

**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 Community Affairs Committee

BILL: CS/SB 2314

INTRODUCER: Community Affairs Committee and Senator Wise

SUBJECT: Affordable Housing/Persons with Special Needs

DATE: April 6, 2009 REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Molloy	Yeatman	CA	<b>Fav/CS</b>
2.			FT	
3.			TA	
4.			WPSC	
5.				
6.				

**Please see Section VIII. for Additional Information:**

- |                              |                                     |   |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="" type="checkbox"/> | Statement of Substantial Changes        |
| B. AMENDMENTS.....           | <input type="checkbox"/>            | Technical amendments were recommended   |
|                              | <input type="checkbox"/>            | Amendments were recommended             |
|                              | <input type="checkbox"/>            | Significant amendments were recommended |

**I. Summary:**

The CS/SB 2314 (the bill) specifies that funds distributed for multifamily rental housing should address the housing needs of persons most in need of housing, provides definitions for “disabling condition” and “persons with special needs,” and directs the Florida Housing Finance Corporation to include the housing needs of persons with special needs when making mortgage loans from the State Apartment Incentive Loan Program (SAIL). The bill creates a category for persons with special needs to be added as a tenant group eligible to use SAIL set-aside funds for housing.

This bill substantially amends ss. 420.0003, 420.0004, 420.507, and 420.5087, Florida Statutes, and corrects cross-references in ss. 163.31771, 196.1978, 212.08, 215.5586, and 420.503, Florida Statutes.

## II. Present Situation:

**Florida Housing Finance Corporation**<sup>1</sup> — The Florida Housing Finance Corporation (corporation), is the state entity primarily responsible for encouraging the construction of affordable housing in Florida. The corporation was created in 1997 when the Legislature enacted chapter 97-167, Laws of Florida, to streamline implementation of affordable housing programs in Florida by reconstituting the agency as the corporation. The corporation is a public corporation housed within the Department of Community Affairs (DCA) and is a separate budget entity not subject to control, supervision, or direction by the DCA. The corporation is governed by a board of directors comprised of the Secretary of DCA who serves as an ex officio voting member, and eight members appointed by the Governor subject to confirmation by the Senate.

The corporation operates several housing programs financed with state and federal dollars, including:

- The State Apartment Incentive Loan Program (SAIL) which annually provides low-interest loans on a competitive basis to affordable housing developers;
- The Florida Homeowner Assistance Program (HAP) which includes the First Time Homebuyer Program, the Down Payment Assistance Program, the Homeownership Pool Program, and the Mortgage Credit Certificate program;
- The Florida Affordable Housing Guarantee Program which encourages lenders to finance affordable housing by issuing guarantees on financing of affordable housing developments financed with mortgage revenue bonds;
- The State Housing Initiatives Partnership (SHIP) Program which provides funds to cities and counties as an incentive to create local housing partnerships and to preserve and expand production of affordable housing; and
- The Community Workforce Housing Innovation Pilot Program (CWHIP), which awards funds on a competitive basis to promote the creation of public-private partnerships to develop, finance and build workforce housing.

Affordable housing programs are funded from documentary stamp tax revenues which are distributed to the State Housing Trust Fund and the Local Government Housing Trust Fund, and then used for the various corporation programs. The 2005 Legislature capped the rate of growth for distribution of documentary stamp tax revenues effective July 1, 2007.

**SAIL Program**— The SAIL program, created in s. 420.5087, F.S., authorizes the corporation to underwrite or make loans or loan guarantees if:

- The project sponsor uses tax-exempt financing for the first mortgage and at least 20 percent of the units are set aside for persons or families who meet the income eligibility requirements of s. 8 of the United States Housing Act of 1937, as amended;
- The project sponsor uses taxable financing for the first mortgage and at least 20 percent of the units are set aside for persons or families who have incomes below 50 percent of the state or local median income, whichever is higher, adjusted to family size;
- The project sponsor uses federal low-income housing tax credits and the project meets the tenant eligibility requirements of s. 42 of the Internal Revenue Code; or

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<sup>1</sup> Formerly the Florida Housing Finance Agency

- The project is located within a county that has an area that is, or within the previous 5 years was designated as an area of critical state concern 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 with incomes below 120 percent of the state or local median income, whichever is higher.

Funds must be reserved for commercial fishing workers and farm workers, families, the elderly, and the homeless. Projects that maintain 80 percent of their units for commercial fishing workers and farm workers, and the homeless, are eligible to receive loans at a 1 percent interest rate. All other projects are eligible for loans at a 3 percent rate. Ten percent of funds set aside to house the elderly must be reserved to provide loans for the purpose of making existing building health and preservation improvements, or sanitation repairs or improvements required by federal, state, or local law or regulation, or life safety or security-related repairs or improvements. Loans from the reserved funds may not exceed \$750,000 per housing community, and the sponsor of the housing community must commit to matching at least 5 percent of the loan amount needed to pay for the necessary repairs or improvements.

### **Social Security Disability<sup>2</sup>**

Social Security disability benefits are provided to persons who have worked in jobs covered by Social Security, and whose medical condition meets the Social Security definition of disability. Monthly cash benefits are paid to people who are unable to work for a year or more because of a disability and continue until the person is able to work again on a regular basis. The definition of disability under Social Security is different than other programs. Social Security pays only for total disability – no benefits are paid for partial or short-term disabilities. Under Social Security, a person is disabled if:

- The person cannot perform the work that he or she did prior to the onset of the medical condition;
- Social Security decides that the person cannot adjust to other work because of the medical condition; and
- The disability lasts or is expected to last for at least one year or will eventually result in death.

### **Supplemental Security Income<sup>3</sup>**

Supplemental Security Income is a federal income supplement designed to help elderly, blind, and disabled persons who have little or no income. The program is funded from general tax revenues rather than Social Security taxes, and provides cash to meet the basic needs of qualified persons for food, clothing and shelter.

### **Disabled Veterans Benefits<sup>4</sup>**

Disabled veterans benefits are paid to military veterans who have injuries or diseases incurred while on active duty, or made worse by active military service. For veterans disabled or injured in the line of duty, the Department of Veterans Affairs also provides medical care.

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<sup>2</sup> [www.ssa.gov/diplan/dqualify4.htm](http://www.ssa.gov/diplan/dqualify4.htm) (last visited April 2009)

<sup>3</sup> [www.ssa.gov/ssi/](http://www.ssa.gov/ssi/) (last visited April 2009)

<sup>4</sup> [www.military.com/benefits/military-pay/va-disability-compensation](http://www.military.com/benefits/military-pay/va-disability-compensation) (last visited April 2009)

### III. Effect of Proposed Changes:

**Section 1.** Amends s. 420.0003, F.S., to amend the general guidelines for affordable housing production or rehabilitation to provide that the distribution of housing funds for multifamily rental housing should be administered to address the housing requirements of persons most in need of housing.

Requires the Shimberg Center for Affordable Housing, the Department of Community Affairs, and the Florida Housing Finance Corporation to include the housing needs of persons with special needs when conducting a review and evaluation of housing programs.

**Section 2.** Amends s. 420.0004, F.S., to provide that :

- “Disabling condition” means a diagnosable substance abuse disorder, serious mental illness, developmental disability, or chronic physical illness or disability, or the co-occurrence of two or more of these conditions, and a determination that the disabling condition:
  - Is expected to be of long-continued and indefinite duration, and
  - Is not expected to impair the ability of the person with special needs to live independently with appropriate support.
  
- “Persons with special needs” is an adult person requiring independent living services in order to maintain housing or develop independent living skills and who has a disabling condition, or a young adult formerly in foster care who is eligible for services under s. 409.1451(5), F.S.; or a survivor of domestic violence as defined in s. 741.28, F.S., or a person receiving benefits under the Social Security Disability Insurance program, the Supplemental Security Income program, or a person receiving veterans’ disability benefits.

**Section 3.** Amends s. 420.507, F.S., to provide that in developing and administering the SAIL program, the Florida Housing Finance Corporation may make special rate mortgage loans for projects that set aside housing for persons with special need as follows:

- For projects that set aside at least 80 percent of the units for farmworkers, commercial fishing workers, the homeless, or persons with special needs, an interest rate between zero to 3 percent.
- For projects that set aside a pro rata share of units for homeless residents or persons with special needs if the total of such units is less than 80 percent of the units in the borrower’s project, an interest rate between zero to 3 percent.
- For projects that target the housing needs of populations other than farmworkers, commercial fishing workers, the homeless, and persons with special needs, an interest rate of 1 to 9 percent.

**Section 4.** Amends s. 420.5087, F.S., to add persons with special housing needs as a category to the tenant groups for which a sponsor of an affordable housing project, if providing housing for persons in any of the tenant groups, may have access to reserved funds. The reservation of funds for projects that supply housing to persons with special needs may not exceed 10 percent of the funds available at the time of the notice of fund availability.

**Sections 5 through 9.** Amends ss. 163.31771, 196.1978, 212.08, 215.5586, and 420.503, F.S., to correct cross-references.

**Section 10.** Provides that the act will take effect July 1, 2009.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Persons with special needs will receive additional housing assistance under the provisions of the bill.

C. Government Sector Impact:

This bill provides that the reservation of SAIL funds for sponsors who meet the housing set aside for specified tenant groups is expanded to include persons with special needs.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**

A. Committee Substitute – Statement of Substantial Changes:

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

**CS by Community Affairs on April 6, 2009:**

The CS/SB 2143 removes provisions of the original bill relating to the distribution of

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documentary stamp tax revenues in excess of the statutory limits distributed to the State Housing Trust Fund and the Local Government Housing Trust Fund. Provisions governing unit set asides under the SAIL program, the HOME Investment Partnership Program, or the federal low-income housing tax credit program are removed. Revisions are made to the definitions of “disabling condition” and “persons with special needs.”

**B. Amendments:**

None.

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

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