

413 ~~(6)(7)~~ Moneys provided to the Department of Community
414 Affairs under this section are intended to supplement other
415 funding sources of the Department of Community Affairs and may
416 not supplant other funding sources of the Department of
417 Community Affairs.

418 ~~(7)(8)~~ On January 1st of each year, the Department of
419 Community Affairs shall provide a full report and accounting of
420 activities under this section and an evaluation of such

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

421 activities to the Speaker of the House of Representatives, the
422 President of the Senate, and the Majority and Minority Leaders
423 of the House of Representatives and the Senate.

424 (8)~~(9)~~ This section is repealed June 30, 2011.

425

426

427 ===== T I T L E A M E N D M E N T =====

428 Remove line(s) 4535-4786 and insert:

429 An act relating to property and casualty insurance;
430 creating s. 215.558, F.S.; creating the Florida Hurricane
431 Damage Prevention Endowment; providing a purpose and
432 legislative intent; providing definitions; providing
433 requirements and authority for investment of endowment
434 assets by the State Board of Administration; requiring a
435 report to the Legislature; providing for payment of the
436 board's investment services' costs and fees from the
437 endowment; providing requirements of the Department of
438 Financial Services in providing financial incentives for
439 residential hurricane damage prevention activities;
440 providing for an interest-free loan program; providing
441 program criteria and requirements; creating an advisory
442 council for certain purposes; providing for appointment of
443 members; requiring members to serve without compensation;
444 providing for per diem and travel expenses; creating s.
445 215.5586, F.S.; establishing the Florida Comprehensive
446 Hurricane Damage Mitigation Program within the Department
447 of Financial Services; providing qualifications for the
448 program administrator; providing program components and
449 requirements; providing for wind certification and

219395

4/26/2006 4:57:35 PM

Amendment No. (for drafter's use only)

450 hurricane mitigation inspections; providing inspection
451 requirements; providing inspector eligibility
452 requirements; providing for grants; providing grant
453 requirements; providing for loans; providing public
454 education and consumer awareness requirements; creating
455 the Manufactured Housing and Mobile Home Hurricane
456 Mitigation Program for certain purposes; requiring the
457 Department of Financial Services to develop the program in
458 consultation with certain entities; specifying
459 requirements of the program; specifying the program as a
460 matching grant program for improvement of mobile homes and
461 manufactured homes; providing for distribution of the
462 grants to the Department of Financial Services for certain
463 purposes; requiring Citizens Property Insurance
464 Corporation to grant certain insurance discounts, credits,
465 rate differentials, or deductible reductions for property
466 insurance premiums for certain manufactured home or mobile
467 home owners; specifying criteria for such premiums;
468 requiring a program report each year to the Governor and
469 Legislature; providing report requirements; creating an
470 advisory council; providing for appointment of members;
471 specifying service without compensation; providing for per
472 diem and travel expense reimbursements; requiring the
473 department to obtain supplemental federal grants or funds
474 for the program; requiring the department to adopt rules;
475 amending s. 215.559, F.S.; deleting a provision requiring
476 the Department of Community Affairs to develop a low
477 interest loan program; creating the Task Force on
478 Hurricane Mitigation and

219395

4/26/2006 4:57:35 PM