

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 287 Affordable Housing for the Elderly  
**SPONSOR(S):** Patterson and others  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 724

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Growth Management Committee		Porter	Grayson
2) Elder & Long-Term Care Committee			
3) Local Government Council			
4) State Infrastructure Council			
5) _____			

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### SUMMARY ANALYSIS

HB 287 increases the cap on loans made under the State Apartment Incentive Loan Program for the improvement of homes for the elderly.

The bill does not appear to have a fiscal impact upon the state.

The bill provides for an effective date of July 1, 2005

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Safeguard Individual Liberty – The bill increases the cap on loans made by the Florida Housing Finance Corporation under the State Apartment Incentive Loan Program. This program currently has a cap of \$200,000, which may limit the number of eligible homes participating in the program. Increasing the cap in the loan amount may increase participation in the program.

#### B. EFFECT OF PROPOSED CHANGES:

##### Effect of Proposed Changes

The bill increases the cap on loans made under the State Apartment Incentive Loan Program for the improvement of homes for the elderly from \$200,000 to \$750,000. The current cap of \$200,000 with a 15 percent match would limit the scope of projects to those around \$235,000 unless additional credit is made available to the sponsor through the private credit market. This current limit may discourage the use of program for projects which exceed this amount. The change in the cap amount would allow projects as large as \$882,000 to be eligible to use the loan program if all other criteria are satisfied and could increase program participation.

##### Background

The State Apartment Incentive Loan (SAIL) Program was created in 1992 to stimulate production of affordable, multi-family rental housing for very-low income individuals and families and is currently administered by the Florida Housing Finance Corporation. This program was created to provide first, second, or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, nonprofit, and public entities, to provide housing affordable to very-low-income persons, including the elderly. The program is intended to benefit apartment complexes in which at least 20 percent of the units in the project are set aside for persons or families who have incomes which meet the income eligibility requirements of s. 8 of the United States Housing Act of 1937; persons or families who have incomes below 50 percent of the state or local median income, whichever is higher; the sponsor uses the federal low-income housing tax credit, and the project meets the tenant income eligibility requirements of s. 42 of the Internal Revenue Code of 1986; or the project is located in a county that includes, or has included within the previous 5 years, an area of critical state concern designated or ratified by the Legislature for which the Legislature has declared its intent to provide affordable housing, and 100 percent of the units in the project are set aside for persons or families who have incomes below 120 percent of the state or local median income, whichever is higher.

The statutes require at least 10 percent of the funds received by the Florida Housing Trust Fund be reserved to provide loans to sponsors of housing for the elderly for the purpose of making building preservation, health, or sanitation repairs or improvements which are required by federal, state, or local regulation or code, or life-safety or security-related repairs or improvements to such housing. The majority of the funds in this trust fund come from doc stamp revenues. These loans have been capped since program inception at a maximum of \$200,000 and can not exceed the sponsor's equity in the facility. The loans are capped at no more than 3 percent interest (current loans are made at 1%) and can be financed no more than 15 years. The sponsor must match 15 percent of the loan amount and demonstrate evidence of the first mortgagee's review and approval of the sponsor's intent to apply for the loan. The proceeds of the loans are also restricted from being used for administrative costs, routine maintenance, or new construction. According to the Florida Housing Finance Corporation, the loans are used for items such as, emergency call systems, security systems, plumbing upgrades, elevators, accessibility upgrades, air conditioning, sprinkler systems, fire alarms, and electrical wiring. The

Florida Housing Finance Corporation stated that there has not been a default of any loan made under the program and that the program had excess unused capacity for the prior four fiscal years.

Section 420.5087(3), F.S., provides for the reservation of SAIL funds for specified tenant groups. The designated tenant group categories include: commercial fishing workers and farm workers; families; persons who are homeless; and elderly persons. Presently 24 percent of the total amount is reserved for the elderly.<sup>1</sup> Ten percent of the amount reserved for the elderly must be allocated to the Elderly Housing Community Loan Program to provide loans for building preservation, health, or sanitation repairs or improvements which are required by federal, state, or local regulation or code, or life safety or security-related repairs or improvements to such housing. Loans issued under this program may not exceed \$200,000 per housing community for the elderly.

The bill provides for an effective date of July 1, 2005.

C. SECTION DIRECTORY:

Section 1. Amends s. 420.5087(3)(d), F.S., relating to the State Apartment Incentive Loan Program.

Section 2 - Provides for an effective date of July 1, 2005.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

The funds used for the State Apartment Incentive Loan Program already exist at the Florida Housing Finance Corporation and therefore has no fiscal effect on state revenues.

2. Expenditures:

The bill appears to have no effect on state expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The bill does not appear to have an effect on local government revenue.

2. Expenditures:

The bill does not appear to have an effect on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not appear to have a direct economic impact on the private sector as a whole. The provisions of the bill could have an economic impact on a private sector apartment owner that qualifies and takes advantage of the program due to the increased loan cap amount.

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<sup>1</sup> Section 420.503(19), F.S., defines "housing for the elderly" for purposes of s. 420.5087(3)(d), F.S., as any nonprofit housing community that is financed by a mortgage loan made or insured by the U. S. Department of Housing and Urban Development under s. 202, s. 202 with a s. 8 subsidy, s. 221(d)(3) or (4), or s. 236 of the National Housing Act, as amended, and that is subject to income limitations established by the United States Department of Housing and Urban Development, or any program funded by the Rural Development Agency of the United States Department of Agriculture and subject to income limitations established by the United States Department of Agriculture.

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. The bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

This bill does not increase rule making authority for the Florida Housing Finance Corporation.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

None.

Other Comments

A representative of the Florida Association of Homes for the Aging<sup>2</sup> indicated that the bill will enable housing communities for low-income elders to address larger repair and renovation projects and reduce the need to secure multiple loans from different sources to cover repair and renovation costs.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES**

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<sup>2</sup> Carol Berkowitz, Executive Director.