HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1307 Housing Developments
SPONSOR(S): Redondo
TIED BILLS: **IDEN./SIM. BILLS:** SB 1552

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Local Administration, Federal Affairs & Special Districts Subcommittee	14 Y, 0 N	Darden	Darden
2) Ways & Means Committee			
3) State Affairs Committee			

SUMMARY ANALYSIS

State affordable housing programs are administered by the Florida Housing Finance Corporation (FHFC). Among the programs operated by FHFC is the State Apartment Incentive Loan (SAIL) Program. FHFC draws and administers funds from federal programs through federal tax credits, United States Department of Housing and Urban Development grants, and from the state through the State Housing Trust Fund and Local Government Housing Trust Fund. Both state trust funds are funded by documentary stamp taxes, ad hoc individual legislative appropriations, and through program income, which consists primarily of funds from successful loan repayments that are recycled into the program from which they originate.

The bill amends the definition of "urban infill" in the Community Planning Act to include the development or redevelopment of mobile home parks and manufactured home communities that otherwise meet the criteria to be considered urban infill.

The bill revises eligibility criteria for grants under the Resilient Florida Grant Program and the Statewide Flooding and Sea Level Rise Resilience Plan to allow community development districts that were authorized to fund the construction or reconstruction of critical assets, either in the enabling ordinance that created the district or by a county or municipal development order, to be added to the list of governmental entities eligible for grants.

The bill makes the following changes to affordable housing programs:

- Amends the definition of "moderate income persons" to include households with incomes up to the greater of 140 percent of the statewide median income or area median income in counties with a population in excess of 1,000,000;
- Requires FHFC to review certain projects based on plans presented by the developer which includes factors related to existing or proposed zoning, financing, and the housing supply needs of the county in which the project is located;
- Provides that projects funded under the Live Local Program and general revenue service charge funds redirected to the SAIL program may not be required to use federal low-income housing tax credits or tax-exempt bond financing as part of the financing structure for the project; and
- Revises eligibility for the property tax exemption for the use of property in certain multifamily projects as affordable housing to apply to properties used for moderate-income housing.

This bill may be a county or municipality mandate requiring a two-thirds vote of the membership of the House. *See* Section III.A.1 of the analysis.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Community Planning Act

The Community Planning Act[1] provides counties and municipalities with the power to plan for future development by adopting comprehensive plans.[2] Each county and municipality must maintain a comprehensive plan to guide future development.[3]

All development, both public and private, and all development orders approved by local governments must be consistent with the local government's comprehensive plan.[4] A comprehensive plan is intended to provide for the future use of land, which contemplates a gradual and ordered growth and establishes a long-range maximum limit on the possible intensity of land use.

A locality's comprehensive plan lays out the locations for future public facilities, including roads, water and sewer facilities, neighborhoods, parks, schools, and commercial and industrial developments. A comprehensive plan is made up of 10 required elements, each laying out regulations for a different facet of development.[5]

Resilient Florida Grant Program

Established within the Department of Environmental Protection (DEP) in 2021, the Resilient Florida Program enhances efforts to protect Florida's inland waterways, coastlines, and shores, which serve as invaluable natural defenses against sea level rise (SLR).[6] The program includes a selection of grants that are available to counties, municipalities, water management districts, flood control districts, and regional resilience entities.[7] To effectively address the impacts of flooding and SLR that the state faces, eligible applicants may receive funding assistance to analyze and plan for vulnerabilities as well as implement projects for adaptation and mitigation. The Resilient Florida Program creates grant funding opportunities under the Resilient Florida Grant Program and the Statewide Flooding and Sea Level Rise Resilience Plan.[8]

Under the Resilient Florida Grant Program, subject to appropriation, the DEP may provide grants to a county or municipality to fund:

- Costs of community resilience planning and necessary data collection for such planning, including comprehensive plan amendments and necessary corresponding analyses that address Peril of Flood requirements;
- Vulnerability assessments that identify or address risks of inland or coastal flooding and SLR;[9]
- The development of projects, plans, and policies that allow communities to prepare for threats from flooding and SLR; and
- Preconstruction activities for projects to be submitted for inclusion in the Statewide Flooding and Sea Level Rise Resilience Plan that are located in a municipality that has a population of 10,000 or fewer or a county that has a population of 50,000 or fewer.[10]

Affordable Housing

[1] Ch. 163, part II F.S.
[2] S. 163.3167(1), F.S.
[3] S. 163.3167(2), F.S.
[4] S. 163.3194(3), F.S
[5] S. 163.3177(6), F.S.
[6] DEP, *Resilient Florida Program*, https://floridadep.gov/ResilientFlorida (last visited Jan. 29, 2024).
[7] DEP, *Resilient Florida Grants*, https://floridadep.gov/Resilient-Florida-Program/Grants (last visited Jan. 29, 2024).
[8] Ss. 380.093(3) and 380.093(5), F.S.
[9] Ss. 380.093(3)(b)(2) and 380.093(3)(c), F.S.
[10] S. 380.093(3), F.S.

Housing is considered affordable when it costs less than 30 percent of a family's gross income.[11] A family paying more than 30 percent of its income for housing is considered "cost burdened," while those paying more than 50 percent are considered "extremely cost burdened." Severely cost burdened households are more likely to sacrifice other necessities such as healthy food and healthcare to pay for housing, and to experience unstable housing situations such as eviction.

Affordable housing is defined in terms of household income. Resident eligibility for Florida's state and federally-funded housing programs is governed by area median income (AMI) or statewide median family income,[12] published annually by the United States Department of Housing and Urban Development (HUD).[13] The following are standard household income level definitions and their relationship to the 2023 Florida statewide AMI of $85,500 for a family of four (as family size changes, the income range also varies):[14]

- Extremely low income – earning up to 30 percent AMI (at or below $ 24,850);[15]
- Very low income – earning from 30.01 to 50 percent AMI ($24,851 to $41,450);[16]
- Low income – earning from 50.01 to 80 percent AMI ($41,451 to $66,350); [17] and
- Moderate income – earning from 80.01 to 120 percent of AMI ($66,351 to $102,600).[18]

Florida Housing Finance Corporation[19]

The Florida Housing Finance Corporation (FHFC) was created in 1997 as a public-private entity to assist in providing a range of affordable housing opportunities for Floridians.[20] FHFC is a corporation held by the state and housed within the Department of Commerce. FHFC is a separate budget entity and its operations are not subject to control, supervision, or direction by the department.[21]

The goal of FHFC is to increase the supply of safe, affordable housing for individuals and families with very low to moderate incomes by stimulating investment of private capital and encouraging public and private sector housing partnerships. As a financial institution, FHFC administers federal and state resources to finance the development and preservation of affordable rental housing and assist homebuyers with financing and down payment assistance.[22]

State Apartment Incentive Loan (SAIL) Program

The SAIL program is administered by FHFC and provides low-interest loans on a competitive basis to multifamily affordable housing developers.[23] These funds often serve to bridge the gap between the

[11] S. 420.0004(3), F.S.
[12] The 2023 Florida SMI for a family of four was $ 85,500. U.S. Dept. of Housing and Urban Development, *Income Limits, Access Individual Income Limits Areas*, available at https://www.huduser.gov/portal/datasets/il.html#2022 (last visited Jan. 29, 2024).
[13] HUD User, Office of Policy Development and Research, "Income Limits," available at https://www.huduser.gov/portal/datasets/il.html#2022 (last visited Jan. 29, 2024) (SMI and AMI available under the "Access Individual Income Limits Area" dataset).
[14] U.S. Dept. of Housing and Urban Development, *Income Limits*, *Access Individual Income Limits Areas*, available at https://www.huduser.gov/portal/datasets/il.html#2023 (last visited Jan. 29, 2024).
[15] S. 420.0004(9), F.S.
[16] S. 420.0004(17), F.S.
[17] S. 420.0004(11), F.S.
[18] S. 420.0004(12), F.S.
[19] *See generally* National Council of State Housing Agencies, *About HFAs*, https://www.ncsha.org/about-us/about-hfas/ (last visited Jan. 29, 2024); *See generally* State of Florida Auditor General, *Florida Housing Finance Corporation Audit Performed Pursuant to Chapter 2013-83, Laws of Florida*, available at https://flauditor.gov/pages/pdf_files/2017-047.pdf (last visited Jan. 29, 2024) (pursuant to Ch. 2013-83, Laws of Fla., codified as s. 420.511(5), F.S., the Florida Auditor General conducted an operational audit of the accounts and records of FHFC in November 2016).
[20] Ch. 97-167, Laws of Fla. From 1980 through 1997, the former Florida Housing Finance Agency, placed within the former Department of Community Affairs, performed similar duties.
[21] S. 420.504(1), F.S.
[22] *See* Fla. Housing Finance Corp., *About Florida Housing*, https://www.floridahousing.org/about-florida-housing (last visited Jan. 29, 2024).
[23] S. 420.5087, F.S.

development's primary financing and the total cost of the development. SAIL program dollars are available for developers proposing to construct or substantially rehabilitate multifamily rental housing.[24]

At a minimum, developments financed by the SAIL program must set aside 20 percent of units for households at or below 50 percent of AMI, or if the development also receives Low Income Housing Tax Credits[25] (LIHTC), 40 percent of units for households up to 60 percent of AMI.[26] Loan interest rates are set at 0 percent for those developments that maintain 80 percent of their occupancy for farmworkers, commercial fishing workers, or homeless people. The interest rates are set at 1 percent for all other developments. Generally, loans are issued for 15 years and cover approximately 25 to 35 percent of the total development cost.

SAIL program funding is distributed by FHFC through a competitive solicitation process.[27] Each year FHFC issues several requests for application, formal offers of funding that require aspirant developers to give FHFC detailed information related to the development. These requests for application vary by geography and the needs of the community, based on a statewide market study.[28] Applications are then reviewed and scored by FHFC based on a number of criteria, and awards are made from the highest scoring applications.[29]

Set-asides for affordable housing set two limits on an apartment: the rent is limited to make the apartment affordable to someone at the target income, and potential renters must submit proof of income beneath the target before becoming eligible renters. Set-asides are generally governed by a Land Use Restrictive Agreement (LURA), which is recorded by the county clerk's office and runs with the land. A LURA can also include a time period associated with restriction compliance enforced by the Internal Revenue Service (IRS), HUD, or other housing authority.[30] Both FHFC and local governments utilize LURAs to enforce requirements that developers receiving funding do go on to provide affordable housing.

The same competitive solicitation process is used to distribute many different types of funding routed through FHFC. FHFC is the state's administrator for all federal affordable housing programs, which include LIHTC, HOME Investment Partnerships Programs, the National Housing Trust Fund program through HUD, and Multifamily Mortgage Revenue Bonds. The process is also used for other state programs such as the Elderly Housing Community Loan Program.[31] Certain funding sources can also be paired to ensure a greater number of projects are funded.

Funding for Affordable Housing

FHFC draws and administers funds from federal programs through federal tax credits and HUD[32] and from the state through the State Housing Trust Fund and Local Government Housing Trust Fund.[33] Both state trust funds are funded by documentary stamp taxes, ad hoc individual legislative appropriations, and through program income, which consists primarily of funds from successful loan repayments that are recycled into the program from which they originate.

Documentary Stamp Tax

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[24] *See* Florida Housing Finance Corporation, *State Apartment Incentive Loan*, available at https://floridahousing.org/programs/developers-multifamily-programs/state-apartment-incentive-loan (last visited Jan. 29, 2024).

[25] Low Income Housing Tax Credits are a financial instrument administered by the Department of Housing and Urban Development that provide financing for low income housing developments. Credits are allocated to states on a per capita basis and state-level administration is performed by FHFC. Eligible developments are income-limited similarly to SAIL requirements.

[26] S. 420.5087(2), F.S.

[27] S. 420.5087(1), F.S.

[28] *Id.*, *see also* Fla. Admin. Code R. Ch. 67-60.

[29] For the full list of statutory criteria, *see* s. 420.5087(6)(c), F.S. Additional criteria and scoring mechanics can be set by FHFC.

[30] Commercial Real Estate Finance Company of America, *Multifamily Housing – Land Use Restrictive Agreement (LURA) LIHTC,* available at https://www.crefcoa.com/land-use-restrictive-agreement.html (last visited Jan. 29, 2023).

[31] *See generally* Florida Housing Finance Corporation, *2021 Annual Report*, Jan. 30, 2022, available at https://issuu.com/fhfc/docs/2021_annual_report (last visited Jan. 29, 2024).

[32] *See* ss. 420.507(33) and 159.608, F.S.

[33] S. 201.15, F.S.

The documentary stamp tax imposes an excise tax on deeds or other documents that convey an interest in Florida real property. The tax comprises two taxes imposed on different bases at different tax rates. The first tax rate is 70 cents on each $100 of consideration for deeds, instruments, or writings whereby lands, tenements, or other real property or interests are granted, assigned, transferred, conveyed, or vested in a purchaser.[34] The second tax rate is 35 cents per each $100 of consideration for certificates of indebtedness, promissory notes, wage assignments, and retail charge account agreements.[35] Revenue collected from the documentary stamp tax is divided between the General Revenue Fund and various trust funds[36] according to the statutory formula in ch. 201, F.S.

Housing Trust Funds

The State Housing Trust Fund, administered by FHFC,[37] is "to be used for new construction and substantial rehabilitation of housing, to improve the state's ability to serve first-time homebuyers, and to increase the affordability and availability of the housing stock in the State of Florida."[38] The 1992 Sadowski Act increased documentary stamp tax rates and provided for a certain proportion of documentary stamp tax revenues to be distributed to the State Housing Trust Fund. A large portion of these funds are utilized in the State Apartment Incentive Loan (SAIL) Program.

The Local Government Housing Trust Fund, administered by FHFC,[39] is used to fund the State Housing Initiatives Partnership (SHIP) Program, which was created "for the purpose of providing funds to local governments as an incentive for the creation of partnerships to produce and preserve affordable housing."[40] A certain proportion of documentary stamp tax revenues are distributed to the Local Government Housing Trust Fund.

General Revenue Service Charge

Current law prescribes the distribution of revenues from the excise tax on documents.[41] After payments on certain outstanding bonds and a distribution to the Land Acquisition Trust Fund, 8 percent of total collections are deducted as the General Revenue service charge.[42] This charge is intended to represent a share of the cost of general government. The remaining revenues from the excise tax on documents are distributed to various trust funds, including the State Housing and Local Government Housing Trust Funds.[43]

However, for fiscal years 2023-2024 through 2032-2033, up to $150 million of the General Revenue service charge is redirected to the State Housing Trust Fund for use in the SAIL program.[44] For those years, after documentary stamp tax revenue is distributed to the Land Acquisition Trust Fund, the State Housing Trust Fund must receive the lesser of 8 percent of the remainder or $150 million. If 8 percent of the remainder is greater than $150 million, the amount in excess must be paid into the General Revenue Fund. FHFC must use 70 percent of the redirected funds to issue competitive requests for applications to finance projects that:

- Redevelop an existing affordable housing development while also allowing for the construction of a new development within close proximity to the existing development to be rehabilitated. This process entails first constructing a new affordable housing development, then relocating the tenants from the existing development to the new development, and finally demolishing the existing development to allow for reconstruction of an affordable housing development with more overall units and affordable units;

[34] S. 201.02(1), F.S.
[35] Ss. 201.07 and 201.08, F.S.
[36] The Land Acquisition Trust Fund, the State Transportation Trust Fund, the State Economic Enhancement and Development Trust Fund, the General Inspection Trust Fund, the Water Protection and Sustainability Program Trust Fund, the Resilient Florida Trust Fund, the State Housing Trust Fund, and the Local Government Housing Trust Fund.
[37] Ch. 92-317, ss. 1-35, Laws of Fla; s. 420.0005, F.S.
[38] Ch. 88-376, s. 2, Laws of Fla.; s. 420.003(5), F.S. (1988).
[39] S. 420.9079, F.S
[40] Ch. 92-317, s. 32, Laws of Fla.; s. 420.9072, F.S. (1992).
[41] S. 201.15, F.S.
[42] S. 215.20(1), F.S.
[43] S. 215.15, F.S.
[44] S. 210.15(4), F.S.

- Address urban infill, including conversions of vacant, dilapidated, or functionally obsolete buildings or the use of underused commercial property;
- Provide for mixed use of the location, incorporating nonresidential uses, such as retail, office, institutional, or other appropriate commercial or nonresidential uses; or
- Provide housing near military installations in this state.[45]

The remaining 30 percent must be used to finance projects that:

- Propose using or leasing public lands. Projects that propose to use or lease public lands must include a resolution or other agreement with the unit of government owning the land to use the land for affordable housing purposes;
- Address needs of young adults who age out of the foster care system;
- Meet the needs of elderly persons; or
- Provide housing to meet the needs in areas of rural opportunity.[46]

FHFC must coordinate with the appropriate state department or agency for each goal, and to prioritize projects that provide for mixed-income developments.[47] Any allocated funds remaining at the end of a given fiscal year may be used to supplement future applications for the same types of projects.[48]

<u>Low Income Housing Tax Credits</u>

Of the affordable housing financing options provided by the federal government, LIHTC[49] are among the most commonly used. When a property is financed using LIHTC, the federal government typically requires the property be utilized for affordable housing for at least 30 years.[50] This period is divided into the first 15 years, the "initial compliance period," and the rest, an "extended use period."

After 14 years, the owner of an affordable housing development may request that FHFC seek a purchaser who will continue to operate the affordable portions of the development as affordable housing, which is referred to as the "qualified contract process." Many developments, particularly those that receive the most lucrative LIHTC, waive the right to enter this process, and must remain affordable housing for the duration of the agreed upon time. After a developer requests a qualified contract, if the FHFC is unable to present a buyer during the subsequent one-year period, the extended use period of the property as affordable housing will end, and the property can be utilized for market-rate housing.[51]

This "qualified contract process" relies on FHFC marketing the property and returning to the owner with a "bona fide contract," showing that it has found a buyer in order to maintain the affordable housing requirement. The price for the affordable housing portion of the sale is set according to a formula designed to give the owner an inflation adjusted return on its original equity contribution.[52] The bona fide contract, as provided by administrative rule is:

> …a contract for sale signed by the purchaser, which states that acceptance of the contract is contingent upon approval by the Corporation, and must provide for an initial earnest money deposit (the initial deposit) from the purchaser in the minimum amount of $50,000 and obligate the purchaser to make a second earnest money deposit (the second deposit) (the initial and second deposits shall be refundable in the event of the seller's failure to deliver insurable title or

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[45] S. 420.50871(1), F.S.
[46] S. 420.50871(2), F.S.
[47] S. 420.50871(3), F.S.
[48] S. 420.50871(4), F.S.
[49] Low Income Housing Tax Credits are provided by the federal government to rental housing developers in exchange for a commitment to provide affordable rents and are usually sold to investors to raise project equity. The LIHTC program is governed by the U.S. Department of Treasury and Florida's allocation is administered by Florida Housing. Under the LIHTC program, successful applicants are provided with a dollar-for-dollar reduction in federal tax liability in exchange for the development or rehabilitation of units to be occupied by very low- and low-income households.
[50] Internal Revenue Code Section 42(h)(6)(A).
[51] Internal Revenue Code Section 42(h)(6)(E)(i)(II).
[52] Internal Revenue Code Section 42(h)(6)(F).

in the event of seller's default, otherwise the deposits shall be non-refundable) equal to three (3) percent of the qualified contract price.[53]

If FHFC is able to secure a purchaser and present the owner with a bona fide contract within the one-year period, regardless of whether the owner accepts, rejects, or fails to act upon the contract, the property continues to be subject to its extended use agreement as affordable housing.[54] If the owner accepts the offer, the property is sold to the purchaser. If the owner rejects the offer or fails to act upon the offer, the owner continues to be subject to the extended use agreement and cannot submit another qualified contract request for the development.

Live Local Program

In 2023, the Legislature established the Live Local Program, a tax credit program benefiting the SAIL program.[55] Under the Live Local Program, businesses that make monetary donations to FHFC to fund the SAIL program may receive a dollar-for-dollar credit against either corporate income or insurance premium taxes.[56] The annual tax credit cap for all credits under the program is $100 million.

FHFC must expend all of the contributions received under the Live Local Program for the SAIL program.[57] From the amount received, FHFC may use up to $25 million to provide loans for the construction of large-scale projects of significant regional impact. These projects must include a substantial civic, educational, or health care component, and may incorporate commercial use. These loans must be made in accordance with the practices and policies of the SAIL program, through a competitive application process, and must not exceed 25 percent of the development's total costs. FHFC must find that the loan provides a unique opportunity for investment alongside local government participation that enables the creation of a significant amount of affordable and workforce housing.

Affordable Housing Property Tax Exemption

Current law provides that the use of property in certain multifamily projects for affordable housing will be considered a charitable purpose and qualify for an exemption from ad valorem taxation beginning on January 1 of the year following the 15th completed year from the earliest of:

- The effective date of the recorded agreement with the FHFC;
- The first day of the first taxable year in which the property was placed in service as an affordable housing property; or
- The date such property received a certificate of occupancy, or certificate of substantial completion, as applicable, and could be used to provide affordable housing.[58]

To qualify, a multifamily project must:

- Provide affordable housing to natural persons or families meeting the extremely-low, very-low, or low-income limits specified in s. 420.0004, F.S.;
- Contain more than 70 units used to provide affordable housing to the above group; and
- Be subject to an agreement with the Florida Housing Finance Corporation to provide affordable housing to the above group, recorded in the official records of the county in which the property is located.[59]

The exemption terminates when the property is no longer serving extremely-low, very-low, or low-income persons pursuant to the recorded agreement.

Effect of Proposed Changes

[53] Fla. Admin. Code R. 67-48.031.
[54] Fla. Admin. Code R. 67-48.031(11).
[55] Ch. 2023-17, s. 34, Laws of Fla., codified as s. 420.50872, F.S.
[56] S. 420.50872(3), F.S.
[57] S. 420.50872(2), F.S.
[58] S. 196.1978(2)(a), F.S.
[59] S. 196.1978(2)(b), F.S.

Definitions

The bill amends the definition of "urban infill" in the Community Planning Act to include the development or redevelopment of mobile home parks and manufactured home communities that otherwise meet the criteria to be considered urban infill.

The bill expands the definition of "moderate income persons" for affordable housing programs in a county with a population of 1,000,000 or more to include households with incomes up to the greater of 140 percent of statewide median family income or 140 percent of AMI.

Resilient Florida Grant Program

The bill adds community development districts that were authorized to fund the construction or reconstruction of critical assets in the enabling ordinance that created the district or by a county or municipal development order to the list of governmental entities eligible for grants under the Resilient Florida Grant Program and the Statewide Flooding and Sea Level Rise Resilience Plan.

General Revenue Service Charge Funds

The bill provides that when FHFC reviews a proposal to redevelop an existing affordable housing development while also allowing for the construction of a new development within close proximity to the existing development to be rehabilitated, the consideration of the total number of units which includes more overall and affordable units must be based on plans presented by the developer which include factors related to existing or proposed zoning, financing, and the housing supply needs of the county in which the project is located.

The bill provides that urban infill projects using redirected funds must use the definition of urban infill provided in the Community Planning Act.

The bill also provides that a project financed using the redirected funds may not be required to use federal low-income housing tax credits or tax-exempt bond financing as part of the financing structure for the project.

Live Local Program

The bill authorizes FHFC to use funds set aside for the construction of large-scale projects of significant regional impact to be used for new construction projects that have received development assistance from the federal government to replace obsolete homes in mobile home parks and manufactured home communities based on a comprehensive redevelopment plan.

The bill provides that a project financed as part of the Live Local Program may not be required to use federal low-income housing tax credits or tax-exempt bond financing as part of the financing structure for the project.

Affordable Housing Property Exemption

The bill revises eligibility for the property tax exemption for the use of property in certain multifamily projects as affordable housing to apply to properties used for moderate-income housing.

B. SECTION DIRECTORY:

Section 1: Amends s. 163.3164, F.S., relating to the Community Planning Act.

Section 2: Amends s. 196.1978, F.S., relating to affordable housing property exemption.

Section 3: Amends s. 380.093, F.S., relating to Resilient Florida Grant Program.

Section 4: Amends s. 420.0004, F.S., relating to definitions.

Section 5: Amends s. 420.50871, F.S., relating to allocation of increased revenues derived from amendments to s. 201.15, F.S. made by ch. 2023-17, Laws of Fla.

Section 6: Amends s. 420.50872, F.S., relating to Live Local Program.

Section 7: Provides an effective date of July 1, 2024.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   The bill may reduce local government revenues by expanding the eligibility for a property tax exemption for the use of property in certain multifamily projects as affordable housing to apply to properties used for moderate-income housing.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   The county/municipality mandates provision of Art. VII, s. 18(b) of the Florida Constitution may apply because the provision in the bill that provides a property tax exception for certain property used to provide affordable housing may reduce county and municipal government authority to raise revenue. The bill does not appear to qualify under any exemption or exception. If the bill does qualify as a mandate, final passage must be approved by two-thirds of the membership of each house of the Legislature.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

The bill neither provides authority for, nor requires rulemaking by executive branch agencies.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Lines 42-68 of the bill provide that property in certain multifamily projects used for affordable housing may be eligible for an ad valorem tax exemption at the earliest of the date of a recording agreement between the developer and FHFC, the first day of the taxable year in which the property was placed into service as affordable housing, or the date the property received a certificate of occupancy. The bill does not, however, amend other provisions contained in the same section which require the property to be subject to an agreement between the developer and FHFC to be eligible for the agreement.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

None.