

By Senator Fasano

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1 A bill to be entitled

2 An act relating to housing preservation; creating s.
3 420.50945, F.S.; creating the Florida Housing Preservation
4 Program; providing legislative findings and intent;
5 providing definitions; directing the Florida Housing
6 Finance Corporation to use state funds for loans and
7 financing to preserve and rehabilitate affordable housing;
8 requiring a community development financial institution to
9 use allocated state funds to make specified types of
10 loans; requiring that a community development financial
11 institution meet certain criteria to be eligible to
12 receive state funds; requiring the Florida Housing Finance
13 Corporation to adopt procedures to select applicants for
14 state funds; requiring successful applicants to enter into
15 an agreement with the corporation; providing options for
16 the corporation to exercise if a successful applicant
17 engages in fraud, mismanagement, or fails to comply with
18 applicable laws or rules; requiring that a successful
19 applicant submit financial and performance data to the
20 corporation; requiring the corporation to adopt rules;
21 restricting the corporation to a specified percentage of
22 appropriated funds for use to administer the program;
23 providing an appropriation; providing an effective date.

24
25 Be It Enacted by the Legislature of the State of Florida:

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27 Section 1. Section 420.50945, Florida Statutes, is created
28 to read:

29 420.50945 The Florida Housing Preservation Program.--

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30 (1) The Legislature finds that preserving affordable
31 multifamily rental and mobile home park housing for low-income,
32 very-low-income, and extremely-low-income persons and families is
33 essential to the economy of this state and the well-being of all
34 of its residents. The Legislature also finds that the state lacks
35 sufficient resources to preserve substantial numbers of the
36 multifamily rental properties and mobile home parks that
37 currently provide affordable housing to thousands of Floridians.
38 The Legislature further finds that there are state and national
39 community development financial institutions that have documented
40 experience in securing and deploying public, private, and
41 philanthropic capital to preserve affordable housing. It is the
42 intent of the Legislature to use state funds to leverage public,
43 private, and philanthropic capital to help preserve affordable,
44 multifamily rental housing and mobile home parks.

45 (2) There is created the Florida Housing Preservation
46 Program. The purpose of the program is to provide bridge loans,
47 rehabilitation loans, and permanent financing in order to
48 preserve affordable multifamily rental housing and mobile home
49 parks for low-income, very-low-income, and extremely-low-income
50 persons and families.

51 (3) As used in this section, the term:

52 (a) "Affordable" means that monthly rents or monthly
53 mortgage payments, including taxes, insurance, and utilities, do
54 not exceed 30 percent of that amount representing the percentage
55 of the median adjusted gross annual income for the households.

56 (b) "Bridge loan" means short-term financing for a period
57 of up to 3 years for the costs of acquisition, rehabilitation, or

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58 predevelopment which are necessary to stabilize or position a
59 property for permanent financing.

60 (c) "Community development financial institution" means an
61 entity certified as a Community Development Financial Institution
62 by the Community Development Financial Institutions Fund of the
63 United States Department of Treasury.

64 (d) "Corporation" means the Florida Housing Finance
65 Corporation.

66 (e) "Eligible project" means an expiring-use property,
67 mobile home park, or other nonregulated affordable multifamily
68 property.

69 (f) "Expiring-use property" means a property that has
70 income restrictions on its use in order to benefit low-income,
71 very-low-income, and extremely-low-income persons and families
72 and the restrictions will terminate within 2 years after the
73 application for funding.

74 (g) "Low-income persons" means one or more natural persons
75 or a family, the total annual adjusted gross household income of
76 which does not exceed 80 percent of the median annual adjusted
77 gross income for households within the state, or 80 percent of
78 the median annual adjusted gross income for households within the
79 metropolitan statistical area (MSA) or, if not within an MSA,
80 within the county in which the person or family resides,
81 whichever is greater.

82 (h) "Very-low-income persons" means one or more natural
83 persons or a family, not including students, the total annual
84 adjusted gross household income of which does not exceed 50
85 percent of the median annual adjusted gross income for households
86 within the state, or 50 percent of the median annual adjusted

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87 gross income for households within the metropolitan statistical
88 area (MSA) or, if not within an MSA, within the county in which
89 the person or family resides, whichever is greater.

90 (i) "Extremely-low-income" means one or more natural
91 persons or a family whose total annual household income does not
92 exceed 30 percent of the median annual adjusted gross income for
93 households within the state.

94 (4) The corporation shall use state funds to:

95 (a) Provide rehabilitation loans, permanent financing, or
96 both to preserve multifamily affordable rental properties that
97 are 15 years old or older; and

98 (b) Establish a program for community development financial
99 institutions to provide bridge loans to acquire and rehabilitate
100 expiring-use properties on a permanent and perpetual revolving
101 basis.

102 (5) A community development financial institution that
103 receives state funds under this section must use the state funds
104 to:

105 (a) Leverage additional private and philanthropic capital
106 on a minimum \$1 to \$4 matching ratio to create a permanent
107 revolving preservation-bridge loan program;

108 (b) Manage and use public, private, and philanthropic
109 capital to make preservation-bridge loans; and

110 (c) Make bridge loans to eligible projects and multifamily
111 affordable rental properties that are affordable to low-income
112 persons and families without rental restrictions, but that will
113 institute rental restrictions as a condition of this funding.
114 Such bridge loans may be made only after expiring-use properties
115 and mobile home park projects are funded first.

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116 (6) In order for a community development financial
117 institution to be eligible to receive state funds, the community
118 development financial institution must:

119 (a) Be certified by the Community Development Financial
120 Institutions Fund of the United States Department of Treasury as
121 a community development financial institution;

122 (b) Be qualified as a not-for-profit organization under s.
123 501(c)(3) of the Internal Revenue Code;

124 (c) Possess a demonstrated record and ability to
125 effectively deploy financing for community development purposes;

126 (d) Demonstrate knowledge and experience in lending to
127 acquire, develop, and rehabilitate affordable housing;

128 (e) Demonstrate knowledge and experience in raising
129 matching capital from private, public, and philanthropic sources;

130 (f) Have statewide lending operations in this state;

131 (g) Demonstrate experience and capacity to provide directly
132 or through contracts with other entities technical assistance to
133 developers;

134 (h) Document established and proven underwriting policies,
135 risk ratings, portfolio management and servicing systems;

136 (i) Have an independent financial audit for each
137 requirement for a minimum of 5 years; and

138 (j) Meet the requirements adopted by the corporation by
139 rule.

140 (7) The corporation:

141 (a) Shall adopt a rule creating selection criteria to
142 choose:

143 1. Community development financial institutions applying to
144 leverage private and philanthropic capital, manage and make

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145 bridge loans to expiring-use properties and mobile home park
146 projects; and

147 2. Multifamily affordable rental properties in need of
148 rehabilitation or permanent financing to preserve the properties
149 that are 15 years old or older.

150 (b) May reject any and all entities or applicants.

151 (c) May establish a review committee to make
152 recommendations to the corporation's board regarding selecting
153 applicants for program participation. The board shall determine
154 the final ranking for applicants based on the scores received in
155 the ranking, further review of the applications, and the
156 recommendations of the review committee. The board shall approve
157 or reject applicants and shall determine the tentative funding
158 amount available to each applicant.

159 (8) Before providing any financial assistance, the
160 corporation and the successful applicant must execute an
161 agreement that requires multifamily affordable rental properties
162 to comply with all other terms and conditions of assistance,
163 which may be modified at any time by the corporation.

164 (9) If a successful applicant engages in fraud,
165 mismanagement, or does not comply with the applicable statutes,
166 rules, or terms and conditions of the agreement, the corporation
167 may:

168 (a) Require changes in the agreement;

169 (b) Reduce or terminate the funding;

170 (c) Require repayment of any funding that has been
171 distributed;

172 (d) Remove the applicant from further participation in the
173 program; or

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174 (e) Take such other actions that the corporation considers
175 appropriate.

176 (10) A successful applicant must submit financial and
177 activity reports and data at such times and in such forms as
178 required by the corporation to ensure compliance with program
179 requirements and to evaluate the applicant's performance in the
180 program.

181 (11) The corporation shall adopt rules pursuant to ss.
182 120.536(1) and 120.54 to administer this section.

183 (12) The corporation may use no more than 2 percent of the
184 annual appropriation for administration and compliance
185 monitoring.

186 Section 2. The sum of \$50 million in nonrecurring funds is
187 appropriated from the State Housing Trust Fund to the Florida
188 Housing Finance Corporation within the Department of Community
189 Affairs for the 2008-2009 fiscal year for the purpose of
190 implementing this act. The sum of \$25 million shall be used to
191 provide bridge loans and the sum of \$25 million shall be used to
192 preserve affordable, multiunit properties 15 years old or older.

193 Section 3. This act shall take effect July 1, 2008.