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October 20, 2017

Members of the Affordable Housing Workgroup
c/o Florida Housing Finance Corporation

Re: Comments for Workgroup

Dear Workgroup Members:

I am writing on behalf of the Florida Association of Local Housing Finance Authorities, the organization that represents local HFA's in all large and medium sized counties in Florida. Our organizations utilize bond financing for home ownership and rental housing, and also utilize other resources to fund a wide variety of locally based housing strategies. Local HFA's are active participants in financing deals that involve SAIL loans for gap financing in rental developments, as well as down payment assistance for first time homebuyers.

Florida ALHFA's recommendations are focused only on the areas where we bring a level of professional expertise to the table:

1. The Workgroup should recommend that the Florida legislature appropriate all funds in the State and Local Housing Trust Funds for Florida's highly successful housing programs. SHIP, SAIL, Catalyst and other programs are the best in the nation—they have been tested over time and have proven to be highly effective in serving homebuyers, homeowners, renters—and bring private sector investment to affordable housing at a ratio of over 4-1.

One question that has arisen: Is this a "policy" issue? Florida ALHFA can think of no other item more fundamental to Florida's housing policy than if the legislature makes a policy decision to appropriate these funds for their intended purpose.

Another question that has been asked: Is this "throwing money" at a problem? Throwing money at a problem is when you know there is a problem, but you really don't know what to do about it—so you start spending money in an uncoordinated and often inefficient manner. Nothing could be further from the truth in Florida—we know the problem and we know that our housing programs provide cost effective solutions to the problem. We simply have not used the available funding.

Florida ALHFA recommends that the Workgroup take a policy position that is clear and strong—all funds in the housing trust funds should be appropriated by the legislature for our highly successful and efficient housing programs.

2. Florida ALHFA's second recommendation is that the Workgroup endorse legislation that would provide exemption from documentary stamp and intangible taxes on related to all mortgages financed by or on behalf of local HFA's.

Current law provides this exemption if the mortgage is made in connection with bonds issued by a local HFA [F.S. 159.621(1)]. However, most local HFA's operate successful home ownership programs that do not use bond financing. The Florida Housing Finance Corporation currently is granted the exemption for any mortgage, while local HFA's are not.

The public purpose is clear—we are providing down payment assistance to moderate income first-time homebuyers, while at the same time increasing the need for greater assistance by charging those same homebuyers a tax at loan closing. The exemption granted to FHFC shows that the public is best served by extending this same exemption to all mortgages made by or on behalf of local HFA's.

Florida ALHFA thanks you for your work and for being open to input from the public. I am available to answer any questions on either of our recommendations.

Sincerely,



Mark Hendrickson
Executive Director
Florida Association of Local Housing Finance Authorities

F L O R I D A H O U S E O F R E P R E S E N T A T I V E S

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A bill to be entitled
An act relating to housing finance authorities;
amending s. 159.621, F.S.; exempting certain notes and
mortgages from taxation as well as interest or income
thereon, which are part of a loan made by or on behalf
of a housing financing authority; providing
requirements for exemption to apply; providing an
effective date.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Section 159.621, Florida Statutes, is amended
to read:

159.621 Housing bonds exempted from taxation.—

(1) The bonds of a housing finance authority issued under
this act, together with all notes, mortgages, security
agreements, letters of credit, or other instruments which arise
out of or are given to secure the repayment of bonds issued in
connection with the financing of any housing development under
this part, any note or mortgage given in connection with a loan
made by or on behalf of a housing finance authority pursuant to
s. 159.608(8), as well as the interest thereon and income
therefrom, shall be exempt from all taxes.

(2) Any note or mortgage given in connection with a loan
made by or on behalf of a housing finance authority pursuant to

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26 s. 159.608(8), as well as the interest thereon and income
27 therefrom, is also exempt from all taxes if documentation from
28 the housing finance authority that affirms that the loan was
29 made by or on behalf of the housing finance authority is
30 included with the note or mortgage at the time the note or
31 mortgage is recorded.

32
33 The exemption granted by this section shall not be applicable to
34 any tax imposed by chapter 220 on interest, income, or profits
35 on debt obligations owned by corporations.

36 ~~(2) For any note or mortgage given with respect to a loan~~
37 ~~made by or on behalf of a housing finance authority pursuant to~~
38 ~~s. 159.608(8), to be exempt from all taxes pursuant to~~
39 ~~subsection (1), documentation from the housing finance authority~~
40 ~~affirming that the loan was made by or on behalf of the housing~~
41 ~~finance authority must be included with the note or mortgage at~~
42 ~~the time the note or mortgage is recorded.~~

43 Section 2. This act shall take effect July 1, 2018.

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