Analysis of Florida's Affordable Rental Supply and Remaining Housing Need

Prepared by Florida Housing Finance Corporation
September 2003

Analysis of Florida's Affordable Rental Supply and Remaining Housing Need

Prepared by Florida Housing Finance Corporation, September 2003

As part of an effort by Florida Housing Finance Corporation to ensure that Florida's full range of rental housing programs are well matched to Florida's affordable housing needs, a preliminary analysis has been completed to show how well each income group's housing needs are being met by the state's affordable housing delivery system. The purpose of the analysis is to set the stage for interested stakeholders to consider whether changes are needed in Florida's overall delivery system to meet affordable rental housing needs.

Every federal, state and local program that has contributed to Florida's existing affordable rental housing stock is part of the analysis, including programs administered by U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture – Rural Development (RD), local government community development departments, local housing finance authorities, public housing authorities, Florida Housing, Florida Department of Community Affairs and Florida Department of Children and Families. We did not include housing programs such as Housing Opportunities for Persons With AIDS (HOPWA) that fund only transitional housing in Florida.

In a nutshell, this analysis is a snapshot that attempts to determine how well each income group's housing needs are being met by the entire affordable housing delivery system, not just programs administered by Florida Housing.

Summary of the Methodology

The analysis compares the currently available affordable rental housing supply, including tenant vouchers, to the current population in need of rental housing. While the quality of the data collected for this analysis was on the whole very good, some information could not be obtained because it does not exist or is outdated. This leaves data holes, which do not affect our overall conclusions here, but do illustrate the limits of the currently available data used for this analysis. We have included descriptions of each housing program, along with methodology notes, in *Appendix A*.

Supply – Florida Housing gathered the following information on housing supply: 1) The total number of rental units and/or vouchers that were available through each program as of December 31, 2002; 2) The total funding that each program has committed to build and/or maintain existing affordable rental units and/or vouchers since 1970 at the earliest, or later program inception; and 3) The income levels being served by the currently available rental units and vouchers. We used four generally accepted income categories for this purpose: 0-30 percent of area median income (AMI), characterized as "extremely low-income"; 31-50 percent of AMI, characterized as "very low-income"; 51-80 percent of AMI, characterized as "low-income"; and 81-120 percent of AMI, known as "moderate income."

In many cases, data on the actual income of families living in the units are unavailable, so we used income targets for this preliminary report. Florida Housing has anecdotal evidence that units targeted to those at 60 percent of AMI actually serve a range of incomes from about 40 to 60 percent of AMI. Accordingly, we distributed Florida Housing and units developed with mortgage revenue bonds by local governments (Local Bonds) with this in mind. The *Table I Notes* provide a detailed explanation of how this was done. For this analysis, we assume that all available affordable units are fully leased and occupied.

The housing supply information in this analysis includes only permanent housing, not emergency shelters or transitional housing. While these latter housing types are essential to help needy families get back on their feet in the short run, they do not provide long term housing and do not bear on this analysis.

Remaining Need – The need numbers as used in this analysis are a measure of the remaining renter households that are in need of affordable housing, assuming the available affordable rental supply is already meeting a portion of the affordable need. "Remaining need" is based on the number of severely cost burdened renter households by income level (0-29.9 percent AMI, 30-49.9 percent AMI, and 50+ percent AMI) that were estimated statewide in 2002. Severe cost burden is defined as paying 50 percent or more of a household's income for housing (in the case of renters, cost burden includes rent and utilities). While these income categories vary slightly from the supply categories, we believe they are close enough for this analysis to provide a useful comparison to the supply data. The cost burden measure is only one proxy for housing need; nonetheless, it is used widely throughout the country as one of the best indicators of affordability problems, which is why we use it in this analysis. However, a household that meets income restrictions is not required to have a cost burden to be eligible to rent an affordable unit funded by any of these programs.

By identifying the number of units produced and what income groups are served, the analysis shows how all of the available housing vouchers and affordable units correlate with the remaining rental housing need of income groups between 0 and 120 percent of AMI. This analysis attempts to show the "gaps" in who is being served and whether one income group is being served more than another. *Table I* on page 8 summarizes that information, and *Table I Notes* provide a detailed perspective on methodology issues.

Table I also shows the amount of funding that has been allocated to each program in 2002 and total program funding since 1970 or program inception, whichever is more recent. Another column provides a snapshot of each program's relative cost to government by assigning a rating of High, Medium or Low to the program. The programs that are rated *High* cost the most because funding is provided as a grant or similar award without any requirement for the funding to be paid back. The least costly programs, which are rated *Low* on the table, are mortgage guarantees, which provide backup insurance in case of mortgage defaults. Mortgage revenue bonds, for which primary funding does not come from the government, are also rated as *Low* because the taxes that would otherwise be due on them is the real cost to government.

Findings

Table I shows estimates of how many affordable units and vouchers are distributed across the AMIs and compares this information to how many families with severe affordability problems are distributed across this same income spectrum. The information is summarized below.

Summary of Florida's Affordable Rental Supply Compared to Rental Need, as of December 31, 2002

	Total	0-30% AMI	31-50% AMI	51-120% AMI
Total Rental Supply	367,494	131,210	91,573	144,709
% of Total Supply	100%	35.7%	24.9%	39.4%
Total Remaining Rental Need	361,384	217,315	109,886	33,725
% of Total Remaining Need	100%	60.1%	30.4%	9.3%

* In Table I, we split all data on units except for this summary information into four separate AMI categories.

In absolute numbers, the affordable housing supply is fairly well distributed across the three income ranges set forth above. However, when a comparison is made between the supply and remaining need in each income category, more units in the 51-120 AMI percent range are available relative to severely cost burdened households in that AMI range. Conversely, fewer units are available compared to the remaining need in the 0-30 percent AMI range – in other words, relatively few units or vouchers are available compared to the great number of severely cost burdened households in the extremely low-income range.

Another way to look at the supply and need relationship is to determine the overall success in meeting housing needs in each AMI range. To do this, a simple ratio can be used to show the housing supply relative to remaining need. The ratio is the number of affordable units with income restrictions in each targeted range (e.g., 0-30% AMI) divided by the sum of those same available affordable units plus the number of severely cost burdened renter households in that income range. The formula used is:

$$\frac{\text{\# of affordable units in targeted income range}}{\text{\# of affordable units in targeted income range} + \text{\# of remaining severely cost burdened households in same income range}}$$

In comparing the inventory of affordable rental units to the remaining need for renter housing in each AMI range, the success ratio varies greatly across ranges. The highest AMI category shows a ratio of 81.1 percent, suggesting that the state's efforts over the last 20 years to meet rental housing needs in this AMI range have been fairly successful. In the 31-50 percent AMI category, the ratio sits at 45.5 percent. In the lowest AMI category, which has the highest number of cost burdened households, the ratio is 37.7 percent. This is because a greater number of families in this AMI category pays so much for housing costs relative to their income.

As noted above, *Table I* also provides a simple comparison of each housing program's cost to government. The table rates all but one of the federally administered programs as having a *high* cost to government. These programs either provide direct subsidies to tenants, operate government owned Public Housing, or function as grants as long as the housing remains affordable for an agreed upon period of time.

State administered programs are rated between *low* and *medium*, meaning that they are less costly to government overall. These programs require more private investment and, with the exception of funding through the Low Income Housing Credit program, are loans that must be repaid with interest. Housing Credits provide equity to developers that is not repaid to the government in return for which the developer agrees to rent to tenants whose income and rents are limited by HUD-determined criteria. These Housing Credits are the most powerful leveraging tools currently available to attract private investment in affordable housing. Locally administered programs have a range of ratings, with the State Housing Initiatives Partnership program, known as SHIP, and locally administered HOME program rated as both *moderate* and *high*, since program funds from both may be allocated as grants or loans.

Limitations of the Analysis

The data for a project like this are collected from many sources in various formats. In some cases, we found that program data are not maintained for every year of service. For example, HUD was able to provide information on appropriations for public housing in the southern part of the state, but not the northern counties. In cases such as this, we made assumptions based on the data available. More extensive information on methodology and assumptions is included in Appendix A.

This analysis is very coarse because it does not provide perspective on issues such as structural condition or when affordability contracts will expire. For example, Public Housing units built by the federal government tend to serve 0-30 percent AMI households and are older, have fewer amenities, and more importantly, are overall less likely to be in good structural condition. Many other units funded under the Federally Administered Programs category are also aging, especially those funded through Project Based

Programs. At best, we must assume that many of the units serving 0-30 percent AMI households are older and are likely to need rehabilitation or replacement now and in coming years. Moreover, many of these same units are on a year-to-year funding cycle that keeps them affordable in the short run but does not guarantee their availability in the longer run. On the other hand, the supply in the 51-80 percent AMI category tends to be built with equity from Housing Credits and/or Bond financing and are newer units that will be available well into the future as affordable housing.

On the household need side, the cost burden information is useful in providing a sense of the housing affordability problem. However, it is a very aggregated measure that does not provide a nuanced analysis of the population. For instance, cost burden on its own does not measure situations such as those of elders who have very limited incomes, but also have retirement savings they can access.

Perspective

The nation's oldest housing programs, such as HUD's Section 8 and Public Housing, are direct-construction or direct-tenant subsidies that have evolved over time to target households at 0-30 percent of AMI. These types of direct subsidy utilize minimal private capital investment because these federally administered programs have historically provided 100 percent of the funding required to construct and operate affordable units. Extensive subsidization of this sort is what has allowed this housing to serve extremely low incomes.

Today most of these federal programs provide limited funding for additional units each year, so the number of new units serving the lowest income households has slowed to a trickle. Moreover, long-term affordability contracts have expired on most of the units built with funding from Project Based Programs. While many properties remain on year-to-year contracts with HUD, a number of property owners have chosen to convert affordable units to market rate units. The National Housing Trust estimates that over 3,200 affordable units have been lost in Florida due to mortgage prepayment or contract opt-outs since the mid-1990s. Most of these lost units served families at 0-30 percent of AMI. As for Public Housing, the federal government funds these units at levels that keep the current supply operational, but in many cases, do not provide funds for needed renovations. For example, HOPE VI funding, which was a program originally proposed to re-energize federal Public Housing, in fact provides very limited funds for rehabilitation relative to all of the needs that exist in Public Housing.

With the demise of Section 8 Project Based Assistance in the early 1980s, the newly created Florida Housing Finance Agency (now Corporation) began using its multifamily mortgage revenue bond authority to fund housing with 20 percent of the units set aside for low income households with incomes up to 80 percent of AMI. Use of this program nationally was an important policy shift designed to encourage more private sector investment in affordable housing. When Congress lowered income targeting in 1986 to its current level (a minimum of 20 percent of units set aside to serve households at 50 percent of AMI or lower, or 40 percent of units set aside to serve 60 percent of AMI or lower, with family size adjustments), Bond deals became practically impossible to do because the rents generated under the lower income restrictions were too low to make the deals feasible.

In 1986, Congress gave states the authority to use Housing Credits as another tool to encourage private sector participation in the creation of affordable housing in order to assist households with incomes up to 60 percent of AMI. However, the market for Housing Credits did not mature until the early 1990s and it was these credits, along with the State Apartment Incentive Loan (SAIL) program, that provided the extra subsidy which set the state's Bond program in motion. In fact, Florida's SAIL program has been an important mechanism to leverage private capital investment in affordable housing development in order to ensure that the Bond and Housing Credit programs are successful and less risky.

Over the past twenty years, the Bond and Housing Credit programs have been the federal government's focal point for generating a large number of affordable units across the nation, while the other, lower AMI programs have waned. Together with state programs, these newer programs have provided more housing to Floridians at a lower cost to the government because: 1) Less subsidy is needed for families that earn a higher income, because those families are not as cost burdened; and 2) These programs have typically leveraged more private capital into each development. Unlike Section 8 Vouchers or Public Housing, these developments do not have a flexible income safety net available if tenants are unable to pay rent monthly.

Together, Housing Credits, Bonds and SAIL have been successful over this period in increasing the amount of rental housing available to meet the needs of low-income households earning 51-80 percent AMI relative to the housing need at that level. However, over the last ten years Florida Housing has used these programs to challenge developers to target lower incomes than the minimal federal and state requirements. In addition to targeting lower incomes, the programs have promoted the reservation of a greater proportion of units in each property for both affordable use and longer affordability periods.

Table II on page 11 shows how targeted income levels in developments financed by Florida Housing have changed over time. The information does not show who is actually being served (in some cases, we know that families with incomes lower than those targeted are living in these units), but does show the maximum incomes targeted by the units. From 1982 to 2002, Florida Housing funded 131,604 units with set-aside commitments between 0 and 120 percent of AMI. The table shows a clear change from Florida Housing's original program requirements which targeted higher incomes to targeting lower incomes over time (1995 was the last year that Florida Housing funded a development targeted primarily to tenants earning 150 percent of AMI). Florida Housing started funding units for tenants at 60 percent and below AMI in 1987, 50 percent and below AMI units in 1988, 45 percent and below AMI units in 1990, 35 percent and below AMI units in 1996, and 33 percent and below AMI units in 2000. At the end of 2002, a total of 1,695 units, or 1.3 percent of total units, were targeted to households at 0-30 percent and below of AMI. All of these 0-30 percent AMI units were funded between 1999 and 2002.

Some state administered programs work better than others to target lower incomes. *Table III* on page 12 shows how programs at Florida Housing have been used for income targeting. The information is provided across AMI levels and by each program and combination of programs administered by Florida Housing alone or in combination with others, such as Local Bonds. The table shows that, of the programs listed, the Housing Credit program, and, to some extent, the SAIL program have done the best job of meeting the needs of lower income households. This illustrates that less debt-driven programs, such as the Housing Credit program, are more viable to serve lower income families.

Implications for Florida

Together, programs administered at all governmental levels provide housing targeted to families over a range of incomes and this analysis shows that these programs have been enormously successful in providing many units. In most markets throughout Florida, the *demand* for affordable, rental housing at all AMI levels continues to be strong. From a pure *need* perspective, however, this analysis also shows that more units are needed to serve lower income households, especially those in the 0-30 percent AMI range.

Moreover, housing programs by themselves cannot meet the remaining affordable housing need across all incomes because the housing component is only one element of the existing need for Floridians earning 0-30 percent of AMI.

At the state level, Florida Housing's effort to push income targets down in its programs has allowed the state to surpass statutory goals. However, this analysis shows that, as currently structured, state administered programs alone cannot be used to meet the remaining need in the lowest AMI category. This analysis illustrates the policy tension that the affordable housing delivery system faces in the foreseeable future. An important result of providing more affordable units to serve Florida's lowest income residents likely will be the allocation of more resources per unit, thus resulting in fewer overall affordable units being constructed each year. While this change in policy would benefit that portion of the population that has the greatest remaining absolute need (i.e., those at 0-30 percent of AMI), it would mean that if current resources were reallocated, overall production of units that currently serve residents with somewhat higher incomes would slow down.

Prospective Next Steps

In June of 2003, Florida Department of Community Affairs Secretary Colleen Castille and Florida Housing Executive Director Orlando Cabrera recommended that the Affordable Housing Study Commission examine how the state can better serve extremely low-income households. The Commission agreed to study this issue over the course of the next year. Florida Housing's hope is that this analysis will assist the Commission in its examination of the housing needs of Floridians earning between 0 and 30 percent of AMI.

We believe that before the Commission and interested stakeholders can begin to develop housing solutions for these families, a demographic analysis of the extremely low-income, cost burdened population must be completed. This population is a heterogeneous group that includes, for example, elders, minimum wage earner single parents with children, unemployed people with disabilities, and young college graduates who are just entering the workforce. Policy makers should better understand demographic data about these families, such as: household size and age, employment situation, whether disabilities or other special needs are present, and how many households have other assets not included in the cost burden measure. Housing needs for each group differ; thus these differences must be matched to the capabilities of available housing programs. The demographic analysis is likely to show that supportive services from sources other than Florida Housing are a key factor to ensure the success of affordable housing programs for extremely low-income Floridians.

As such, one suggestion is that the pool of policy stakeholders be broadened in order to address a more efficient manner of providing viable housing and supportive services for extremely low-income families. A variety of entities would be important in such a partnership, including, but not limited to: local governments, public housing authorities, health and human services representatives (including the Florida Department of Children and Families and the Department of Elder Affairs), HUD, Rural Development, and the private sector.

Finally, this analysis presents Florida Housing and interested stakeholders with an opportunity to move forward on data accumulation in a more intensive and frequent manner than has previously been the case. One particular step Florida Housing will take in the coming months is the collection of tenant data on developments funded through our programs. This will allow Florida Housing to analyze, for example, the actual incomes of the households living in these units and how many tenants also receive Section 8 vouchers. As these data collection efforts evolve, Florida Housing's analytical conclusions regarding how well the state's housing need is being met will be refined. However, using and improving data dissemination through currently existing resources, most notably the Florida Housing Data Clearinghouse, will be critical to policy makers and other stakeholders. It is equally important that data are maintained and shared at the federal, state and local levels in formats that allow policy makers to assess performance quickly and accurately.

TABLE I: RELATIONSHIP BETWEEN FLORIDA'S AFFORDABLE RENTAL HOUSING SUPPLY AND REMAINING HOUSING NEED, AS OF DECEMBER 31, 2002

A	B	C	D	E	F	G	H	I	J	K
	2002 Funding Amount	Cost to Gov't*	Total Life of Program $ Amount[1]	Total Affordable Units Funded[2]	Total Affordable Units Expired or Demolished	Total Affordable Units Available[3]	# of Affordable Units Targeted to Each AMI Category[4] 0-30% AMI	31-50% AMI	51-80% AMI	81-120% AMI
FEDERALLY ADMINISTERED PROGRAMS										
Project Based Programs	**$ 559,189,112**		**$ 5,060,154,751**	**67,538**	**6,348**	**61,190**	**22,994**	**22,994**	**15,203**	**0**
Project Based Section 8 (1974)	$ 541,871,834	H	$ 3,766,472,107	52,715	3,203	49,512				
Section 202 (1959)	$ 5,210,120	H	$ 732,329,260	20,592	220	20,372				
Section 236 (1968 - 1973)	$ 10,893,418	H	$ 523,056,193	20,896	5,103	15,793				
Section 811 (1991)	$ 1,213,740	H	$ 38,297,191	630	0	630				
PRAC, PAC, Rent Supplement (various)	$ 16,151,955	H	$ 228,584,896	4,665	0	4,665				
Public Housing Authority Programs (1937)	**$ 198,950,417**		**$ 4,836,799,322**	**46,911**	**4,605**	**42,306**	**38,075**	**3,808**	**423**	**0**
Public Housing (1937)	$ 141,801,323	H	$ 4,702,966,264	45,789	4,605	41,184				
HOPE VI (1993)[5]	$ 57,149,094	H	$ 133,833,058	2,529	see Note #5	2,529				
Rural Development	**$ 39,692,751**		**$ 690,713,410**	**15,152**	**0**	**15,152**	**10,606**	**3,030**	**1,515**	**0**
Section 514/516 (1961/1964)	$ 3,800,000	H/M	$ 54,961,801	4,483	0	4,483				
Section 515 (1962)	$ 4,517,080	M	$ 288,348,974	10,669	0	10,669				
Section 521 (1974)	$ 31,375,671	H	$ 347,402,635	10,388	0	10,388				
Section 8 Certificates/Vouchers (1974)	**$ 410,401,153**	H	**$ 5,273,920,227**	**79,861**	**0**	**79,861**	**58,299**	**19,167**	**2,396**	**0**
Shelter Plus Care (1992)	**$ 4,358,724**	H	**$ 53,499,008**	**935**	**0**	**935**	**187**	**748**	**0**	**0**
Single Room Occupancy (1992)	**$ 0**	H	**$ 68,706,190**	**2,437**	**0**	**2,437**	**1,950**	**487**	**0**	**0**
Supportive Housing Program (1992)	**$ 36,880,614**	H	**$ 65,215,599**	**3,927**	**0**	**3,927**	**785**	**3,142**	**0**	**0**
STATE ADMINISTERED PROGRAMS[6]										
Florida Housing Finance Corporation[7]	**$ 1,103,807,389**		**$ 5,916,586,211**	**138,125**	**6,521**	**131,604**	**1,695**	**35,390**	**94,469**	**50**
Affordable Housing Guarantee (1992)[8]	$ 3,865,000	L	$ 25,115,000	24,327	0	24,327				
Demonstration Programs (1999)[9]	$ 6,900,000	M	$ 20,382,915	928	0	928				
HOME Rental (1992)[10]	$ 22,126,000	M	$ 109,787,304	6,086	0	6,086				
Non-Competitive 4% Housing Credits (1990)[11]	$ 271,113,050	M	$ 844,993,847	36,925	0	36,925				
Competitive 9% Housing Credits (1987)	$ 281,347,950	M	$ 1,771,369,128	51,857	2,743	49,114				
Multifamily Mortgage Revenue Bonds (1981)	$ 437,645,000	L	$ 2,848,559,062	68,071	3,809	64,262				
State Apartment Incentive Loan (1992)[12]	$ 80,810,389	M	$ 296,378,955	34,785	196	34,589				
Homeless Housing Assistance Grant Program (2002)[13]	**$ 2,500,000**	H	**$ 2,500,000**	**227**	**0**	**227**	**227**	**0**	**0**	**0**
LOCALLY ADMINISTERED PROGRAMS										
State Housing Initiatives Partnership (1992)	**$ 163,443,545**	H/M	**$ 52,824,531**	**19,056**	**0**	**19,056**	**6,021**	**7,699**	**5,050**	**286**
Local Bonds (Early 1980s)[14]	**$ 270,476,242**	L	**$ 3,317,399,836**	**35,221**	**3,216**	**32,005**	**792**	**4,055**	**19,981**	**7,176**
HOME (1992)	**$ 13,920,771**	H/M	**$ 108,500,793**	**5,410**	**0**	**5,410**	**2,775**	**1,718**	**918**	**0**
CDBG (1974)	**$ 236,093**	H	**$ 12,989,000**	**3,855**	**0**	**3,855**	**6**	**1,828**	**2,021**	**0**
Miami-Dade Documentary Stamp Surtax (1983)[15]	**$ 16,292,795**	M	**$ 76,255,118**	**11,594**	**0**	**11,594**	**0**	**0**	**8,696**	**2,899**
TOTAL FUNDING AMOUNT	**$ 2,820,149,606**		**$ 25,536,063,994**			**Total**	**0-30% AMI**	**31-50% AMI**	**51-80% AMI**	**81-120% AMI**
Total Number of Units Reported By All Programs						**409,559**	**144,411**	**104,065**	**150,671**	**10,410**
Duplication (Units supported by more than one program)						**(42,065)**	**(13,201)**	**(12,492)**	**(16,078)**	**(294)**
TOTAL SUPPLY						**367,494**	**131,210**	**91,573**	**144,709**	
Proportion of Total Supply						**100%**	**35.7%**	**24.9%**	**39.4%**	
TOTAL REMAINING NEED (Severely Cost Burdened Households, 2002)[16]						**361,384**	**217,315**	**109,886**	**33,725**	
Proportion of Total Remaining Need						**100%**	**60.1%**	**30.4%**	**9.3%**	

* **H** = Highest cost to government, including such programs as grants and vouchers, because this category contemplates pure subsidy. Some programs provide both grants and loans, thus they received an H/M.

M = Moderate cost to government, including most loan programs which usually require interest to be paid to governmental entity and principal to be paid back eventually. In the case of Housing Credits, the cost to government is mitigated by the attraction of significant private capital used to leverage the subsidy.

L = Lowest cost to government, including mortgage guarantee programs and mortgage revenue bonds, require the greatest relative investment of private capital to be successful.

Note: Program inception dates are shown in parentheses following each program.

Table I Notes

1. Dollar Amount: The analysis generally provides a snapshot of units and vouchers funded as of December 31, 2002, although in a few cases, funding or unit counts were provided for slightly different periods. Differences, however, are a matter of months. The "Total Life of Program $ Amount" column provides the funding for all programs as far back as the program's inception, or 1970 at the earliest. Actual dollar amounts not reflecting present dollar valuations are used. The year noted next to each program indicates the inception date of that program.

2. Duplication: It is usually necessary to use more than one housing program to provide enough funding in order to develop and maintain an affordable housing unit. As a result, a grand total of available units could not be obtained by simply adding together the number of units funded by each program. Doing so would lead to an overstatement of available units. The duplicated units were subtracted from the total in order to address this issue. The table shows the actual number of units funded by each program as well as the final, unduplicated total number of units available by Program Area, which are in **BOLD**. See Appendix A for a full discussion of the duplication methodologies across programs.

3. Available Units: This analysis considers only permanent, affordable rental housing units. Transitional housing and emergency shelter units are not included. All units that have been awarded funding are included, even those that have not yet been constructed. While some affordable housing developments include units targeted up to 150 percent of AMI or market rate units, we did not include any units targeted to households above 120 percent of area median income (AMI) in the table.

4. Income Levels Targeted: For this analysis, we used four income categories: 0-30 percent of AMI, characterized as "extremely low-income"; 31-50 percent of AMI, characterized as "very low-income"; 51-80 percent of AMI, characterized as "low-income"; and 81-120 percent of AMI, known as "moderate income." All programs do not necessarily report income served according to these particular categories. Therefore, some general assumptions were made to distribute units appropriately among the four income categories. For units reported to be serving 0-60 percent AMI, the units were distributed evenly across the lower three categories (the exception is Florida Housing and Local Bond units, discussed in notes 7 and 13, respectively). For example, if 120 units were targeted for households earning 0-60 percent AMI, 40 units were placed in the 0-30 percent category, 40 units in the 31-50 percent category, and 40 in the 51-80 percent category. In another example, if 100 units were reported to be serving 0-50 percent AMI households, then 50 units were placed in the 0-30 percent AMI category and 50 units in the 31-50 percent AMI category.

5. HOPE VI: The Total Life of Program funding amount includes only administration, infrastructure and dollars committed to the construction or rehabilitation of rental housing in HOPE VI developments. Also, we note that 2,720 federal Public Housing units demolished through the HOPE VI program are shown in the "Units Demolished" section of the Public Housing row in Table I.

6. State Administered Programs: Federal program rules allow Community Development Block Grant (CDBG) program funds to be used for both rental and homeowner units. However, Florida's Small Cities CDBG program only funds homeownership housing. Many local governments only fund homeownership as well, but as seen in the Locally Administered Program section of Table I, some communities do use CDBG for rental units.

7. Florida Housing Finance Corporation: Based on anecdotal evidence, Florida Housing believes that affordable units sometimes serve families with incomes somewhat less than the target restriction committed to by the developer. We assumed that units restricted to serve households earning between 0-50 percent of AMI realistically target mostly households within the 31-50 percent AMI category. Accordingly, all of these units were assigned to that category. We made the same decision for units targeting 0-80 percent of AMI – we assigned all of those units to the 51-80 percent AMI category. The 0-60 percent AMI category, where most Florida Housing units are targeted, is a different story, because these units could easily be serving some households in the 31-50 percent AMI category. Since no data are currently available on the actual incomes of families in these units, we assumed that one-fifth (22,044) of the units restricted to serve the 0-60 percent AMI category are actually serving households earning under 51 percent of AMI. Accordingly, these units were placed in the 31-50 percent AMI category. The In a follow-up to be done at a later time when tenant data are available, we will analyze and report on actual incomes served.

Table I Notes, continued

Also, we note that there are 1,953 FDIC units and 1,369 Section 8 Project Based units not included in the Florida Housing unit count in this analysis. These units were not funded with resources from Florida Housing, but are monitored for compliance by Florida Housing.

8. **Affordable Housing Guarantee**: The Total Life of Program funding amount represents the total dollar amount from the State Housing Trust Fund dedicated to the Guarantee Program to provide debt service coverage on the bonds issued for the Guarantee Program from program inception through 2002. Of the 24,327 units in the Guarantee Program, 15,687 are co-insured by the HUD Risk Sharing Program.

9. **Demonstration Programs**: Five demonstrations have been carried out since 1999: housing for "Soldiers to Scholars," farmworkers, people with developmental disabilities, extremely low-income and homeless people, and people needing licensed affordable assisted living.

10. **HOME Rental**: The Total Life of Program funding amount includes $92,129,054 from the federal government and $17,658,250 in state match funds. It does not include an additional $1,925,705 in program income that has been reinvested in the program.

11. **Housing Credits**: Under the Low Income Housing Credit Program, a housing credit dollar provides one dollar of tax credit each year for a ten-year period. The syndication market for tax credits fluctuates based on market conditions, but tends to pay 75-85 percent of this ten-year total of credits, which then provides the equity used by developers to build affordable housing. Thus the total amount of housing credits awarded since program inception has been multiplied by ten, and that total has been multiplied by 80 percent to get the final approximate equity available to develop affordable units through this program.

12. **SAIL**: The Total Life of Program funding amount includes $270,398,976 from State Housing Trust Fund, $24,827,270 from sales tax revenues used to fund a one-time Hurricane Recovery and Rebuild program, and $1,152,709 from the Affordable Housing Demonstration Loan Program, which pre-dated the SAIL program. It does not include an additional $69,258,663 in program income that has been reinvested in the program.

13. **Homeless Housing Assistance Grants**: In 2002, the first year of this program, half of the annual $5 million appropriation for this program was awarded to applicants for permanent housing; the other half was awarded to transitional housing developments.

14. **Local Bonds**: Local housing finance authorities issued bonds earlier than the 1980s, but those bonds were for homeownership. The dollar amount and unit count in this table includes totals from original bond issue data from local housing finance authorities. Based on anecdotal evidence, Florida Housing believes that affordable units funded with local bonds sometimes serve families with incomes slightly less than the target restriction committed to by the developer. For units restricted to serve households earning between 0-50 percent of AMI, we assumed that these units realistically target mostly households within the 31-50 percent AMI category, so all of these units were assigned to that category. The same decision was made for units targeting 0-80 percent of AMI – all of those units were assigned to the 51-80 percent AMI category. The 0-60 percent AMI category is a different story, because these units could easily be serving some households in the 31-50 percent AMI category. Since no data are currently available on the actual incomes of families in these units, we assumed that one-fifth (2,921) of the units restricted to serve the 0-60 percent AMI category are actually serving households earning under 51 percent of AMI, so these units were placed in the 31-50 percent AMI category.

15. **Miami-Dade County Documentary Stamp Surtax**: Based on surveys of local governments, the only locally funded program supporting the development of permanent rental units to any extent is Miami-Dade County's local documentary stamp surtax program (this is separate from state Sadowski Act funding), so we included these units on the table.

16. **Total Need**: Severely cost burdened households are defined as those spending 50 percent or more of their gross income on rent and utility payments. These data were provided by the Shimberg Center for this analysis. The area median income categories used are slightly different – they are: 0-29.9 percent AMI, 30-49.9 percent AMI, and 50 percent and above AMI. These categories, however, are reasonably close to provide a basis for comparison with housing supply numbers.

TABLE II: TIME ANALYSIS OF INCOME LEVELS TARGETED BY FLORIDA HOUSING FINANCE CORPORATION, 1982-2002

	Number of Affordable Units Targeted to Each Area Median Income Category [1]																			
	20%	25%	28%	30%	Total 0-30%	33%	35%	40%	45%	50%	Total 31-50%	55%	60%	65%	80%	Total 51-80%	120%	Total 0-120% [2]	150%	Total 0-150%
Most Recent Year Funded																				
1982-2002 Totals	78	88	449	1,080	1,695	601	1,528	2,842	484	7,897	13,352	10	110,190	426	5,881	116,507	50	131,604	13,557	145,161
% of Total 0-120% Units	0.06%	0.07%	0.34%	0.82%	1.29%	0.46%	1.16%	2.16%	0.37%	6.00%	10.15%	0.01%	83.73%	0.32%	4.47%	88.53%	0.04%	100.00%	10.30%	110.30%
1982 Totals															158	158		158	626	784
1983 Totals															406	406		406	1,613	2,019
1984 Totals															210	210		210	830	1,040
1985 Totals														174	2,829	3,003		3,003	9,433	12,436
1986 Totals															40	40		40	160	200
1987 Totals													522		83	605		605	328	933
1988 Totals										64	64		2,123		4	2,127	16	2,207		2,207
1989 Totals										324	324		4,466		36	4,502		4,826	247	5,073
1990 Totals								115	25	251	391		3,396		3	3,399	4	3,794		3,794
1991 Totals								39		105	144		2,922			2,922		3,066		3,066
1992 Totals								160	73	209	442		4,438		134	4,572		5,014		5,014
1993 Totals								333	76	324	733		5,354			5,354		6,087		6,087
1994 Totals								376	119	668	1,163		5,608			5,608		6,771		6,771
1995 Totals								595		622	1,217		3,372		260	3,632		4,849	320	5,169
1996 Totals							186	579	136	395	1,296		5,144			5,144		6,440		6,440
1997 Totals							485	31	41	515	1,072		7,135			7,135		8,207		8,207
1998 Totals							346	219		534	1,099	10	8,463	252	37	8,762		9,861		9,861
1999 Totals				26	26		277	224		527	1,028		8,966		536	9,502		10,556		10,556
2000 Totals	78	36	234	150	498	160	95	96	6	730	1,087		16,263		419	16,682		18,267		18,267
2001 Totals		51	181	571	803	398	37	32	8	683	1,158		11,955		522	12,477	30	14,468		14,468
2002 Totals		1	34	333	368	43	102	43		1,946	2,134		20,063		204	20,267		22,769		22,769

Source: Data extracted from Florida Housing Finance Corporation's Housing Project Portfolio database system.

[1] AMI categories are provided in this table based on targets set by FHFC over time. Although the focus of this analysis is on 0-120% of AMI, data on units serving up to 150% are provided for informational purposes.

[2] This total does not include 1,953 FDIC or 1,369 Section 8 (Project Based) units that Florida Housing monitors for compliance.

TABLE III: AREA MEDIAN INCOMES SERVED BY FLORIDA HOUSING FINANCE CORPORATION'S RENTAL PROGRAMS AS OF DECEMBER 31, 2002

	Number of Affordable Units Targeted to Each Area Median Income Category [1]																
	20%	25%	28%	30%	33%	35%	40%	45%	50%	55%	60%	65%	80%	120%	Total 0-120% [2]	150%	Total 0-150%
PROGRAM COMBINATIONS																	
MMRB Only									722		875	174	5,019		**6,790**	13,452	20,242
MMRB/HC-4%							15		238	10	16,813		240		**17,316**	105	17,421
MMRB/SAIL											217				**217**		217
MMRB/HC-4%/Guar									1		2,247				**2,248**		2,248
MMRB/HC-4%/HUD RISK											414				**414**		414
MMRB/HC-4%/HOME									105		620				**725**		725
MMRB/HC-4%/SAIL				44		5	8		371		3,127				**3,555**		3,555
MMRB/HC-4%/HUD RISK/Guar				9					572		9,352				**9,933**		9,933
MMRB/HC-4%/SAIL/HUD RISK				14							231				**245**		245
MMRB/HC-4%/SAIL/HUD RISK/Guar									88		1,389				**1,477**		1,477
MMRB/HC-4%/HOME/HUD RISK/Guar												252	37		**289**		289
HC-9% Only	78	46	193	313	326	1,196	1,129	233	1,491		33,737				**38,742**		38,742
HC-9%/HOME			36		51	95	210	101	867		3,532				**4,892**		4,892
HC-9%/SAIL		15	137	272	54	195	1,368	144	1,445		12,192				**15,822**		15,822
HC-9%/SAIL/HOME							21				80				**101**		101
HC-9%/SAIL/PLP							51				201				**252**		252
HC-9%/SAIL/AHLDP									21		13				**34**		34
HC-4% (and LB)									52		6,043				**6,095**		6,095
HC-4%/Guar (and LB)			14								1,765				**1,779**		1,779
HC-4%/HOME (and LB)									11		497				**508**		508
HC-4%/SAIL (and LB)		17	12	51	29	37			145		9,759				**10,050**		10,050
HC-4%/SAIL/Demonstration				20							204				**224**		224
HC-4%/HUD RISK/SAIL (and LB)									37		303				**340**		340
HC-4%/HOME/Guar (and LB)									33		135				**168**		168
HC-4%/SAIL/Guar (and LB)		4			84				3		3,815				**3,906**		3,906
HC-4%/SAIL/HUD RISK/Guar (and LB)									181		1,177				**1,358**		1,358
SAIL Only		6	57		57			6	523		796		30		**1,475**		1,475
SAIL/HOME									197		10				**207**		207
SAIL/PLP							40		44		51				**135**		135
SAIL/HUD RISK/Guar (and LB)											112				**112**		112
HOME Only				6					529		483		476		**1,494**		1,494
AHLDP									7				7	20	**34**		34
Demonstration Programs				351					214				72	30	**667**		667
TOTAL	**78**	**88**	**449**	**1,080**	**601**	**1,528**	**2,842**	**484**	**7,897**	**10**	**110,190**	**426**	**5,881**	**50**	**131,604**	**13,557**	**145,161**

Program Key:

Guar - Affordable Housing Guarantee Program
LB - Local Bonds
AHLDP - Affordable Housing Loan Demonstration Program
MMRB - Multifamily Mortgage Revenue Bond Program
HC-9% - 9% Housing Credit Program
HUD Risk - HUD Risk Sharing
HC-4% - 4% Housing Credit Program
SAIL - State Apartment Incentive Loan Program
PLP - Predevelopment Loan Program

Source: Data extracted from Florida Housing Finance Corporation's Housing Project Portfolio database system.

[1] AMI categories are provided in this table based on targets set by FHFC over time. Although the focus of this analysis is on 0-120% of AMI, data on units serving up to 150% are provided for informational purposes.

[2] This total does not include 1,953 FDIC or 1,369 Section 8 (Project Based) units that Florida Housing monitors for compliance.

Appendix A — Program Descriptions and Methodology Notes

Duplication –

In Table I, each of the grand totals for Project Based Programs, Public Housing Authority Programs, Rural Development, and Florida Housing Finance Corporation already represent the existing, available number of units funded by programs in those particular areas. For example, if a unit received funding from both Project Based Section 8 and Section 236, it is counted only once in **BOLD** in the "Total Affordable Units Available" column on the Project Based Programs row. The total number of units funded by each individual program is also provided. Table II provides a detailed analysis of how various combinations of Florida Housing's programs work together to serve different income categories.

We completed further analysis to understand the overlap that occurs between program areas, e.g., between Florida Housing programs and Project Based Programs. To estimate the amount of units duplicated between Public Housing Authority Programs, Rural Development programs, Florida Housing programs and Local Bonds, a sample of 144,506 units (about 51 percent of the total 282,257 units) funded by these programs was analyzed. We accomplished this by merging lists of specific developments funded by federally administered Projected Based Programs, Public Housing Authority Programs, Rural Development programs, Florida Housing programs, and Local Bonds. Then we alphabetized the total list included the first 144,506 units in our sample for analysis. Developments with the same name and total number of units were assumed to be a single development and the most restrictive set-aside commitments were applied to the units in each development.

When the 144,506 unit sample was analyzed to determine the number of units actually available, we found that, overall, available units were actually 93.07 percent (134,492) of the funded units. That is, 134,492 of the 144,506 units funded by the programs noted above were unduplicated and available to Floridians. Through this same analysis, we were also able to determine how duplication affected each AMI range. For the 0-30 percent AMI category, available units were 99.04 percent of the number of units reported in this income category. In the 31-50 percent AMI category the rate was 92.52 percent. In the 51-80 percent category the rate was 90.52 percent, and there was no difference in the 120 percent AMI category.

Assuming this relationship is the same for the entire population of units funded by Project Based Programs, Public Housing Authority Programs, Rural Development programs, Florida Housing programs and Local Bonds, we applied this same percentage to the total number reported (282,257) across these programs. This analysis shows that 263,888 units are actually available through these combined programs.

As noted above, the grand totals for each program area were already unduplicated. As such, the above analysis was an assessment of how often units funded by federal, state or local programs also utilize funding from another level. In other words, it assesses the state/federal administration overlap and federal/local administration overlap, rather than the overlap within just state administered programs or within just federally administered programs.

In a separate duplication analysis we estimated the number of units funded by Section 8 Vouchers, Shelter Plus Care, Single Room Occupancy, Supportive Housing, SHIP, locally administered HOME, Homeless Housing Assistance Grants and the Miami-Dade Surtax Program that may have also received funding from other programs.

For Section 8 vouchers, no data are available regarding the extent to which voucher holders are living in units funded by other affordable housing programs. As such, we assumed that 15 percent of voucher holders are living in subsidized units, resulting in duplication. Therefore, we did not count 15 percent of the vouchers available through the Section 8 Voucher program toward the total supply of available affordable rental housing.

Little to no information was available on the use of Shelter Plus Care, Single Room Occupancy or Supportive Housing program funds with other local, state or federal funding. Based on the fairly limited population qualifying for Shelter Plus Care, Single Room Occupancy and Supportive Housing programs, we estimated a conservative two percent of units in each of these programs received other local, state or federal funding.

SHIP funds are often used in conjunction with other local, state and federal funding sources. A survey of 36 local governments was conducted to estimate the level of duplication between SHIP and other public funding sources. Based on the responses of 28 local governments, we estimated the level of duplication for SHIP to be 52 percent.

For the locally administered HOME program, participating jurisdictions were surveyed, and based on their comments we estimated that 20 percent of the HOME units received other local, state or federal funding. We estimated that no Homeless Housing Assistance Grant units received other local, state or federal funding, again because of the limited qualifying population and the limited number of units in this new program (under 230). The staff of the Miami-Dade Surtax program told us that they estimate that five percent of the units funded through the Surtax program are also funded with other program dollars.

On a final note, we did not want to double count affordable units constructed with one type of funding and later rehabilitated with other funding. We believe that the duplication exercises we went through, especially comparing development lists, ensures that there was little chance of this occurring.

Federally Administered Programs

U.S. Department of Housing and Urban Development:

Project Based Section 8 –

- Provides rental subsidies for particular units for a contractually determined period of time
- Subsidies are paid directly to the development owner
- Most often works with Section 202, 236 and 811 programs
- Project Rental Assistance Contracts (PRACs), described below, have replaced this subsidy program, although there are many older units still under this program on a year-to-year basis
- Income Targeted: Designed to serve 0 to 50 percent AMI

Methodology note: For most of these units, we combined Project Based Section 8 funding with other federal programs, including Section 202, Section 236 and Section 811. The funding total for Project Based Section 8 represents the total dollar amount obligated by HUD to Florida between program inception and December 31, 2002. Of this obligated amount, $2.96 billion has been disbursed, with a remaining $811 million available to be disbursed to those developments with active contracts. These numbers were gained from the DBO_Account_Balance table in the HEREMS Database maintained by the Office of Program System Management in U.S. HUD's Office of Housing. The DBO_Account_Balance table maintains information on both active and inactive Project Based Section 8 contracts. The unit count also includes units that received financing through Section 202, Section 236 and Section 811. Finally, and according to HUD, if any old Below Market Interest Rate program units still exist in the state, they are now part of the Project Based Section 8 program and are, therefore, included in the overall unit count.

Section 202 –

- Offers interest-free capital advances to private, nonprofit sponsors to finance development of supportive elder housing
- Designed to provide very low-income elders the opportunity to live independently in an environment that offers support activities such as cleaning, cooking, transportation
- Advances do not have to be repaid as long as the development serves very low-income elders for 40 years
- Income Targeted: Generally serves 0 to 50 percent AMI elder households

Section 236 –

- Provides a subsidy to reduce mortgage interest payments for the purpose of developing housing for low-income families; no new units funded after 1973
- The subsidy is the difference between the mortgage interest rate on a development and one percent
- Income Targeted: Existing units serve 0 to 80 percent AMI households

Methodology note: The total reported amount of $523,056,193 over the life of the program represents the amount committed by HUD to Florida. Of this amount, $387,243,085 has been distributed, $66,250,725 of which has been distributed to properties with expired contracts and $320,992,360 which has been distributed as of December 31, 2002 to those properties with active contracts remaining. There is an additional $135,813,108 available for property owners participating in this program to draw down through August 1, 2017, which is the latest maturity date indicated for the mortgages.

Section 811 –

- Designed to provide interest-free capital advances to nonprofit organizations for the development of rental housing for very low-income adults with disabilities
- Also provides rental subsidies to make the housing more affordable
- Advances do not have to be repaid as long as the housing remains available for these households for at least 40 years
- Income Targeted: Generally serves 0 to 30 percent AMI disabled households

Project Rental Assistance Contract (PRAC) –

- HUD enters into a contract with apartment owners to provide funds to cover the difference between operating costs for the development and the tenants' contribution towards rent
- Contracts are initially approved for five years and renewable based on availability of funds
- Applicable to Section 202 and Section 811 programs
- Income Targeted: Serves 0 to 80 percent AMI households

Project Assistance Contract (PAC) –

- A contract-based program between HUD and a Section 202 development owner used to aid low-income people with disabilities leasing assisted units; was a precursor of PRAC
- The amount of the payment made to the owner is equal to the difference between the contract rent and the tenant rent payable by the family
- Income Targeted: Designed to serve 0 to 80 percent AMI households

Rent Supplement –
- Terminated in 1973 and replaced with the Section 8 Voucher/Certificate Program

Public Housing –
- HUD initially funded full construction and operation of new public housing units, but currently funds operating, maintenance and improvements costs of existing units only
- Units are owned and usually managed by public housing authorities
- Rents are generally well below market rates
- Income Targeted: Designed to serve 0 to 80 percent AMI households, but primarily serves 0-30 percent households today

Methodology note: In Table I, "available units" may be an undercount of units actually existing, as public housing authorities have varying standards on what they consider available. There may be some units which exist, but are tied up in legal proceedings, in the process of tenant turnover, etc. According to the Jacksonville HUD office, 185 units have been demolished in the northern counties under its jurisdiction since 1970. According to the Miami HUD office, 4,420 units have been demolished in the southern counties under its jurisdiction since 1970. We note that 2,720 additional public housing units demolished through the HOPE VI program are also shown in the “Units Demolished” section of the Public Housing row in Table I.

Methodology used to estimate income levels currently served by available public housing units: The Miami HUD field office provided general numbers about the income levels served by the units in its jurisdiction. The public housing units located in Miami HUD’s jurisdiction account for approximately 77 percent of the public housing units in Florida. Because data were unavailable from the Jacksonville HUD office for the northern counties, we assumed that the percentages of the income levels reported to be served in the Miami region were an accurate reflection of which income groups were being served statewide. According to data from the Miami office, 90 percent of the households earned 0-30 percent of AMI, 6 percent earned 31-40 percent of AMI, 3 percent earned 31-50 percent of AMI, and 1 percent earned 51-80 percent of AMI.

Housing Opportunities for People Everywhere (HOPE) VI –
- Developed to aid communities in rehabilitating or eliminating severely distressed public housing
- Provides two types of grants based on the desires of the community: a revitalization grant and a demolition grant
- Income Targeted: 0 to 50 percent Area Median Income (AMI)

Methodology note: We gathered information on HOPE VI units from the public housing authority grantees in Florida.

Section 8 Certificates/Vouchers –
- Provides rental assistance for income eligible families who use the vouchers to lease units in the private market
- The tenant pays 30 percent of the his/her income and the voucher pays the landlord the difference between that 30 percent and whatever is “Fair Market Value” (as established by HUD each year) for that unit
- This program is generally administered locally by a public housing authority
- Assistance is tenant based, which means the tenant may continue to use the assistance when moving, unless the vouchers have been obligated to specific units by the public housing authority

- Under current guidelines, housing authorities may allocate up to 20 percent of their vouchers to specific units, and up to 20 percent may be used to assist homebuyers with mortgage payments
- Income Targeted: Designed to serve 0 to 50 percent AMI households, but the majority of vouchers are provided to 0-30 AMI households

Methodology note: The "unit" total represents the number of vouchers issued by public housing authorities in Florida as of March 31, 2003. While HUD authorized Florida to issue up to 84,999 Section 8 Certificates and Vouchers, appropriated federal funds only allowed for the issuance of 79,861 certificates/vouchers. Of these, 93 percent (74,437) were utilized by tenants. Sometimes eligible households use Section 8 vouchers to obtain housing also funded through other affordable rental programs, such as Housing Credits, or use them to help them make mortgage payments. No information is currently available about the extent to which vouchers overlap with other affordable programs. Furthermore, these totals represent both project-based and tenant-based vouchers. While there is no information currently available that provides disaggregated information on these two types of vouchers, we do know that most vouchers are directly allocated to tenants for rental housing.

Shelter Plus Care –

- Designed to link rental assistance to supportive services for hard-to-serve homeless persons with disabilities, such as mental illness, chronic drug and/or alcohol problems or those having AIDS, and their families
- The program provides rental assistance grants for permanent housing. The grant amounts must be matched in the aggregate by supportive services equal in value to the amount of rental assistance and appropriate to the needs of the population served
- Income Targeted: Designed to serve 0 to 30 percent AMI households

Supportive Housing Program –

- Designed to develop supportive housing and services that allow homeless people to live independently; the focus is on people with disabilities
- Eligible applicants include states, local governments, public housing authorities and private nonprofits
- Income Targeted: Primarily serves 0 to 50 percent AMI households

Methodology note for Shelter Plus Care and Supportive Housing Programs: Neither the Shelter Plus Care nor Supportive Housing programs have income restrictions on funded units. They simply require that the tenants meet the programs' homeless definition. Both programs primarily provide permanent housing for families and individuals with disabilities, and these households receive an income higher than the standard Social Security Income payments. Accordingly, the HUD staff assumes that most of the households fall in the 31-50 percent AMI category. We accepted HUD's premise and further assumed that 20 percent of the households in SPC and SHP units earn 0-30 percent of AMI and the remaining 80 percent earn 31-50 percent of AMI.

Single Room Occupancy –

- HUD enters into ten year contracts with public agencies, who may in turn work with nonprofits, to complete moderate rehabilitation of and operate properties
- Developments contain multiple single room dwelling units
- Rental assistance is paid on behalf of tenants who rent the units for the cost of some rehabilitation, ownership and maintenance of units
- Priority is given to homeless people
- Income targeted: None, but generally serves 0-50 percent AMI tenants

Methodology note: SRO units are restricted to serve individuals earning below 50 percent of AMI. However, the HUD staff told us that tenants served by this program are most often chronically homeless individuals. HUD estimates that the majority of the households actually fall within the 0-30 percent AMI category. We accepted HUD's premise and further assumed that 80 percent of households in SRO units earned 0-30 percent of AMI and 20 percent of households earned 31-50 percent of AMI.

U.S. Department of Agriculture - Rural Development (RD):

Section 515 –

- Competitive loans awarded to developers to provide affordable multifamily rental housing for families, elders and people with disabilities
- Primarily a direct loan, but may also be used to acquire and improve property and for some infrastructure
- First priority is given to those living in substandard conditions
- Income Targeted: Designed to serve those from 0 to $5,500 above the 80 percent of AMI level, but in new Section 515 developments, 95 percent of tenants must have incomes no more than 50 percent of AMI), while in existing developments, at least 75 percent of new tenants must be at or below 50 percent of AMI. In Florida, this program generally serves 0 to 30 percent AMI households

Section 521 –

- Provides rental assistance to ensure that qualified elders, people with disabilities and low-income residents of multifamily housing complexes financed by RD are able to afford rent payments
- Qualified applicant pays no more than 30 percent of his or her income for housing
- Income Targeted: Designed to serve 0 to 50 percent AMI households

Methodology note: USDA Rural Development could not provide timely information on funding committed through the Section 521 program, which is rental assistance used in concert with Rural Development's other rental programs. Accordingly, we estimated the per unit allocations allowed each year and the length of time each household has received rental assistance. Each unit that is part of the Section 521 program receives a Rental Assistance Contract for 5 years, renewable thereafter. In FY 2002, each new contract provided $12,243 over 5 years, while each renewing contract provided $14,692 over five years. According to USDA program staff, the per unit value increases by three percent each year to adjust for inflation.

Rental assistance through Section 521 began in 1974. Of the 10,338 units receiving Rental Assistance, the start date for 1,053 of the units is unknown. As such, we assumed that the start dates for these 1,053 units were distributed evenly from 1974 through 2002.

Section 514/516 –

- Designed to provide housing for farm laborers
- Loan funds may be used to buy, build, improve or repair housing for farm laborers, including those whose income is earned in aquaculture and those engaged in on-farm processing
- Funds can be used to construct housing, day care facilities, or community rooms; to pay fees to purchase durable household furnishings; and to pay construction loan interest
- Income Targeted: Generally serves 0 to 30 percent AMI households

State Administered Programs

<u>Florida Housing Finance Corporation</u>:

Competitive 9% and Non-Competitive 4% Housing Credits –

- Provides a dollar-for-dollar credit over ten years against federal tax liability in exchange for the acquisition and substantial rehabilitation or new construction of affordable rental housing units
- Housing credits are awarded to developers who then sell them through syndicators for about 80 percent of their value. The developer receives most of the equity infusion within the first year for construction or rehabilitation of the housing
- Per federal requirement, the program is governed by a state Qualified Allocation Plan, adopted annually
- Income Targeted: Federal requirements are that a minimum of 20 percent of the units must be set aside for those at 50 percent of AMI, or 40 percent of units must be set aside for those at 60 percent of AMI. Florida's program is competitive enough that all units serve no more than 60 percent of AMI, but some units are set aside at lower AMIs

Demonstration Programs –

- Florida Housing Finance Corporation uses these programs to explore ways to develop housing to serve special needs populations
- Provides housing for hard-to-serve residents and special needs groups. A 1996 "Soldiers to Scholars" demonstration has provided rental assistance to decommissioned soldiers who are going to college. More recent demonstrations have focused on farmworker housing, housing for people with developmental disabilities, housing for extremely low-income and homeless households, and affordable assisted living
- Income Targeted: Typically serves 0 to 50 percent AMI households

HOME Rental –

- Provides competitive, non-amortized, low interest loans to developers for acquisition and/or new construction or rehabilitation of affordable rental housing to low-income families
- Targets small developments in rural areas, and deals from partnership organizations called Community Housing Development Organizations
- Carries a simple interest rate of zero percent to nonprofit applicants and three percent to for-profit applicants
- Income Targeted: Twenty percent of the HOME-assisted units are occupied by families whose annual incomes do not exceed 50 percent of AMI, with the balance of HOME-assisted units occupied by families whose annual incomes do not exceed 60 percent of AMI

Multifamily Mortgage Revenue Bonds –

- Authority to issue tax exempt mortgage revenue bonds is provided to all states by Congress. In 2002 each state received authority to issue up to $75 per capita in bonds, and this amount is adjusted each year per the Consumer Price Index. Florida Housing receives part of this authority to fund affordable housing
- Both taxable and tax-exempt bonds are issued to provide below market-rate loans to nonprofit and for profit developers

- Income Targeted: Requires that at least 20 percent of the units be set aside for households earning at or below 50 percent of AMI, or 40 percent of the units for households earning at or below 60 percent of the AMI. Under Florida's program, most units are restricted to households under 60 percent AMI

State Apartment Incentive Loan –
- Provides low-interest loans on a competitive basis to affordable housing developers
- Bridges the gap between the development's primary financing and the total cost of the development
- Income Targeted: A minimum of 20 percent of the development's units must be set aside for families earning 50 percent or less of AMI, except that developments using housing credits in conjunction with this program may use a minimum set-aside of 40 percent of the units for residents earning 60 percent of AMI. Because of the competitive nature of Florida's programs, all units are restricted to households up to 60 percent AMI, and a number of units are targeted to households below 60 percent of AMI

Affordable Housing Guarantee –
- A credit enhancement program that issues guarantees on obligations incurred in obtaining financing to develop affordable housing
- Lowers the overall cost of borrowing capital for the construction and rehabilitation of affordable multifamily rental housing by guaranteeing the payment of mortgages that secure multifamily mortgage revenue bonds
- Partners with the HUD Risk Sharing program in some cases, allowing each program to assume 50 percent of the risk on the mortgages, thus giving Florida's program more capacity to insure more developments than if the program carried those obligations alone
- Income Targeted: Serves up to 80 percent AMI households, but actually targets households up to 60 percent of AMI due to competitive nature of Florida's programs

Florida Department of Children and Families, Office on Homelessness:

Homeless Housing Assistance Grant Program –
- A grant program that assists in the construction of new housing or repair of existing housing targeted to homeless individuals and families
- Assisted housing may be either permanent or transitional housing with supportive services linked to the residents
- The housing built or repaired with these funds must be reserved for occupancy by homeless individuals or families for at least ten years
- Applicants for the grant can only be lead agencies for a local homeless continuum of care plan who apply on behalf of specific housing sponsors and/or development teams
- Income Targeted: Designed to serve the homeless and typically serves 0 to 30 percent AMI

Locally Administered Programs

State Housing Initiatives Partnership (SHIP) –
- Provides funds to local governments for implementation of programs that produce and preserve affordable homeownership and rental housing

- Encourages development of local public-private partnerships and implementation of regulatory reform and expedited permitting for affordable housing
- Funds are distributed on an entitlement basis to all 67 counties and 48 Community Development Block Grant entitlement cities
- Each local government must adopt a Local Housing Assistance Plan which outlines program specifics
- May be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling
- Income Targeted: Serves up to 120 percent AMI households

Methodology for Determining the Dollar Amount: The total number of dollars expended on rental units is available for all SHIP communities from 1996 forward; it is not available from 1992 to 1995. Furthermore, local governments have three years to expend SHIP allocations, so we will not have final information on how 2002 funds were allocated until 2004. In order to estimate the amount of SHIP funding used to assist rental housing during this time, we assumed the same trends that occurred between 1996 and 1999 were indicative of the patterns for the earlier years. Between 1996 and 1999, an average of 18 percent of all dollars expended was dedicated to rental units. In fact, since the trends from 1996 to 1999 show an increasing trend in the amount of funding used for rental housing, we also assumed that less money was spent in 1992 than in 1996. As such, we estimated 15 percent for 1992, 16 percent for 1993 and 1994, and 17 percent for 1995. Based on this methodology, we estimated that a total of $52,824,531 was and will be committed to assist affordable rental housing through the SHIP program between 1992 and 2002.

Methodology for Determining the Number of Rental Units Assisted: Similar to the funding information, total rental unit information was only available from 1996 forward to 1999. In order to estimate the number of rental units that were assisted with SHIP dollars between 1992 and 1995, we assumed the same trends that occurred between 1996 and 1999 were indicative of the patterns for the earlier years. Between 1996 and 1999, an average of eight percent of all units assisted were rental units. So we assumed that eight percent of all of the SHIP units assisted between 1992 and 1995 were rental units. Based on this methodology, an estimated 19,056 rental units have received and will receive assistance through SHIP through 2002.

Methodology for Determining Income Levels Served: No data were available for any year to show the income levels served by rental units assisted with SHIP dollars. Therefore, between February and March 2003, we surveyed 36 local governments regarding the use of their SHIP dollars for rental housing. These particular local governments were selected because their annual reports showed they assisted rental units with SHIP dollars between 1996 and 2000.

While Florida Housing received responses from 32 of the 36 local governments, we only have complete information for 28 local governments. Using this sample, we identified a reasonable pattern of income levels being served by units assisted through SHIP dollars. We applied this pattern to the total of number of rental units projected to have been assisted with SHIP dollars between 1992 and 2002.

Based on survey results, the 28 sample municipalities have assisted approximately 13,369 affordable rental units since 1992. SHIP funds were used to fund a variety of activities, including new construction, infrastructure, land purchase, acquisition, impact fees, rehabilitation, repairs, and utility and security deposits. Based on the survey, 68 percent (12,958) of units were targeted towards households earning

0-50 percent of AMI. Of these, we know that 631 served households earning 31-40 percent of AMI, 1,312 served households earning 41-50 percent of AMI, and 307 served households earning 31-50 percent of AMI. Another 10,708 households were targeted to the more general 0-50 percent AMI category, so we assumed that half serve 0-30 percent of AMI and the remaining half serve 31-50 percent of AMI. The income levels served by the remaining 321 SHIP assisted units were unknown, so we evenly divided those units among the four income categories.

Local Multifamily Mortgage Revenue Bonds –

- Bonds are issued by local governments to finance low-interest-rate mortgage loans to first-time homebuyers and to developers of affordable rental housing
- Income Targeted: Serves up to 115 percent AMI households

Methodology note: Through 2002, local housing finance authorities funded 77,514 rental units with mortgage revenue bonds. Restrictions on 16,081 of those units have expired. We could not obtain information on how many expired units were set aside to serve households up to 120 percent of AMI, so we assumed that, as older properties, 20 percent, or 3,216 of expired units, were affordable, and this number was included in Table I.

Subtracting the 16,081 expired units from the total, we found 61,433 Local Bond affordable and market rate units remaining available. We obtained set-aside information for only 56,830 of those units, finding that 20,586 units, or 36.22 percent, were market rate. We assumed the same income distribution for the other 4,603 units, estimating that 1,667 more units were also market rate. Thus we subtracted a total of 22,253 market rate units from the total available, and in addition, we subtracted half (7,177) of the units reported to be targeted to families at 81-150 percent of AMI from the total available, assuming that the other 7,176 units were serving families at 120 percent of AMI and below. We got a total count of 32,005 affordable units (i.e., serving families up to 120 percent of AMI) funded with Local Bonds and we assigned these units across AMI levels based on the methodology outlined earlier in *Table I Notes*.

HOME –

- Provides formula grants to entitlement communities to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership
- HUD establishes a HOME Investment Trust Fund for each grantee, providing a line of credit that the jurisdiction may draw upon as needed
- Income Targeted: Serves up to 80 percent AMI households

Methodology note: Florida Housing Finance Corporation requested and HUD provided a production report on the use of HOME dollars for rental housing for every participating jurisdiction (PJ) within Florida. The time period covered by the production report was 1992 through 2002 and includes the number of units completed by each PJ, the amount of money disbursed to each PJ, and the income levels served by those units. Because there were problems with the data in the March 2003 report, Florida Housing made follow up calls to PJs to confirm the accuracy of the information provided by HUD. Eighteen of the entities confirmed that the data provided by HUD was correct, nine entities reported additional data to reconcile information in the report, and three entities did not respond, leaving Florida Housing to use data from the report.

From the HUD report and conversations with local PJs, we estimated that 5,410 rental units were constructed using HOME funds up through 2002. Of the 1,599 rental units reported as set aside to target households earning 0-50 percent of AMI, we assumed that half serve 0-30 percent AMI households and the other half serve 31-50 percent AMI households. Of the 2,515 units reported to be targeted to households at 0-80 percent AMI, we assumed one third of these units fall into each of the three lowest income categories. There was no information on the income levels served for 239 units. As such, we evenly divided these units across the three lowest income categories.

Community Development Block Grant (CDBG) –

- Provides eligible metropolitan cities and urban counties (called "entitlement communities") with annual direct grants for use in revitalizing neighborhoods, expanding affordable housing and economic opportunities, and/or improving community facilities and services
- Primarily used to benefit home buyers and current home owners
- Income Targeted: Serves up to 80 percent AMI households

Methodology note: We collected data from U.S. HUD and follow-up interviews with local entitlement communities. Most CDBG funds are used to construct and rehabilitate homeowner housing.

Miami-Dade Documentary Stamp Surtax –

- Provides funding for financing new construction or rehabilitation of both single family homeownership units and rental units as well as down payment and closing cost assistance, homebuyer education and homebuyer counseling programs
- Income Targeted: Seventy-five percent of the surtax must benefit families under 80 percent of AMI; capped at 140 percent AMI

Miscellaneous Notes –

- Various federal mortgage insurance and guarantee programs available to support affordable housing were not included in this analysis, as they are products that are available in one form or fashion to housing in all price ranges. However, we note that these funds are important to assure the success of affordable housing

Appendix B Data and Information Sources

CDBG:
- U.S. HUD, Director of Entitlement Communities Division in the Office of Block Grant Assistance in the Office of Community Planning and Development
- Interviews and e-mail with local entitlement communities

Florida Housing Finance Corporation:
- Raw data maintained in Housing Project Portfolio database as of May 31, 2003
- Backup program and funding information from program and finance units and compliance databases

HOME:
- U.S. HUD, Director of Financial and Information Services Division in the Office of Affordable Housing Programs in the Office of Community Planning and Development
- Interviews with HOME local participating jurisdictions

HOPE VI:
- U.S. HUD, Director of HOPE VI in the Office of Public Housing Investment in the Office of Public and Indian Housing
- Interviews with Florida grantees

Housing Need Data:
- Cost burden data from The Shimberg Center for Affordable Housing, University of Florida

HUD Risk Sharing:
- U.S. HUD, Director of the Office of Multifamily Housing Development in Office of Housing

Local Bonds:
- Local bond issuers
- Florida Association of Local Housing Finance Agencies

Miami-Dade Documentary Surtax Program:
- Miami-Dade Housing Agency

Public Housing:
- Modernization and Operating Fund: Miami Field Office, Office of Public and Indian Housing
- Unit Count: U.S. HUD, Public Information Center Resident Characteristics Report http://www.hud.gov/offices/pih/systems/pic/50058/rcr/

Rural Development:
- Total Dollar Amount Disbursed: FOCUS Database maintained by the U. S. Department of Agriculture
- Unit Count: U.S. Department of Agriculture Gainesville Field Office

Section 8 Certificates and Vouchers:

- Vouchers Issued: U.S. HUD, Public Information Center Resident Characteristics Report http://www.hud.gov/offices/pih/systems/pic/50058/rcr/
- Total Dollar Amount Disbursed: U.S. HUD, Deputy Assistant Secretary for Housing Voucher Programs in the Office of Public Housing and Voucher Programs in the Office of Public and Indian Housing

Section 8 Opt-Out and Prepayment Data:

- National Housing Trust Data Clearinghouse – http://www.nhtinc.org/data.asp

Section 202, 811, & Project Based Section 8:

- U.S. HUD, HEREMS Database in the Office of Programs Systems Management in the Office of Housing

Section 236:

- Program History and Regulations: U.S. HUD, Director of Lender Quality and Monitoring Division
- Data: U.S. HUD, HEREMS database maintained by the Office of Programs Systems Management in the Office of Housing

Shelter Plus Care, Single Room Occupancy, and Supportive Housing Programs:

- U.S. HUD, Florida Representative in the Office of Special Needs Assistance Programs in the Office of Community and Planning Development
- Community Planning and Development Departments in Jacksonville and Miami Field Offices