

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Community Affairs

BILL: SB 1068

INTRODUCER: Senator Taddeo

SUBJECT: Local Housing Assistance Plans

DATE: March 15, 2021

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Hackett</u>	<u>Ryon</u>	<u>CA</u>	<u>Pre-meeting</u>
2.	_____	_____	<u>ATD</u>	_____
3.	_____	_____	<u>AP</u>	_____

I. Summary:

SB 1068 revises the restrictions for the use of funds disbursed to local governments through the State Housing Initiatives Partnership (SHIP) program for the purpose of providing affordable housing. The bill alters the threshold limits that dictate the types of activities local governments may fund using SHIP program funding. Specifically, the bill enables local governments to expend a larger portion of SHIP funds on certain rental assistance activities than allowed under current law, and decreases the expenditure threshold for new construction/rehabilitation/emergency repair.

The Florida Housing Finance Corporation, through the SHIP program, provides funding to all 67 counties and 52 cities on a population-based formula to finance and preserve affordable housing based on locally adopted affordable housing plans. The SHIP program is funded through a statutory distribution of documentary stamp tax revenues, which are deposited into the Local Government Housing Trust Fund.

Under the bill:

- At least 50 percent, instead of 75 percent, of SHIP funds *must* be reserved for construction, rehabilitation, or emergency repair of affordable housing; and
- Up to 50 percent, instead of 25 percent, of SHIP funds *may* be reserved for permitted rental services (i.e., security and utility deposit assistance, eviction prevention, rent subsidies, etc.);
- Within those restrictions, at least 50 percent, instead of 65 percent, of SHIP funds must be reserved for home ownership for eligible persons.

The bill takes effect July 1, 2021.

II. Present Situation:

Affordable Housing

Affordable housing is defined in terms of household income. Housing is considered affordable when monthly rent or mortgage payments including taxes and insurance do not exceed 30 percent of the household income.¹ Resident eligibility for Florida's state and federally funded housing programs is typically governed by area median income (AMI) levels, published annually by the U.S. Department of Housing and Urban Development (HUD) for every county and metropolitan area. The following are standard household income level definitions and their relationship to the 2020 Florida state median of \$68,000 for a family of four (as family size increases or decreases, the income range also increases or decreases):²

- Extremely low income – earning up to 30 percent AMI (at or below \$22,400);³
- Very low income – earning from 30.01 to 50 percent AMI (\$22,401 to \$34,000);⁴
- Low income – earning from 50.01 to 80 percent AMI (\$34,001 to \$54,400);⁵ and
- Moderate income – earning from 80.01 to 120 percent of AMI (\$54,401 to \$81,600).⁶

The two primary state housing assistance programs are the State Housing Initiatives Partnership (SHIP)⁷ and the State Apartment Incentive Loan (SAIL)⁸ programs. The SHIP program provides funds to eligible local governments, allocated using a population-based formula, to address local housing needs as identified by the local government. The SAIL program provides low interest loans on a competitive basis as gap financing for the construction or substantial rehabilitation of multifamily affordable housing developments.⁹

State Housing Initiatives Partnership (SHIP) Program

The SHIP Program was created in 1992¹⁰ to provide funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The SHIP program provides funds to all 67 counties and 52 Community Development Block Grant¹¹ entitlement cities on a population-based formula to finance and preserve affordable housing based on locally adopted housing plans.¹² The program was designed to serve very-low, low, and moderate-income families and is administered by the Florida Housing

¹ Section 420.9071(2), F.S. Public housing, commonly referred to as Section 8 Housing, is provided by local housing agencies (HAs) for low-income residents. Funding for HAs is provided directly from HUD.

² U.S. Department of Housing and Urban Development, Office of Policy Research and Development, *FY 2017 HUD Income Limits Briefing Material*, p. 38, available at <https://www.huduser.gov/portal/datasets/il/il17/IncomeLimitsBriefingMaterial-FY17.pdf>.

³ Section 420.0004(9), F.S.

⁴ Section 420.9071(28), F.S.

⁵ Section 420.9071(19), F.S.

⁶ Section 420.9071(20), F.S.

⁷ Sections 420.907-9079, F.S.

⁸ Section 420.5087, F.S.

⁹ Section 420.5087, F.S.

¹⁰ Chapter 92-317, Laws of Fla.

¹¹ The CDBG program is a federal program created in 1974 that provides funding for housing and community development activities.

¹² See ss. 420.907-420.9089, F.S.

Finance Corporation (FHFC). The SHIP program distributed more than \$47 in fiscal year 19-20.¹³

A dedicated funding source for this program was established by the passage of the 1992 William E. Sadowski Affordable Housing Act. The SHIP Program is funded through a statutory distribution of documentary stamp tax revenues, which are deposited into the Local Government Housing Trust Fund. Subject to specific appropriation, funds are distributed quarterly to local governments participating in the program under an established formula.¹⁴ A county or eligible municipality seeking funds from the SHIP Program must adopt an ordinance that:

- Creates a local housing assistance trust fund;
- Adopts a local housing assistance plan to be implemented through a local housing partnership;
- Designates responsibility for administering the local housing assistance plan; and
- Creates an affordable housing advisory committee.¹⁵

Funds are expended per each local government's adopted Local Housing Assistance Plan (LHAP), which details the housing strategies it will use.¹⁶ Local governments submit their LHAPs to the FHFC for review to ensure that they meet the broad statutory guidelines and the requirements of the program rules. The FHFC must approve an LHAP before a local government may receive the SHIP funding.

A local government may not expend money distributed to it to provide ongoing rent subsidies, except for:¹⁷

- Security and utility deposit assistance;
- Eviction prevention not to exceed six months' rent; or
- A rent subsidy program for very-low-income households with at least one adult who is a person with special needs¹⁸ or is homeless,¹⁹ not to exceed 12 months' rental assistance.

Certain statutory requirements further restrict a local government's use of funds made available under the SHIP program (excluding amounts set aside for administrative costs):²⁰

¹³ *Ship Distributions for FY 19-20*, The Sadowski Housing Coalition, available at https://www.floridahousing.org/docs/default-source/programs/special-programs/ship---state-housing-initiatives-partnership-program/ship-collections-and-disbursements/2019-2020-disbursement-allocation.pdf?sfvrsn=9bbcf7b_2 (last visited March 14, 2021).

¹⁴ Section 420.9073, F.S.

¹⁵ Section 420.9072, F.S.

¹⁶ Section 420.9075, F.S. Section 420.9075(3), F.S. outlines a list of strategies LHAPs are encouraged to employ, such as helping those affected by mobile home park closures, encouraging innovative housing design to reduce long-term housing costs, preserving assisted housing, and reducing homelessness.

¹⁷ Section 420.072(7), F.S.

¹⁸ As defined in s. 420.0004, F.S., "Person with special needs" means an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition; a young adult formerly in foster care who is eligible for services under s. 409.1451(5), F.S.; a survivor of domestic violence as defined in s. 741.28, F.S.; or a person receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits.

¹⁹ As defined in s. 420.621, F.S., "homeless" means an individual or family who lacks or will imminently lose access to a fixed, regular, and adequate nighttime residence.

²⁰ Section 420.075(5), F.S.

- At least 75 percent of SHIP funds *must* be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing;²¹ and
- Up to 25 percent of SHIP funds *may* be reserved for allowed rental services;²²

Within those distributions by local governments, additional requirements must be met:

- At least 65 percent of SHIP funds must be reserved for home ownership for eligible persons;²³
- At least 20 percent of SHIP funds must serve persons with special needs;
- Up to 20 percent of SHIP funds may be used for manufactured housing; and
- At least 30 percent of SHIP funds must be used for awards to very-low-income persons or eligible sponsors serving very-low-income persons, and another 30 percent must be used for awards for low-income-persons or eligible sponsors serving low-income persons.

III. Effect of Proposed Changes:

The bill amends s. 420.9075, F.S., to revise the percentage thresholds for the use of funds disbursed to local governments through the SHIP program. The bill makes the following changes:

- At least 50 percent, instead of 75 percent, of SHIP funds *must* be reserved for construction, rehabilitation, or emergency repair of affordable, eligible housing;
- Up to 50 percent, instead of 25 percent, of SHIP funds *may* be reserved for permitted rental services; and
- And within those funds at least 50 percent, instead of 65 percent, of SHIP funds must be reserved for homeownership for eligible persons;

Other restrictions on the use of such funds are left unchanged.

The bill takes effect July 1, 2021.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

²¹ As defined in s. 420.071(8), “Eligible housing” means any real and personal property located within the county or the eligible municipality which is designed and intended for the primary purpose of providing decent, safe, and sanitary residential units, or manufactured housing constructed after June 1994, for home ownership or rental for eligible persons as designated by each county or eligible municipality participating in the State Housing Initiatives Partnership Program.

²² See s. 420.072(7)(b), F.S.

²³ As defined in s. 420.0721(10), F.S., “Eligible person” or “eligible household” means one or more natural persons or a family determined by the county or eligible municipality to be of very low income, low income, or moderate income based upon the annual gross income of the household.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

While the bill does not impact the amount of funds distributed to counties and municipalities under the SHIP program, the amended thresholds may positively impact those in rental housing and negatively impact those in the affordable housing construction industry.

C. Government Sector Impact:

The bill does not affect the amount of funds to be distributed to counties and municipalities under the SHIP program, but alters how those funds may be expended throughout a community.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends s. 420.9075 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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