

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 Fiscal Policy

BILL: CS/CS/SB 748

INTRODUCER: Fiscal Policy Committee, Banking and Insurance Committee and Senator Boyd

SUBJECT: My Safe Florida Home Program

DATE: April 21, 2023

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Thomas</u>	<u>Knudson</u>	<u>BI</u>	<u>Fav/CS</u>
2.	<u>Sanders</u>	<u>Betta</u>	<u>AEG</u>	<u>Favorable</u>
3.	<u>Thomas</u>	<u>Yeatman</u>	<u>FP</u>	<u>Fav/CS</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 748 revises provisions relating to the My Safe Florida Home Program (MSFH Program or Program). The bill:

- Provides the MSFH Program may select as a mitigation inspector a licensed home inspector who has completed certain training;
- Provides an inspection under the MSFH Program may only be done on a property for which a homestead exemption has been granted;
- Revises eligibility requirements for mitigation inspections to include townhouses to determine if opening protection mitigation would provide improvements to mitigate hurricane damage;
- Revises eligibility requirements for mitigation grants to include dwellings with an insured value of \$700,000 or less (up from \$500,000 or less) and for opening protection for townhouses when recommended by a hurricane mitigation inspection;
- Deletes the requirement a property eligible for a mitigation grant must be located in the “wind-borne debris region;”
- Increases the amount, from \$5,000 to \$10,000, low-income homeowners may receive from a grant and not have to provide a matching amount;
- Adds the Citizens Property Insurance Corporation to the list of entities that may receive Program brochures for redistribution;
- Deletes the requirement contracts valued at one million dollars or more entered into by the Program be reviewed and approved by the Legislative Budget Commission; and

- Requires the Department of Financial Services (DFS) to develop a quality assurance and reinspection program.

While the bill does not have a fiscal impact on state or local governments, SB 2500¹ provides \$50,000,000 in General Revenue funds for MSFH Program funding needs. The Florida House of Representatives, in HB 5001, provides \$100,000,000 in MFSH Program funding.² The amount of funding will be determined during the Legislative Conference process.

The bill provides an effective date of July 1, 2023.

II. Present Situation:

My Safe Florida Home Program

Background

Following the 2004 and 2005 hurricane seasons, where 2.8 million Florida homeowners suffered more than \$33 billion in insured property damage,³ 86 percent of the 4.4 million homes in Florida were built prior to the adoption of stronger building codes in 2002, and the average age of a home was 26 years, Florida began to experience a decline in the availability of property insurance and an increase in its cost.⁴

In 2006, the Legislature created the MSFH Program⁵ within the DFS.⁶ The original appropriation was \$250 million for a period not to exceed three years with any unused appropriated funds reverting to the state on June 30, 2009.⁷

The MSFH Program was created with the intent to provide trained and certified inspectors to perform inspections for owners of site-built, single-family, residential properties (mitigation inspections), and grants to eligible applicants, subject to funding availability.⁸ The MSFH Program was to “develop and implement a comprehensive and coordinated approach for hurricane damage mitigation.”⁹ The MSFH program allowed the DFS to undertake a public outreach and advertising campaign to inform consumers of the availability and benefits of the mitigation inspections and grants.¹⁰ It required the development of brochures for distribution to

¹ The Florida Senate, *SB 2500 – Appropriations, As Introduced*, pg. 338, available at <https://www.flsenate.gov/Session/Bill/2023/2500/BillText/Filed/PDF> (last visited March 30, 2023).

² The Florida House of Representatives, *HB 5001 – General Appropriations Act, As Introduced*, available at https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=Orig_GAA.pdf&DocumentType=Bill&BillNumber=5001&Session=2023 (last visited March 30, 2023).

³ Department of Financial Services, *My Safe Florida Home, 2008 Annual Report* (Feb. 2009) (on file with Senate Appropriations Committee on Agriculture, Environment, and General Government.)

⁴ *Id.*

⁵ *Id.*

⁶ The Legislature initially established the program as the Florida Comprehensive Hurricane Damage Mitigation Program (ch. 2006-12, L.O.F.) however, the name was subsequently changed in 2007 (ch. 2007-126, L.O.F.).

⁷ Chapter 2006-12 L.O.F.

⁸ Section 215.5586, F.S.

⁹ *Id.*

¹⁰ Section 215.5586(3), F.S.

general contractors, roofing contractors, and real estate brokers and sales associates to explain the benefits of residential hurricane damage mitigation to homeowners.¹¹

From its inception to January 30, 2009, the MSFH Program received approximately 425,193 applications, performed more than 391,000 inspections and awarded 39,000 grants. From July 2007 through January 2009, MSFH Program expenditures totaled approximately \$151.9 million.¹² Funding for the program ceased on June 30, 2009.¹³

The DFS requested Risk Management Solutions (RMS) to conduct an impact analysis of the MSFH Program. RMS released a report of the impact analysis on May 14, 2009 (report).¹⁴ In the report, RMS concluded program grants were beneficial to the State of Florida, individual homeowners, and the insurance industry.¹⁵ RMS indicated the predicted reduction in loss as a result of the grant projects completed far exceeded the grant money spent.¹⁶ The MSFH Program was never repealed from law and additional funding was not provided until May 2022.

2022 Renewal and Funding of the MSFH Program

In May 2022, during the 2022D Special Session and under a property insurance bill (SB 2-D), the Legislature reestablished the MSFH Program within the DFS to provide financial incentives for Florida residential property owners to obtain free home inspections which identify mitigation measures and provide grants to retrofit such properties, thereby reducing their vulnerability to hurricane damage and helping decrease the cost of residential property insurance.¹⁷

To implement the MSFH Program, \$150 million in nonrecurring funds from the General Revenue Fund was appropriated to the DFS. The funds were designated for the following purposes:

- \$25 million for hurricane mitigation inspections;
- \$115 million for hurricane mitigation grants;
- Four million dollars for education and consumer awareness;
- One million dollars for public outreach to contractors, real estate brokers, and sales associates; and
- Five million dollars for administrative costs.¹⁸

Under SB 2-D, any unexpended balance of appropriated funds remaining on June 30, 2023, shall revert and is appropriated to the DFS for Fiscal Year 2023-2024 to be used for the MSFH Program. The appropriation will expire on October 1, 2024.

¹¹ Section 215.5586(7), F.S.

¹² Florida Auditor General, *Department of Financial Services, My Safe Florida Home Program, Operational Audit Report No. 2010-074* (Jan. 1010), available at https://flauditor.gov/pages/pdf_files/2010-074.pdf (last visited March 20, 2023).

¹³ Department of Financial Services, *My Safe Florida Home, 2008 Annual Report* (Feb. 2009) (on file with Senate Appropriations Committee on Agriculture, Environment, and General Government).

¹⁴ Risk Management Solutions, *Analyzing the Effects of the My Safe Florida Home Program on Florida Insurance Risk*, (May 14, 2009), available at https://www.ipcc.ch/apps/nj-lite/srex/nj-lite_download.php?id=5036 (last visited March 20, 2023)

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ Section 3, ch. 2022-268, L.O.F. See CS/SB 2-D (2022 Special Session).

¹⁸ Section 4, ch. 2022-268, L.O.F.

2022 MSFH Program Implementation

Following the passage of SB 2-D in 2022, the DFS procured a vendor to administer the MSFH Program, qualified inspectors to conduct mitigation inspections, and qualified contractors who agreed to provide mitigation repairs and retrofitting under the grant portion of the MSFH Program.¹⁹ The DFS compiled a list of approved vendors homeowners participating in the MSFH Program may choose for inspections and mitigation work.²⁰

On November 18, 2022, a web-based application for homeowners to request mitigation inspections and grant funds went live.²¹ Between May 26, 2022, and February 28, 2023, 16,724 mitigation inspections were completed and 2,979 grant applications were approved.²²

Inspectors completing mitigation inspections under the MSFH Program must complete the Uniform Mitigation Verification Inspection Form (Inspection Form), as revised by the Office of Insurance Regulation on January 12, 2023.²³ The mitigation inspection report provided to the homeowner includes the completed Inspection Form, as well as the information already required by statute,²⁴ together with:

- A summary of the results of the mitigation inspection identifying recommended improvements a homeowner may undertake;
- A range of cost estimates regarding the recommended improvements; and
- Estimated property insurance premium discounts based on the mitigation measures the homeowner has completed.²⁵

Hurricane Mitigation Inspections

The MSFH Program provides trained and certified inspectors to perform inspections for owners of site-built, single-family, residential properties to determine what mitigation measures are needed, what insurance premium discounts may be available, and what improvements to existing residential properties are needed to reduce the property's vulnerability to hurricane damage. The inspections must include, at a minimum:

- A home inspection and report that summarizes the results and identifies recommended improvements a homeowner may take to mitigate hurricane damage;
- A range of cost estimates regarding the recommended mitigation improvements; and
- Insurer-specific information regarding premium discounts correlated to the current mitigation features and the recommended mitigation improvements identified by the inspection.²⁶

The DFS is authorized to contract with "wind certification entities" as vendors to provide such inspections. Each wind certification entity must, at a minimum, meet the following requirements:

- Use hurricane mitigation inspectors who:

¹⁹ Florida Department of Financial Services, *Senate Bill 748 Agency Analysis* (Mar. 3, 2023) (on file with Senate Banking and Insurance Committee.)

²⁰ *Id.*

²¹ *Id.*

²² *Id.*

²³ *Id.*

²⁴ Section 215.5586(1)(a), F.S.

²⁵ Department of Financial Services, *supra* note 20, at 2.

²⁶ Section 215.5586(1)(a), F.S.

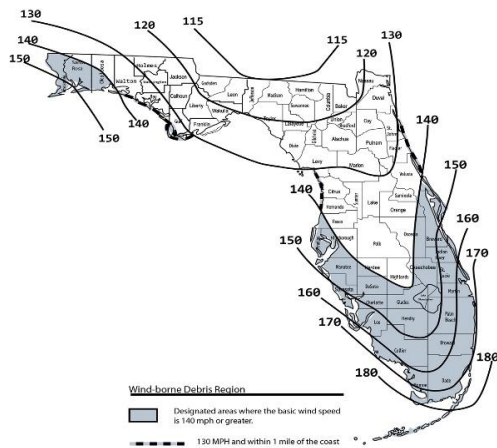
- Are certified as a building inspector under s. 468.607, F.S.;
- Are licensed as a general or residential contractor under s. 489.111, F.S.;
- Are licensed as a professional engineer under s. 471.015, F.S., and who have passed the appropriate equivalency test of the building code training program as required by s. 553.841, F.S.;
- Are licensed as a professional architect under s. 481.213, F.S.; or
- Have at least two years of experience in residential construction or residential building inspection and have received specialized training in hurricane mitigation procedures.
- Use hurricane mitigation inspectors who also:
 - Have undergone drug testing and a background screening; and
 - Have been certified satisfactorily to the department to conduct the inspections.
- Provide a quality assurance program that includes a reinspection component.²⁷

Hurricane Mitigation Grants

The homeowner eligibility requirements for the mitigation grants are:

- The homeowner must have been granted a homestead exemption on the home;
- The home must be a dwelling with an insured value of \$500,000 or less. Low-income homeowners are exempt from this requirement;
- The home must have undergone an acceptable hurricane mitigation inspection after July 1, 2008;
- As a condition for participation in the program, a building permit for the initial construction of the home must have been made before January 1, 2008;
- The homeowner must agree to make the home available for inspection upon completion of the mitigation project; and
- The home must be in the “wind-borne debris region” (see shaded area in image below) as that term is defined in the Florida Building Code.²⁸

Windborne-Debris Map – Florida



²⁷ Section 215.5586(1)(b), F.S.

²⁸ Section 215.5586(2)(a), F.S.

All MSFH Program grants must be matched on the basis of one dollar provided by the applicant for two dollars provided by the state, up to a maximum state contribution of \$10,000 toward the actual cost of the mitigation project.²⁹ Low-income homeowners may receive up to \$5,000 in grant funds without providing matching dollars.³⁰ A homeowner who receives a MSFH Program grant must agree to make his or her home available for inspection after the mitigation project is completed.³¹

Program Transparency Requirements

The DFS must submit an annual report of MSFH Program activities to the President of the Senate and the Speaker of the House of Representatives. The report must include the average annual amount of insurance premium discounts and the total of such discounts homeowners received from insurers resulting from the mitigation funded through the Program.³²

III. Effect of Proposed Changes:

Section 1 amends s. 215.5586, F.S., relating to the My Safe Florida Home Program (MSFH Program) to:

- Provide the MSFH Program use licensed, rather than trained and certified, inspectors to provide hurricane mitigation inspections on site-built, single-family, residential properties have been granted a homestead exemption;
- Revise the information provided to homeowners as part of a hurricane mitigation inspection to include information regarding estimated premium discounts, rather than insurer-specific premium discounts;
- Provide the MSFH Program may select as a mitigation inspector a home inspector licensed under s. 468.8314, F.S., who has completed at least three hours of hurricane mitigation training approved by the Construction Industry Licensing Board, which training must include hurricane mitigation techniques, compliance with the uniform mitigation verification form, and completion of a proficiency exam;
- Provide the MSFH Program may no longer select as a mitigation inspector a person who has at least two years of experience in residential construction or residential building inspection and has received specialized training in hurricane mitigation procedures;
- Provide inspections may only be done on a property for which a homestead exemption has been granted;
- Remove the requirement a property eligible for a mitigation grants must have undergone an acceptable hurricane mitigation inspection after July 1, 2008, but keep the requirement the property must have undergone an acceptable hurricane mitigation inspection by the MSFH Program;
- Delete the requirement a property eligible for a mitigation grant must be located in the “wind-borne debris region;”

²⁹ Section 215.5586(2)(b), F.S.

³⁰ Section 215.5586(2)(g), F.S.

³¹ Section 215.5586(2)(a)6., F.S.

³² Section 215.5586(10), F.S.

- Revises eligibility requirements for mitigation inspections to include townhouses to determine if opening protection mitigation would provide improvements to mitigate hurricane damage;
- Revises eligibility requirements for mitigation grants to include dwellings with an insured value of \$700,000 or less (up from \$500,000 or less) and for opening protection for townhouses when recommended by a hurricane mitigation inspection;
- Delete the provision mitigation projects be subject to random reinspection;
- Remove “brace gable ends” and “upgrading roof covering from code to code plus” from the list of eligible mitigation grant projects;
- Increase the amount low-income homeowners may receive from a grant and not have to provide a matching amount from \$5,000 to \$10,000;
- Remove a provision authorizing low-income homeowners to use grant funds to make repairs to existing structures that are necessary for the mitigation improvement;
- Authorize, rather than require, the MSFH Program to develop brochures that provide information on the benefits of residential hurricane damage mitigation for distribution to Citizens Property Insurance Corporation, general contractors, roofing contractors, and real estate licensees. Provide brochures may be supplied electronically;
- Delete the requirement contracts valued at one million dollars or more entered into by the Program be reviewed and approved by the Legislative Budget Commission;
- Require the DFS to develop a quality assurance and reinspection program, which may use valid random sampling to perform the quality assurance portion of the MSFH Program, that will determine whether initial inspections and mitigation improvements are completed in a manner consistent with the intent of the program; and
- Revise the contents of the annual report to include the “estimated” average annual amount of insurance premium discounts and total “estimated” annual amount of insurance premium discounts homeowners received from insurers as a result of mitigation projects funded by the program.

Section 2 reenacts s. 215.5588(3), F.S., relating to the Florida Disaster Recovery Program, to incorporate the amendments made to s. 215.5586, F.S., by the bill.

The effective date of the bill is July 1, 2023.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The bill increases the number of homeowners eligible for the MSFH Program.

C. Government Sector Impact:

The bill increases the number of homeowners eligible for the MSFH Program, but does not include an appropriation. Without an additional appropriation, the expanded eligibility may cause funds to run out earlier than originally expected.

For Fiscal Year 2023-2024, SB 2500³³ provides \$50,000,000 in General Revenue funds for MSFH Program funding needs and HB 5001 provides \$100,000,000 in General Revenue Funds to the MFSH Program.³⁴ The amount of funding will be determined during the Legislative Conference process.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 215.5586 and 215.5588.

³³ The Florida Senate, *SB 2500 – Appropriations, As Introduced*, pg. 338, available at <https://www.flsenate.gov/Session/Bill/2023/2500/BillText/Filed/PDF> (last visited March 30, 2023).

³⁴ The Florida House of Representatives, *HB 5001 – General Appropriations Act, As Introduced*, available at https://www.myfloridahouse.gov/Sections/Documents/loaddoc.aspx?FileName=Orig_GAA.pdf&DocumentType=Bill&BillNumber=5001&Session=2023 (last visited March 30, 2023).

IX. Additional Information:**A. Committee Substitute – Statement of Changes:**

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

CS by Fiscal Policy Committee on April 20, 2023:

The committee substitute revises eligibility requirements for:

- Mitigation inspections to include townhouses to determine if opening protection mitigation would provide improvements to mitigate hurricane damage;
- Mitigation grants to include dwellings with an insured value of \$700,000 or less (up from \$500,000 or less) and for opening protection for townhouses when recommended by a hurricane mitigation inspection.

CS by Banking and Insurance Committee on March 15, 2023:

The committee substitute makes the following changes:

- Removes the proposed change to include townhomes in the MSFH Program;
- Deletes proposed authority for the Department of Financial Services to create criteria prioritizing inspection applications; and
- Adds the Citizens Property Insurance Corporation to the list of entities that may receive MSFH Program brochures for redistribution.

B. Amendments:

None.