The Florida Senate

PROFESSIONAL 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: CS/SB 1626

INTRODUCER: Community Affairs Committee and Senator Margolis

SUBJECT: Affordable Housing/Elderly

DATE: March 22, 2007 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Molloy	Yeatman	CA	**Fav/CS**
2.			TA	
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I. Summary:

The committee substitute authorizes the Florida Housing Finance Corporation (FHFC) to partially forgive loans to nonprofit organizations that serve extremely-low-income elderly tenants under certain conditions.

The committee substitute substantially amends s. 420.5087, F.S.

II. Present Situation:

Florida Housing Finance Corporation

The FHFC is the primary state agency responsible for encouraging the construction of affordable housing in Florida. The FHFC was created within the Department of Community Affairs (DCA) as a public corporation and is a separate budget entity not subject to control, supervision, or direction by the DCA. The FHFC is governed by a board of directors comprised of the Secretary of DCA and eight members appointed by the Governor, subject to confirmation by the Florida Senate.

The FHFC operates several housing programs financed with state and federal dollars, including:

- The State Apartment Incentive Loan Program (SAIL) which annually provides low-interest loans on a competitive basis to affordable housing developers,
- The Florida Homeowner Assistance Program (HAP) which includes the First Time Homebuyer Program, the Down Payment Assistance Program, the Homeownership Pool Program, and the Mortgage Credit Certificate program,

- The Florida Affordable Housing Guarantee Program which encourages lenders to finance affordable housing by issuing guarantees on financing of affordable housing developments financed with mortgage revenue bonds,
- The State Housing Initiatives Partnership Program (SHIP) which provides funds to cities and counties as an incentive to create local housing partnerships and to preserve and expand production of affordable housing, and
- The Community Workforce Housing Innovation Pilot Program (CWHIP), created in 2006, to award funds on a competitive basis to promote the creation of public-private partnerships to develop, finance and build workforce housing. At least 50 percent of CWHIP units must provide housing targeted to "essential services personnel" as identified in local SHIP plans.

Affordable housing programs are funded from documentary stamp tax revenues which are distributed to the State Housing Trust Fund and then used for the various FHFC programs. The 2005 Legislature capped the rate of growth for distribution of documentary stamp tax revenues effective July 1, 2007. The State Housing Trust Fund will receive a total of $243 million, $55 million of which is available to the SAIL program, and which requires a set aside of funds for housing for the elderly. For fiscal year 2007-2008, this total is estimated to be $13.2 million, and 10 percent of the estimated funds ($1.3 million) are required to be set aside for the Elderly Housing Community Loan Program discussed below.

SAIL Program

The SAIL program, created in s. 420.5087, F.S., provides first, second, or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, nonprofit, and public entities, to provide affordable housing for very-low-income persons. Funds must be reserved for commercial fishing workers and farm workers, families, the homeless, and the elderly. Ten percent of funds set aside to house the elderly must be reserved to provide loans to sponsors to housing for the elderly for the purpose of making building health and preservation improvements, or sanitation repairs or improvements required by federal, state, or local law or regulation, or life safety or security-related repairs or improvements. Loans from the reserved funds may not exceed $750,000 per housing community, and the sponsor of the housing community must commit to matching at least 5 percent of the loan amount needed to pay for the necessary repairs or improvements.

The FHFC is authorized to make first, second, or other subordinated mortgage loans, including variable or fixed rate loans subject to contingent interest, for all SHIP loans. Loans exceeding 25 percent of project cost are available only to nonprofit organizations and public bodies that secure grants, donations of land, or contributions from other sources, and to projects that set aside at least 80 percent of their total units for residents qualifying as farm workers, commercial fishing workers, or the homeless. Projects that set aside at least 80 percent of their total units for farm workers, commercial fishing workers, or the homeless are eligible for loans at zero to 3 percent interest. The FHFC is authorized to establish, by rule, the procedures necessary to evaluate, score and competitively rank all applications, determine actual loan amounts, make and serve loans, and generally develop and administer the SAIL program.

Income Requirements

As defined in s. 420.0004, F.S., an extremely-low-income person is one or more natural persons or a family whose total annual household income does not exceed 30 percent of the median annual adjusted gross income for households within the state. The FHFC has the authority to adjust the median annual amount down each year for lower income counties and up for higher income counties. A very-low-income person is one or more natural persons or a family, not including students, having a total annual adjusted gross household income that is not more than 50 percent of the median annual adjusted gross income for households within the state, or 50 percent of the median annual adjusted gross income for households within a metropolitan statistical area or, if not within a metropolitan statistical area, within the county in which the person or family resides, whichever is greater. A low-income person is one or more natural persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the state, or 80 percent of the median annual adjusted gross income for households within a metropolitan statistical area, or if not within a metropolitan statistical area, within the county in which the person or family resides, whichever is greater.

III. Effect of Proposed Changes:

The committee substitute amends s. 420.5087, F.S., to authorize the FHFC to forgive a share of a loan to a nonprofit organization, defined in s. 420.0004(5), F.S., as "a private corporation organized under chapter 617 to assist in the provision of housing and related services on a not-for-profit basis and which is acceptable to federal and state agencies and financial institutions as a sponsor of low-income housing," if:

- The loan is made from FHFC funds set aside for sponsors of housing for the elderly to make building preservation, health or sanitation repairs or improvements, or life-safety or security-related repairs or improvements,
- The nonprofit is a sponsor of an affordable housing project for the elderly;
- The portion of the loan being forgiven is attributable to the units in the project that are reserved for extremely-low-income elderly tenants, and
- The project has provided affordable housing to the elderly for 15 years or more.

If enacted, the committee substitute will take effect upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The committee substitute does not require cities and counties to expend funds or limit their authority to raise revenues or receive state-shared revenues as specified by s. 18, Art. VII, State Constitution.

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:

None.

C. Government Sector Impact:

The FHFC reports that the Elderly Housing Community Loan Program (EHCL) receives $1.3 million from funds reserved for use by the SAIL program. Loans under the EHCL are non-amortizing loans with a 1 percent interest rate, are capped at $750,000, and loan repayments are recycled back through the program. Also, some EHCL loans are subordinate to the first mortgage lien holder, the U.S. Department of Housing and Urban Development (HUD), and are subject to HUD approval.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.