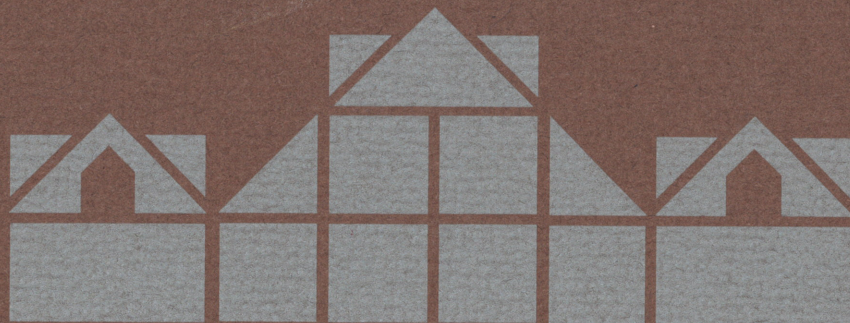
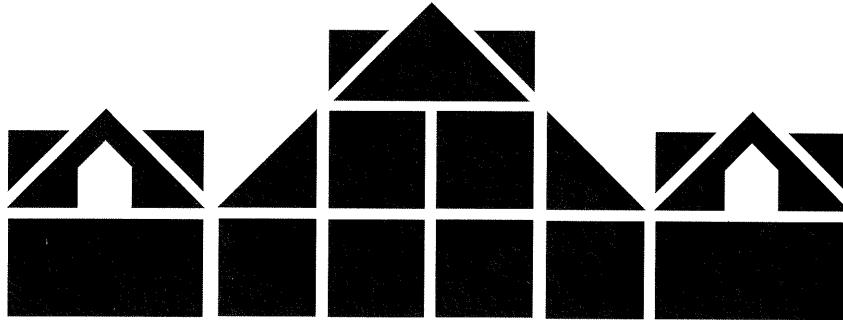


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THE
AFFORDABLE HOUSING
STUDY COMMISSION

FINAL 1993 REPORT



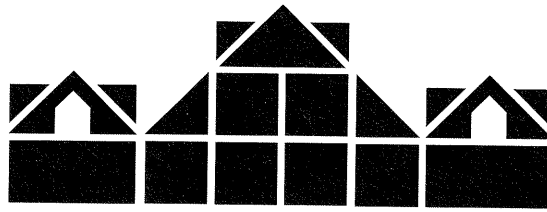
THE
AFFORDABLE HOUSING
STUDY COMMISSION

FINAL **1993** REPORT

DECEMBER 31, 1993



PRINTED ON RECYCLED PAPER



THE AFFORDABLE HOUSING STUDY COMMISSION

Dedicated to Promoting Affordable Housing in Florida Since 1986

December 31, 1993

The Honorable Lawton Chiles

Governor of Florida
The Capitol, Suite PLO5
Tallahassee, Florida 32399

The Honorable Pat Thomas, *President*

Florida State Senate
The Capitol, Suite 409
Tallahassee, Florida 32399

The Honorable Bolley "Bo" Johnson, *Speaker*

Florida House of Representatives
The Capitol, Suite 420
Tallahassee, Florida 32399

Dear Governor Chiles, Mr. President and Mr. Speaker:

It is with pleasure that I submit to you the 1993 *Final Report* of the Affordable Housing Study Commission. The Commission adopted the report to fulfill the requirements of Section 420.609, *Florida Statutes*. The report presents the results of the deliberations of the Commission during 1993 to improve the delivery of Florida's affordable housing programs and services and to build on past efforts to strengthen the partnership between the public and private sectors for providing safe, affordable shelter to Floridians.

The Commission's recommendations address regulatory and tax reform, existing programs, and new programs. While 20 recommendations will require legislative action, 21 can be implemented through administrative action. The Commission recognizes that implementing many of its recommendations effectively will require increased financial and staff resources. As an investment in Florida's future, the Legislature should assure these needed resources are provided.

During its review of programs, the Commission was pleased to note the clear early success of the programs supported by the dedicated funding source for affordable housing created by the 1992 William E. Sadowski Affordable Housing Act. In particular, the Commission is encouraged by local government commitment to the State Housing Initiatives Partnership (SHIP) Program. During its first year of operation, the SHIP Program achieved 100 percent local participation, which included all 67 counties and 31 municipalities. Approximately \$18.8 million, which represents 100 percent of the first year funds, have been locally distributed. Continuation of this program will produce an estimated annual economic impact of \$2.3 billion and create more than 47,000 jobs once the program reaches full funding in fiscal year 1995-96.

Lawton Chiles
Governor

Clifford B. Hardy
Chairman

Henry Johnson, Jr.
Vice Chairman

Members

Robert E. Ansley, Jr.

Carolyn A. Dekle

Agustin Dominguez

Rosemary F. Gallagher

Michele Hartson

Daniel R. Horvath

Darlene J. Kalada

John P. Linstroth

Charles B. Palmer

Christine Papandreas

Sylvia L. Poitier

Claire F. Raley

Manuel Rivero

Jaimie A. Ross

Larry P. Shoeman

Frances L. Terry

Ann L. Thompson

Anne F. Yordon

Staff

L. Benjamin Starrett, *Director*

Joyce Ott

Tracy D. Suber


Beth Pascazi

The Honorable Lawton Chiles
The Honorable Pat Thomas
The Honorable Bolley "Bo" Johnson
December 31, 1993
Page Two

The Commission was also encouraged by the continuing success of other state-funded housing assistance programs which will be enhanced by the Sadowski Act's dedicated funding source for affordable housing. Since its inception in 1988, the State Apartment Incentive Loan (SAIL) Program has produced 5,412 units. The SAIL Program is expected to produce an estimated additional 6,900 units by June 1998. Other state-funded housing programs have produced an estimated 4,000 units.

In the last several years Florida has become a leader in committing state resources to address the need for affordable housing. The Commission believes that all groups must work together to assure that progress will continue to be made in this vital arena. On behalf of the Commission members and staff, thank you for your leadership in working to meet Florida's affordable housing needs. We appreciate the opportunity to serve the citizens of Florida and look forward to continuing our work during 1994.

Sincerely,



Clifford B. Hardy
Chairman

CBH/tds

Enclosure

The Affordable Housing Study Commission

1993 Membership

Clifford B. Hardy, Chairman

President, First Housing
Development Corporation
Tampa
Citizen of the state

Henry Johnson, Vice Chairman

Vice President, First Union
National Bank
Jacksonville
*Represents category of home mortgage
lending*

Robert E. Ansley

President, Orlando Neighborhood
Improvement Corporation
Orlando
*Represents interests of very low and
low-income persons*

Carolyn A. Dekle

Executive Director, South Florida
Regional Planning Council
Hollywood
Represents regional planning councils

Agustin Dominguez

The Related Companies of Florida
Miami
At-Large Member

Rosemary Gallagher

Tallahassee
*Represents elderly persons' housing
interests*

Michele Hartson

Executive Director, Florida Low-
Income Housing Coalition
Tallahassee
*Represents interests of very low and
low-income persons*

Daniel R. Horvath

President,
Community Equity Investments
Pensacola
*Represents management/operation of
rental housing development*

Darlene J. Kalada

Director, Pinellas County Housing
Finance Agency and Community
Development Department
Clearwater
At-Large Member

John P. Linstroth

President, JPL Land Development
Corporation
Palm City
*Represents interests of residential
community developers*

Charles B. Palmer

President, America's Preferred
Homes
Winter Park
*Represents category of residential
homebuilding*

Chris Papandreas

Senior Planner, Moore/Bowers
Tampa
*Represents interests of statewide growth
management organizations*

Jorge M. Perez¹

President, The Related Companies
of Florida
Miami
*Represents category of apartment
development*

The Honorable Sylvia Poitier

Broward County Commission
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*Represents Florida Association of
Counties*

Claire F. Raley

Program Director, Local Initiatives
Support Corporation
Miami
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Special Assistant to the Deputy
Assistant Secretary of the U.S.
Department of Housing and Urban
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Affordable Housing Director,
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management organizations*

Larry Shoeman

Executive Director,
Palatka Housing Authority
Palatka
Represents Florida League of Cities

Frances L. Terry

Executive Director,
Suwanee River Economic Council
Live Oak
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based organizations with housing
experience in community with
population under 50,000*

Ann L. Thompson

Administrator,
Cathedral Residencies
Jacksonville
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interests*

Anne F. Yordon

Realtor
Daytona Beach
Represents category of real estate sales

STAFF

L. Benjamin Starrett,
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Dr. Joyce A. Ott

Tracy D. Suber

Cindy Cranick

Elizabeth Pascazi

Catherine Deithorn²

*Department of Community Affairs
Tallahassee*

Final Report design

Dawn McMillan

¹ Resigned November 1993

² Through September 1993

Acknowledgements

The Affordable Housing Study Commission extends its appreciation to the following individuals who provided testimony at the request of the Commission:

Caroline Chambliss, *Sarasota Housing*
Sergio Gonzalez, *Dade County Homeless Trust*
Chasz Parker, *Metropolitan Ministries*
Michael Poole, *Coalition for the Homeless of Central Florida*
Cheryl Reed, *Pinellas County Department of Community Development*

The Commission also extends its appreciation to the following state agency staff members who provided assistance to the Commission during its 1993 deliberations:

Florida Housing Finance Agency

Mark Hendrickson, *Executive Director*
Ron Davis, *Housing Projects Coordinator*
Rob Ippolito, *HOME Program Administrator*

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Department of Elder Affairs

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Jan Benesh, *Chief of Technical Assistance and Policy Development*
Margaret Stewart, *Senior Management Analyst II*

Department of Health and Rehabilitative Services

Ed Feaver, *Deputy Secretary for Operations*
Bill Hanson, *Homeless Programs Coordinator*
Rob Lombardo, *Acting Assistant Secretary for Aging and Adult Services*
Martha Crab, *Program Administrator*



The Commission gratefully acknowledges the participation of members of the public who attended Commission meetings and provided comment on the proceedings.

Finally, the Commission extends its appreciation to the staff of the Strategic Planning and Policy Coordination Unit of the Department of Community Affairs who provided administrative and logistical support to the Commission.

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Mission Statement of the Affordable Housing Study Commission

The Affordable Housing Study Commission recommends improvements to public policy to stimulate community development and revitalization and to promote the production, preservation and maintenance of safe, decent, and affordable housing for all Floridians.

STRATEGIES FOR ACCOMPLISHING THE MISSION

The Affordable Housing Study Commission implements its mission through the following strategies:

- encouraging public-private partnerships and governmental coordination;
- identifying opportunities to streamline state, regional, and local regulations affecting the affordability of housing;
- advocating development strategies which comprehensively address the housing, economic and social needs of individuals;
- advocating the provision of increased technical and financial resources;
- promoting research on affordable housing issues; and
- educating the public and government officials to understand and appreciate the benefits of affordable housing.

Executive Summary

The 1993 *Final Report* of the Affordable Housing Study Commission presents recommendations for improving the delivery of affordable housing programs and services to Floridians. Each recommendation included in the report received the support of at least two-thirds of the members present at the December 1993 Commission meeting. With few exceptions, the recommendations included in the report were unanimously adopted by the Commission.

The Commission's report is organized into four chapters. The chapters detail 41 recommendations related to regulatory and tax reform, new programs, existing programs, and procedural issues specific to the Commission. Each chapter provides background discussions related to the issue areas studied, presents recommendations related to each issue area, and supports each recommendation with comments which expound the Commission's intent in making the recommendation.

- CHAPTER ONE: Recommendations Related to Regulatory and Tax Reform**, addresses two issues. In the first, improving Florida's climate for the production of affordable housing through regulatory reform, the Commission recommends the following:
- a review and reconciliation of Department of Community Affairs' rules that conflict with the provision of affordable housing;
 - development of a standard methodology for determining the cost-impact of new regulation on affordable housing;
 - a review of land development regulations and permitting processes to determine when they become obstacles to the delivery of affordable housing;
 - preparation of a "housing impact statement" by the Department of Community Affairs prior to adoption, amendment, or repeal of any rule;
 - preparation of a "housing impact statement" as part of state agency rulemaking and legislative processes;
 - inclusion of housing impact statements in bill analyses prepared by the Department of Community Affairs and the Florida Housing Finance Agency; and
 - establishment of a dedicated funding source for administrative and staff support for the Board of Building Codes and Standards.

The second issue area relates to ad valorem taxation. Here, the Commission recommends:

- amendment of state law governing ad valorem taxation to assure that rent-restricted properties are assessed using an income approach, thereby providing an equitable incentive for the development of rental housing that is affordable to very low and low-income persons.

CHAPTER TWO: Recommendations Related to New Programs includes the Commission's recommendations in four areas. In the first issue area, addressing Florida's homelessness crisis through an improved, comprehensive strategy, the Commission recommends the following:

- favorable consideration of legislation authorizing a local option food and beverage tax to fund homeless programs;
- coordination of state and local efforts to collect and share information about successful homeless programs;
- addition of homeless issues to the Urban Partnerships Initiative;
- appropriation of \$1.5 million in Fixed Capital Outlay to the Department of Health and Rehabilitative Services to supplement the federal Emergency Shelter Grant Program; and
- appropriation of additional funding for compliance with involuntary commitment laws.

The second issue area relates to assuring that participating jurisdictions receive adequate technical assistance and program support to effectively implement the federal HOME Investments Partnerships Program. In this area, the Commission recommends the following:

- referral of qualified, unfunded projects by the Florida Housing Finance Agency to participating jurisdictions for local funding under HOME;
- dedication of Department of Community Affairs and Florida Housing Finance Agency resources to HOME technical assistance, particularly improving communication between the agencies;
- investigation of alternative reimbursement procedures for state HOME subgrantees;
- expansion of accessibility to Florida Housing Finance Agency program materials by indexing them and making them available electronically; and
- use of regional forums to disseminate information.

The third area, using Florida's growth management programs to promote increased production, preservation and maintenance of affordable housing, includes the following recommendations:

- establishment of a quantifiable housing objective for the State Comprehensive Plan; and
- inclusion of quantifiable housing objectives in strategic regional policy plans.

Regarding implementation of the Affordable Housing Needs Assessment, the Commission recommends:

- restriction of data categories to no more than those required for the 1993 *Comprehensive Housing Affordability Strategy*;
- accommodation of regional variations in the design of the methodology; and
- coordination of the assessment process with the development of regional impact affordable housing impact review process.

CHAPTER THREE: Recommendations Related to Existing Programs includes recommendations in four areas. In the first area, increasing funding for community-based housing and care alternatives for the frail elderly, the Commission recommends the following:

- increase the allocation for the Optional State Supplementation (OSS) Program to cover the actual cost of services at adult congregate living facilities (ACLFs);
- establish annual adjustments in OSS funding to accommodate increases in federal cost-of-living allowances to supplemental security incomes under the Social Security Act; and
- expand the state's Medicaid waiver to subsidize medical expenses for ACLF residents to divert them from more costly nursing homes.

The second issue area relates to restructuring the Florida Enterprise Zone Program to support community economic development projects. The Commission recommends the following:

- maintain the Community Contribution Tax Credit Program, but rescind all other tax credit and incentive provisions and establish instead a community development grant and loan program to assist businesses and residents in enterprise zones;
- require that, in reconfiguring Florida's enterprise zones, 40 percent of the designated areas be residential and require evidence of local government commitment to make incentives available; and
- develop an affordable housing benchmark as a means of assessing the impact of the Florida Enterprise Zone Program.

In the third area, strengthening the capacities of community development corporations through revisions to the CDC Support and Assistance Program, the Commission recommends the following:

- the 1994 Legislature appropriate the Department of Community Affairs' full budget request of \$3.1 million;
- creation of a dedicated source of funding for administrative grants and loans under the program;
- establishment of a flexible source of capacity building and technical assistance to address the needs of CDCs at every stage of development; and
- improve the ability of CDCs to access the resources of other state housing and economic development programs.

The fourth area relates to improving the selection process for and management of loan and tax credit programs administered by the Florida Housing Finance Agency (FHFA). Here the Commission recommends the following:

- consideration of options to streamline the appeals and underwriting processes for housing loan applications;
- investigation of unnecessary costs and delays in providing legal support for FHFA loans;
- approval of FHFA's budget request for authority to hire additional administrative staff;
- establishment of monitoring and compliance procedures for housing finance programs to enforce income set-asides, tenant service plans, and other amenities offered by successful applicants;
- creation of a 15 percent set-aside of the annual SAIL allocation for CDCs and other nonprofit housing development organizations; and
- modification of methods of applying the 10 percent federal set-aside in allocating low-income housing tax credits to increase opportunities to nonprofit housing development organizations.

CHAPTER FOUR: **Recommendations Related to Procedural Issues** presents the Commission's recommendations related to its composition and reporting requirements. The recommendations include the following:

- broaden representation on the Affordable Housing Study Commission to include representatives of state agencies that administer housing assistance and economic development programs; and
- reschedule submission of the Commission's annual report to October to better coincide with the legislative calendar.

APPENDIXES:

Appendix A contains a listing of acronyms used in the report.

Appendix B contains a glossary of housing-related terms used in this report.

Appendix C identifies the agencies named in each recommendation or its associated comments as having a role in or responsibility for implementing the recommendation.

Appendix D contains a preliminary list of issues identified by the Commission for study during 1994.

Overview of the Affordable Housing Study Commission

BACKGROUND

The Florida Legislature established the Affordable Housing Study Commission in 1986 to develop solutions which addressed Florida's acute need for housing that is affordable to very low, low- and moderate income persons. Legal authority for the Commission is found in Section 420.609, *Florida Statutes*. In 1991 the law was amended to require the Commission to report its recommendations to the Governor and Legislature annually by December 31. This is the fifth report of the Commission.

During the last seven years, the State has implemented several new programs to produce affordable housing for very low, low-, and moderate income Floridians. Many of these programs were recommended by previous Commissions, including:

- the State Apartment Incentive Loan Program, which was recommended by the Commission in 1987 and enacted in 1988;
- the Homeownership Assistance Program, which was recommended by the Commission in 1987 and enacted in 1988; and
- the Elderly Homeowner Rehabilitation Program which was recommended by the Commission in 1988 and enacted in 1989 (Note: the program was repealed in 1993, as recommended by the 1992 Commission, and replaced with the Low-Income Emergency Home Repair Program.).

Perhaps most significantly, the Commission recommended in 1987 that a portion of the state documentary stamp tax on deeds be dedicated to provide a consistent, significant source of state funding for affordable housing programs. That recommendation was finally adopted in 1992 with enactment of the landmark William E. Sadowski Affordable Housing Act.

Other Commission recommendations implemented over the past seven years include:

- refinements to housing assistance programs administered by the Florida Housing Finance Agency and the Department of Community Affairs; and
- recommendations regarding the composition of the membership of the Commission.

COMMISSION MEMBERSHIP AND LEGISLATIVE CHARGE

The Commission is composed of 21 members, appointed by the Governor.¹ These members serve four-year staggered terms as determined by the Governor, with the exception of the Chairman who serves for a two-year term. Members represent the following interests:

- Residential Homebuilding Industry
- Home Mortgage Lending Profession
- Real Estate Sales Profession
- Apartment Development
- Rental Housing Development
- Very Low and Low-Income Persons [two representatives]
- Community-Based Organization with Housing Development Experience
- Community-Based Organization with Housing Development Experience in a Community with Population of Less than 50,000 Persons
- Elderly Housing Interests [two representatives]
- Regional Planning Councils
- Florida League of Cities
- Florida Association of Counties
- Statewide Growth Management Organizations [two representatives]
- Residential Community Developer
- Three Citizens of the State to serve as At-large members
- A Citizen of the State to serve as Chairman

The legislative mandates for the Commission direct it to examine, review, and evaluate new and existing affordable housing programs, as well as recommend changes for the future. More specifically, in an effort to improve the housing conditions for very low, low-, and moderate income and elderly persons, the Commission is charged with the following responsibilities:

1. To examine those housing programs which provide for:
 - a. Offering of low-interest and zero-interest loans for the development or rehabilitation of housing;
 - b. Use of publicly owned lands and buildings as affordable housing sites;
 - c. Coordination with federal initiatives, including the development of an approved housing strategy;
 - d. Streamlining of the various state, regional, and local regulations, and housing and building codes governing the housing industry;

¹ Legislative changes to the Commission's enabling legislation during the last seven years have altered the Commission's composition and its sunset date. These changes are codified in the *Laws of Florida* in the following chapters: 88-376, 89-121, 90-275, 91-27, 92-317, and 93-181.

-
- e. Stimulation of public and private cooperative housing efforts;
 - f. Implementation or expansion of the programs authorized in Chapter 420, *Florida Statutes*;
 - g. Discovery and assessment of sources of funding for low-cost housing construction and rehabilitation; and
 - h. Development of such other solutions and programs as the Commission deems appropriate.
2. To review, evaluate, and make recommendations regarding existing and proposed housing programs and initiatives.
 3. To submit to the Governor, the Senate President, and Speaker of the House of Representatives, a report detailing the Commission's findings and including any programmatic, legislative, and funding recommendations by December 31 of each year.
 4. To recommend studies for the annual research agenda of the Multidisciplinary Center for Affordable Housing, also known as the Shimberg Center for Affordable Housing.

WORK OF THE 1993 COMMISSION

Building on the work of the 1992 Commission, the 1993 Commission met monthly beginning in August to develop and complete its work agenda for the year. The Commission met for an organizational session in August, primarily in subcommittees during the October and November meetings, and discussed and adopted its *1993 Final Report* at the December meeting.

To complete its work for 1993, the Commission organized three subcommittees, each with a substantive charge. These subcommittees are as follows:

- Subcommittee on Regulatory and Tax Reform
- Subcommittee on New Programs
- Subcommittee on Existing Programs

Each subcommittee developed specific recommendations relating to its assigned work areas and presented them for consideration by the entire membership. This report evolved from the work completed by the subcommittees and presents the final 1993 recommendations of the Commission, including the background and rationale for its findings.

Introduction

The affordability of housing is determined by calculating the proportion of household income spent on shelter. While legal definitions vary, a widely accepted definition is set out in Section 420.0003(3), *Florida Statutes*:

“Affordable” means that monthly rents or monthly mortgage payments including taxes, insurance, and utilities do not exceed 30 percent of that amount which represents the percentage of the median adjusted gross annual income for households classified as very low, low-, and moderate income.

For the purpose of calculating affordability and establishing eligibility for state and federal grant and loan programs, the following categories are defined by statute (for a glossary of other terms used in this report, see appendix A):

“Very low income” means household income below 50 percent of state median annual income. [Section 420.0004(14), *Florida Statutes*]

“Low-income” means household income below 80 percent of the median. [Section 420.0004(9), *Florida Statutes*]

“Moderate income” means household income below 120 percent of the median. [Section 420.0004(10), *Florida Statutes*]

Many working Floridians do not have access to affordable housing. The people who need affordable housing are the people who make Florida's communities work. Police officers, nurses, teachers, government personnel and service industry workers are among the ranks of those who need quality, affordable housing. Tables 1 and 2 contrast salaries earned in common employment categories in Florida with the median sales prices of homes in selected metropolitan and nonmetropolitan areas. A person's movement through the range of available housing used to follow a fairly typical course: from parent's home to apartment while learning a trade or obtaining an education, to small starter home, next to a larger family home, and, perhaps, finally back to an apartment. People no longer can afford to move up as in the past either because they cannot afford the jump from rental to homeownership or because of unavailability of affordable units.

TABLE 1.
Housing Affordability by Employment Category

Employee Category	Salary^a	% of Median^b	Maximum Affordable Mortgage Loan^c
Beauty/Barber	\$10,845	30	\$ 27,335
Restaurant/Bar Employee	11,506	32	29,000
Grocery Clerk	12,245	34	30,804
Department Store Clerk	12,690	35	31,985
Real Estate Agent	20,701	58	52,178
Bank Employees	22,431	62	56,538
Trucker/Courier	22,530	63	56,785
Nurses	22,743	63	57,322
Construction Workers	23,268	65	58,000
Teacher	23,761	66	59,888
Transportation (Bus/Rail)	25,018	70	63,059
Police/Fire	25,142	70	63,368
Computer/Data Processing	34,886	97	87,929
Lawyers	44,106	123	111,166
Doctors	53,802	150	\$ 135,604

^a Florida Department of Labor, Unemployment Insurance withholding Report. Average includes all employees in the State, entry level and senior staff, by Category.

^b Median household income in State of Florida is \$35,900.

^c Assumes a 30-year mortgage loan at 8.5 percent interest.

TABLE 2.

Median Housing Prices in Florida

Metropolitan Areas	Median Sales Price
Daytona Beach	\$66,800
Fort Lauderdale/Hollywood/Pompano Beach	96,400
Fort Myers/Cape Coral	76,600
Fort Pierce	79,900
Gainesville	76,000
Jacksonville	77,200
Lakeland/Winter Haven	64,800
Melbourne/Titusville/Palm Bay	73,900
Miami/Hialeah	98,300
Naples	140,000
Ocala	54,000
Orlando	86,400
Pensacola	62,800
Sarasota	92,600
Tallahassee	94,200
Tampa/St. Petersburg/Clearwater	70,300
West Palm Beach/Boca Raton/Delray Beach	115,800
Non-Metro Areas	Median Sales Price
Avon Park	\$45,000
Chipola Area	51,200
Citrus County	53,300
Dixie/Gilchrist/Levy Counties	36,700
Flagler County	100,000
Key West	156,000
Lake County/Leesburg	68,100
Lake Placid	58,300
Marathon and Lower Keys	182,200
Punta Gorda/Port Charlotte	63,200
Sebring	63,100
Vero Beach/Indian River	71,800

Source: Florida Association of Realtors, 1992

With the number of effective public-private partnerships increasing in Florida, the face of affordable housing is changing. No longer does affordable housing fit stereotypical descriptions of slum tenements that would reduce nearby property values, negatively impact community image or bring in "different" people and lead to an increase in crime. These stereotypical perspectives typically underlie the Not-In-My-Back-Yard, or NIMBY, attitude that is one of today's biggest obstacles to the provision of affordable housing. In fact, much affordable housing today is attractive and good quality.

In Florida, leading housing developers and nationally renown architects and designers participate in the development of affordable housing. Typical affordable multifamily units are 1,200-square-foot, three-bedroom, two-bath units with a full package of amenities. The developments are increasingly being managed by respected companies who screen applicants and offer a range of tenant services targeted to assisting a transition to homeownership. Single-family developments likewise offer family-sized homes that have broken the cookie-cutter, one-size-fits-all approach of past affordable housing "projects." Today, both single-family and multifamily developments mix families of various income levels to avoid concentrating low-income families.



FOREST EDGE APARTMENTS, 48 units developed with SAIL, Predevelopment grant funds and Low-income Housing Tax Credits. Completed in 1992 by the Orlando Neighborhood Improvement Corporation.

Photo courtesy of Robert E. Ansley, Orlando Neighborhood Improvement Corporation



RIDGEDALE HOMES, single family rent-to-own subdivision developed by the Palatka Housing Authority.

Photo courtesy of Larry Shoeman, Palatka Housing Authority.

members present had to vote in favor of it. With only a few exceptions, the recommendations were adopted unanimously. Of the 41 recommendations included in this report, 20 require legislative action; the remaining 21 recommendations can be implemented administratively. Implementing many of the recommendations will require increased financial or staff resources. The Commission encourages that these investments be made.

The recommendations presented in this report aim to further the progress being made in providing safe and attractive housing that is affordable. The recommendations address regulatory and tax reform, new programs and existing programs. The 1993 *Final Report* of the Affordable Housing Study Commission presents the recommendations of the Commission with background and justification for its findings.

For a recommendation to be included in the report, at least two-thirds of the

Recommendations Related to Regulatory and Tax Reform

The Subcommittee on Regulatory and Tax Reform focused on two issue areas for study during 1993. These areas included identifying regulatory reforms that could improve the climate for the production of affordable housing in Florida and reviewing current tax issues impacting on affordable housing production and operation. The subcommittee's review resulted in the following issues for 1993:

- improve Florida's climate for the production of affordable housing through regulatory reform; and
- provide ad valorem tax relief to developers of rental housing that is affordable to very low and low-income persons.

Issue A: Improve Florida's climate for the production of affordable housing through regulatory reform.

One of the primary functions of government is to regulate commerce and the behavior of the individual in order to provide for the public's health, safety and welfare. Although this is a necessary function, regulations designed to solve one problem often create — or make worse — other problems. For example, land use and environmental regulations, building codes, impact fees, and permitting procedures, although necessary to accomplish certain objectives, also often increase the cost of producing new housing or rehabilitating existing housing, thereby acting as barriers to affordable housing production. Government must work diligently to balance people's need for safe, affordable shelter with the need to protect the environment.

Federal, state and local regulations can also be barriers to affordable housing by limiting the cost and location of affordable housing. Because many state regulations that establish minimum criteria for land development activities are adopted by reference in local land development codes, intended or not, they have the effect of increasing the cost of producing housing. For example, many local governments have adopted the Florida Department of Transportation's *Manual of Uniform Minimum Standards for Design, Construction and Maintenance for Streets and Highways*, or "Greenbook," as the minimum standard for construction of roads in new subdivisions. The Florida Department of Transportation adopts the Greenbook by rule. Many such minimum criteria manuals adopted by government agencies typically set forth minimum criteria that can be viewed more as optimal standards rather than minimum standards. One example of this is requiring 40-foot-wide residential streets in new subdivisions. When such standards are

in turn incorporated into local regulations, the result is often an added cost to the price of housing.

Florida's growth management requirements expressly mandate that state, regional and local comprehensive plans and development review procedures assure the production of adequate, affordable housing. Growth management requirements are, however, increasingly being used in a manner never intended — to thwart efforts to develop affordable housing. Neighborhoods suffering from the "Not In My Back Yard" (NIMBY) syndrome attack affordable housing projects, claiming increased traffic loads and adverse environmental impacts. Elected officials, suffering from "Not In My Term Of Office" disease acquiesce to NIMBY claims, and deny affordable housing projects on grounds of public facility level of service constraints. Appealing these types of denials is costly, time consuming, and, frequently, a no-win situation for developers. Further, while many local governments have done an admirable job outlining detailed incentive plans for developing affordable housing, they often fail to deliver those incentives to potential housing providers.

As Florida's population has grown, so has its government. And with growth in government has come growth in regulation. The results of a Florida Chamber of Commerce survey of its 16,500 members released in August 1993 show that Florida businesses overwhelmingly believe that state government regulation plays a significant role as an obstacle to profitability in their business. According to the Chamber's review, 72,012 state agency rules were proposed between 1976 and 1992; nearly 7,200 of these were proposed between 1991 and 1992 alone. The large increase in number of rules adopted by agencies during this time period is primarily due to changes made to the Administrative Procedure Act in 1990. The act requires state agencies to adopt rules for the valid public purpose of reducing unbridled agency discretion and sets forth minimum requirements for rulemaking. Although Florida law requires legislative and state agency staff members to estimate the economic impact of proposed new laws and rules, the minimum requirements for preparation of these economic impact statements do not mandate consideration of the impacts of regulation on the affordability of housing.

Recognizing the need for regulatory reform as part of the solution to Florida's affordable housing deficit, the 1992 Legislature required local governments to establish procedures to determine the impact of proposed policies, procedures, ordinances, regulations, or plan provisions, on the cost of housing. It is time for the State to become a partner in the effort to reduce the impact of regulation on the cost of housing. The following recommendations seek to create mechanisms for this partnership.

Recommendation # 1: The Department of Community Affairs should comprehensively review all Department rules and practices for the purpose of reconciling those that conflict with the provision of safe, affordable housing to assure that all Department policies consistently support a commonsense approach to balancing people's housing and economic needs with the need to protect the environment.

Comments:

- a. Florida's growth management programs appear to be biased toward environmental protection issues that conflict with policies for achieving affordable housing goals and interfere with the private sector's ability to provide affordable housing.

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- b. The Commission expressly supports growth management requirements, particularly as a mechanism for planning the provision of adequate affordable housing.

Recommendation # 2: The Department of Community Affairs, in conjunction with the Shimberg Center for Affordable Housing, National Association of Homebuilders Research Center, and other appropriate parties, should develop typical Florida housing unit models (detached and attached) and a standard methodology for analyzing the impact of proposed regulations on the cost of the models.

Comments:

- a. Development of typical housing unit models and a methodology for analyzing the impact of regulation on the affordability of housing would provide a uniform method for developing housing impact statements to be included in the economic impact statements developed for bill analyses and agency rules.
- b. In making this recommendation to the Department of Community Affairs, the Commission recognizes that work in this area has been completed by other organizations and encourages the Department to make use of existing research, models and methodologies where practical and feasible.
- c. The typical housing unit models should itemize and provide base costs for building materials and labor used in the construction of the units from the slab up.
- d. The methodology should allow for consideration of the impact of a proposed regulation on the cost of each component of the typical housing unit models.

Recommendation # 3: In order to understand substate variations, Florida's regional planning councils should document and publicize the development review and approval costs being placed on the housing industry. It should be determined when the regulatory costs created by environmental permitting, land development regulations, developments of regional impact processes, and similar programs become obstacles to the delivery of housing that is affordable to very low, low- and moderate income households.

Comments:

- a. For the purpose of the study, the regional planning councils should establish a uniform operational definition of affordable housing, such as the definition contained in Section 420.0004, *Florida Statutes*.
- b. The purpose of the study is to determine the non-construction related costs of housing attributable to regulation, such as set-back requirements, impact fees, and street-width standards.

Recommendation # 4: The Legislature should amend Section 420.0003(4), *Florida Statutes* (the implementation section of the State Housing Strategy Act), to direct the Department of Community Affairs, in cooperation with the Florida Housing Finance Agency, affected parties and recognized housing experts, to prepare a housing impact statement prior to the adoption, amendment, or repeal of any rule.

Comments:

- a. Such an amendment would direct the Department to acknowledge and consider the cost of regulation on housing affordability and is similar to the requirement imposed on local governments by the SHIP Program (Section 420.9076(4)(j), *Florida Statutes*).
- b. If possible, determination of the aspects of the housing cost impact pertaining to construction codes should be based on the methodology to be developed by the Department as described in Recommendation # 2.
- c. Legislation might read as follows:

Section __. Paragraph (e) of Subsection (4) of Section 420.0003, *Florida Statutes*, is created to read:

(e) Prior to the adoption, amendment, or repeal of any rule or procedure, the department shall estimate the impacts of the proposed action on the affordability of housing. The department shall, in consultation with the agency and affected parties, develop typical housing unit models, both attached and detached, and develop a standard methodology for determining the impacts of a proposed rule on the affordability of the model housing units.

Recommendation # 5: The Legislature should amend Section 120.54, *Florida Statutes*, to require that all agencies, prior to adopting, amending or repealing any rule, determine the impact of the proposed action on the affordability of housing; require agencies that determine their rulemaking activities will adversely impact housing affordability to provide notice to the Department of Community Affairs; and require agencies to adopt impact-reducing alternatives recommended by the Department of Community Affairs.

Comments:

- a. Section 120.54, *Florida Statutes*, which establishes requirements for state agency rulemaking and preparation of economic impact statements, does not specifically require consideration of impacts on the cost of housing.
- b. Section 11.075, *Florida Statutes*, requires that prior to the enactment of general or special laws, the legislature consider the economic impact the legislation will have on the public and agencies assigned to implement or enforce the legislation. The section defines economic impact to have the same meaning as set forth in Section 120.54(2)(b), *Florida Statutes*.

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- c. The State Housing Strategy Act, in Section 420.0002(10), *Florida Statutes*, expresses a legislative finding that the state should provide incentives, including regulatory relief, for the formation of public-private partnerships as the means of achieving the greatest reduction in housing costs.
 - d. Section 420.9076(4)(j), *Florida Statutes*, requires local housing advisory committees created pursuant to the State Housing Initiatives Partnership Program to make recommendations on affordable housing incentives. Among the areas to be considered is the establishment of a process by which a local government considers, before adoption, policies, procedures, ordinances, regulations, or plan provisions, that have a significant impact on the cost of housing.
 - e. Therefore, amending Section 120.54, *Florida Statutes*, as recommended below, would assure that the executive and legislative branches of state government determine the impacts of regulation on the affordability of housing consistent with the State Housing Strategy Act and is similar to the requirement imposed on local governments by the SHIP Program.
 - f. If an agency determines that its proposed rulemaking will have an economic impact on small business, Section 120.54, *Florida Statutes*, currently requires that the agency provide notice to the Department of Commerce and adopt any impact-reducing alternatives recommended by the Department of Commerce. These provisions are recommended to be used as a model for a process for reducing the impacts of new agency rulemaking on the affordability of housing.
 - g. Legislation might read as follows:

Section __. Subsection (2) of Section 120.54, *Florida Statutes*, is amended to read:

120.54 Rulemaking; adoption procedures.-

(2)(b) Prior to the adoption, amendment, or repeal of any rule not described in subsection (9), an agency may provide information on its proposed action by preparing an economic impact statement, and must prepare an economic statement if:

1. The agency determines that the proposed action would result in a substantial increase in costs or prices paid by consumers, individual industries, or state or local government agencies, or would result in significant adverse effects on competition, employment, investment, housing affordability, productivity, or innovation, and alternative approaches to the regulatory objective exist and are not precluded by law; or

2. Within 14 days after the date of publication of the notice provided pursuant to paragraph (1)(c) or, if no notice of rule development is provided, within 21 days after the notice required by paragraphs (1)(a) and (b), a written request for preparation of an economic impact statement is filed with the appropriate agency by the Governor, a body corporate and politic, at least 100 people signing a request, or an organization representing at least 100 persons, or any domestic nonprofit corporation or association.

An agency's determination regarding preparation of an economic impact statement pursuant to subparagraph (2)(b)1. shall not be subject to challenge. If an economic impact statement is prepared pursuant to paragraph (2)(b), at least 14 days prior to any public hearing on a proposed rule held pursuant to subsection (3), the agency shall make a draft copy of the economic impact statement available to any person who requests a copy of the statement.

(c) The economic impact statement must include:

1. An estimate of the cost to the agency, and to any other state or local government entities, of implementing and enforcing the proposed action, including the estimated amount of paperwork, and any anticipated effect on state or local revenues;

2. An estimate of the cost or the economic benefit to all persons directly affected by the proposed action;

3. An estimate of the impact of the proposed action on competition and the open market for employment, if applicable;

4. An estimate of the impact of the proposed action on the affordability of housing as determined by the agency pursuant to the methodology developed by the Department of Community Affairs in consultation with the Florida Housing Finance Agency and affected parties;

(renumber subsequent paragraphs)

Section __, a new Paragraph (c) of Subsection 3 of Section 120.54, *Florida Statutes*, is created to read:

(c) If the agency determines that the proposed action will adversely impact the affordability of housing, the agency shall send written notice of such rule to the Department of Community Affairs not less than 21 days prior to the intended action.

1. Within the 21-day period after written notice has been sent and the day on which the intended action is to take place, the agency shall give the Department of Community Affairs an opportunity to present evidence and argument and to offer alternatives regarding the impact of the rule on the affordability of housing.

2. Each agency shall adopt those alternatives offered pursuant to this subsection which it finds are feasible and consistent with the stated objectives of the proposed rule and which would reduce the impact on the affordability of housing.

3. If an agency does not adopt all alternatives offered pursuant to this subsection, it shall, prior to rule adoption or amendment and pursuant to subsection (11), file a detailed written statement with the committee explaining the reasons for failure to adopt such alternatives. Within 3 working days of the filing of such notice, the agency shall send a copy of such notice to the Department of Community Affairs.

Recommendation # 6: The Department of Community Affairs and the Florida Housing Finance Agency should include a “housing impact statement” in the fiscal impact portion of all bill analyses they prepare.

Comments:

- a. The recommendation would encourage the department and the agency to acknowledge and consider the cost of regulation on housing affordability and is similar to the requirement imposed on local governments by the SHIP Program.
- b. The recommendation also would have the effect of informing legislators of potential adverse impacts to the affordability of housing that would result from enacting the proposed legislation.

Recommendation # 7: The Legislature should establish a dedicated funding source and annual appropriations to provide administrative and staff support to the Board of Building Codes and Standards.

Comments:

- a. Section 553.77(1)(b), *Florida Statutes*, empowers the Board of Building Codes and Standards to “make a continual study of the operation of the State Minimum Building Codes and other laws related to the construction of buildings, including manufactured buildings, to ascertain their effect upon the cost of building construction and determine the effectiveness of their provisions.” Due to the lack of funding, the Board has not exercised this authority since 1986, when it commissioned a study of the issue by the Florida Agricultural and Mechanical University’s College of Architecture.
- b. The Department of Community Affairs serves as staff to the Board of Building Codes and Standards. While Florida has a vote on the Southern Standard Building Code Congress, it does not actively participate due to a lack of staff and financial resources needed to complete the detailed analyses needed to make an informed vote on specific revisions to the model codes.
- c. The Commission believes that the Department of Community Affairs, as staff to the Board, should actively participate in the Southern Standard Building Code Congress to assure development of model code provisions that further state efforts to promote the affordability of housing while protecting public health and safety. Further, it is important that the Board be adequately staffed so that it can carry out its responsibilities to determine the cost impacts of new code provisions and to evaluate the currency and effectiveness of code provisions.

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- d. The Board receives full-time support from two professional positions and one clerical position. Of these, one professional position is dedicated solely to reviewing and analyzing issues related to the accessibility code. In addition, one program administrator provides part-time support to the Board. The Board meets every six weeks to act on certification of inspectors and accessibility code waivers, among other things.
 - e. According to information provided by Department of Community Affairs staff, a comprehensive review of the model codes and revision to repeal outdated requirements, including evaluating the potential of development of a Florida-specific model code, is being considered subject to the provision of adequate resources. The Commission endorses these efforts and will monitor them closely as part of its 1994 work.
 - f. In the past, the Legislature has appropriated funds to support specific code development activities from revenues received from surcharges on building permits. In addition, revenues from building contractor licensing fees have gone in part to support Board activities. The Commission recommends that the Legislature consider a dedicated source of revenue to increase administrative support to the Board.
 - g. Establishment of a dedicated source of funds to support Board activities and appropriating funds would provide for authorizing additional career service staff or contracting out research needed to fully carry out the Board's statutory responsibilities.

Issue B: Provide ad valorem tax relief to developers of rental housing that is affordable to very low and low-income persons.

With few exceptions, affordable rental housing developments that are supported by public funds for housing construction or that are required by government to set aside units for rental at below-market rates are subject to ad valorem taxation as though they are rented at full market rates. This is due, in part, to the broad discretion given to individual property appraisers in considering the criteria for determining just value prescribed by statute, and, in part, to statutory limitations on charitable or public purpose exemptions.

Both the State Housing Strategy Act and the State Housing Initiatives Partnership Program express legislative intent that state and local governments provide incentives for the formation of public-private partnerships with both nonprofits and for-profits to produce and preserve affordable housing. There also is emphasis and funding by both state and local governments which support the private sector working in partnership with government to promote mixed-income rental complexes. Mixed-income developments are encouraged to avoid concentrating low-income families in large projects. Assuring that an affordable housing project works and has adequate cash flow generally involves layered financing, housing construction assistance grants or loans, or tax incentives from federal, state, and local governments to the private partner. In return, the private partner agrees to provide a mix of low-income and market-rate housing through land use restrictions and other legal mechanisms. For example, properties developed with the assistance of the Low-Income Housing Tax Credit Program are subject to restricted rents for a minimum of 15 years and require that at least 20 percent of the units be set aside for households earning less than 50 percent of the median income or that 40 percent of the units be set aside for households earning 60 percent or less of median income.

The Florida Constitution authorizes the state to enact legislation authorizing local governments to impose ad valorem taxes on real property, sets forth requirements for valuation of real property, and provides for certain exemptions. The Constitution requires local property appraisers to prepare assessments at "just value," which the courts have held equal to "fair market value." Section 193.011, *Florida Statutes*, defines factors to be considered in deriving just valuation. State or local land use regulation that restricts the development or improvement of property as otherwise authorized by law and the income from the property must be considered in determining just valuation. There is, however, no specific requirement to consider public restrictions on the use of developed property or public restrictions on income derived from the property. Nor is there a requirement to consider whether the property is meeting a public purpose by providing affordable housing.

Chapter 196, *Florida Statutes*, establishes requirements for exemptions. Among the exemptions currently provided are exemptions for such portions of property as are used predominantly for educational, literary, scientific, or charitable purposes. Predominate use is defined as greater than 50 percent, but less than exclusive (100 percent) use of a property. Courts have held that unless the entire property is used at least predominately for an exempt use, no portion of it qualifies for an exemption. While there is currently no exemption given to developers of affordable housing, courts have held that an affordable housing development can qualify for the charitable property tax exemption if it is the predominate use of the property, owned by an exempt entity and put to an exempt use, and is not used for profitmaking purposes. Typical set-aside requirements as described above, which are designed to achieve the objective of mixed-income housing, do not meet the predominate use test and fail to qualify for exemption.

Statutory provisions related to ad valorem assessment and exemption and their interpretation by property appraisers conflict with statutory policies directing state and local government to provide incentives to stimulate private enterprise to build and rehabilitate affordable housing. Developers of affordable rental housing report that ad valorem taxes are the single biggest item in affordable rental housing operating budgets². In rent-restricted developments, government sets maximum rental rates based on percentages of median income. Thus, owners cannot raise rental rates to cover additional expenses and ad valorem tax increases cannot be passed on to renters. Further, while rental rates remain constant relative to an area's median income, operating expenses, including ad valorem taxes, typically increase annually. Providing ad valorem tax relief for affordable rental housing that is supported by public investment or that is subject to public restrictions on rental income would recognize true value based on an income approach. Further, it would create a valuable incentive to private enterprise to produce affordable housing and help it operate successfully.

² For example, ad valorem taxes account for more than 30 percent of operating expenses for a 96-unit development in the Orlando area.

Recommendation # 8: The Legislature should amend Sections 193.011 and 193.023, *Florida Statutes*, to require property appraisers to consider federal, state, and local government restrictions that limit rental income derived from properties that provide housing that is affordable to very low and low-income households as defined in Section 420.0004, *Florida Statutes*, as a factor in deriving just valuation.

Comments:

- a. This recommendation furthers the legislative mandate for establishing public-private partnerships for the provision of affordable housing.
- b. The Commission recognizes that revenues generated from ad valorem taxation make up 30 to 45 percent of governmental revenues of cities and counties as well as the importance of maintaining local governments' tax bases. According to testimony received from the Florida Association of Counties and others, providing exemptions for affordable rental units would serve as a disincentive to local government approval of affordable housing developments. An exemption approach would reduce the local revenue stream and could potentially fuel NIMBY attitudes and community sentiment that those who receive public services should pay for them.
- c. The Commission believes that using an income approach to provide ad valorem tax relief to developers of affordable housing by ensuring equitable assessments is preferable to an exemption approach for several reasons. First, an income approach to valuing property would have a smaller negative impact on a local government's revenue stream than would exemption of the property from ad valorem taxation. Second, an income approach would assure that some revenue is derived from the property to support provision of public services. Finally, using an income approach rather than an exemption approach facilitates public and private efforts to create mixed-income developments.
- d. While an income approach to valuing property does not provide as deep a subsidy as an exemption would, it still provides some relief from ad valorem taxes and would serve as an incentive to developers of affordable housing.
- e. The Commission believes that the benefits of providing the incentive of ad valorem tax relief to developers of affordable housing outweighs the reduction in the local revenue stream or any potential disincentive effects.

CHAPTER TWO:

Recommendations Related to New Programs

The Subcommittee on New Programs focused on four diverse issues during 1993. These issues related to the state response to Florida's homelessness crisis; technical assistance provided to HOME participating jurisdictions; identifying opportunities for modifying Florida's growth management programs to increase the extent to which they support improved production, preservation and maintenance of affordable housing; and evaluating the Department of Community Affairs' implementation of the affordable housing needs assessment provisions contained in Chapter 93-206, *Laws of Florida*. The subcommittee's study of these issues resulted in the following recommendations:

- address Florida's homelessness crisis through an improved, comprehensive strategy;
- assure participating jurisdictions receive adequate technical assistance and program support to effectively implement the federal HOME Investments Partnerships Program;
- use Florida's growth management programs to promote increased production, preservation and maintenance of affordable housing; and
- monitor implementation of the Affordable Housing Needs Assessment.

Issue A: Address Florida's homelessness crisis through an improved, comprehensive strategy.

The Department of Health and Rehabilitative Services estimates that, on any given day in 1993, almost 50,000 people were homeless in Florida. This estimate includes 23,000 adult men, 4,600 adult women, 18,400 persons in families³, and 3,680 unaccompanied youth under age 18. Of these homeless individuals, only about 12 percent, or slightly over 6,000, are sheltered on any given day because of the severe lack of shelter spaces.

Based on formulas generated by Barry University and Florida homeless coalitions, Florida's homeless population is increasing at an average rate of 15 percent per year. Not surprisingly, given this trend and similar trends in other states, the plight of the homeless has become one of the nation's most visible social problems during the last few years. The major causes of homelessness include a lack of affordable housing, inadequate

³ Includes intact families with children, single-parent families, and married couples.

shelter beds, unemployment and poor wages, family disintegration, poverty, lack of education and training, alcoholism, drug abuse, deinstitutionalization, mental illness, migration and immigration without means of self-sufficiency, and free will. It is estimated that more than half of all homeless are mentally ill, chronic alcohol or drug abusers, or victims of AIDS.

Clearly, the needs of the homeless cannot solely be satisfied by the provision of adequate and affordable housing. The Commission believes that homelessness is a result, not a cause, and that housing represents but one strategy to deal with homeless problems. If Florida is to reduce its homeless population, it is essential that shelter programs be linked with access to the proper social services and other programs that can promote self-sufficiency and self-reliance.

Current public and private sector efforts are not sufficient to reduce significantly the problem of homelessness in Florida. Nevertheless, efforts have significantly improved over previous levels of involvement. Encouraging signs, particularly the promise of increased funding, can be seen at the federal and local levels. The state, however, is not seen to be making the same strides to assist the homeless as it is making to assist persons in other affordable housing categories. The new administration at the Department of Health and Rehabilitative Services, encouragingly, has voiced strong support for increasing state efforts to combat homelessness.

The recommendations set forth below should be considered initial recommendations for improving Florida's approach to homelessness. Development of a comprehensive state approach to provide a continuum of services to the homeless will be considered by the Commission during 1994.

Recommendation # 9: The Legislature should amend section 212.0306, *Florida Statutes*, to give other counties the authority to levy the local option tax on sales of food and beverages to provide funding for local homeless programs that is now in place in Dade County.

Comments:

- a. The 1993 Legislature gave this local option tax to Dade County in Chapter 93-233, *Laws of Florida*. This authority allowed Dade County to collect a tax at a rate of one percent on sales of food, beverages, and alcoholic beverages sold for on-premises consumption in establishments licensed by the state to sell alcoholic beverages that have gross annual sales in excess of \$400,000 per year, except for hotels and motels. It is estimated that this tax will raise about \$7 million annually in Dade County. Smaller revenues should be expected in most other counties.
- b. The tax should remain a local option so each county commission can determine for itself the appropriateness of using this revenue source to address its homeless needs.
- c. Counties considering this funding source should work closely with the affected industries upfront to build a partnership that will support the assessment, collection, and use of these revenues.

Recommendation # 10: The Department of Health and Rehabilitative Services, in conjunction with the Department of Community Affairs, the Florida Housing Finance Agency, Florida homeless coalitions, and other appropriate organizations should coordinate efforts to promote information collection and sharing on successful local solutions to homeless problems.

Comments:

- a. A principle source of information on local solutions should be the housing assistance plans and the housing incentive plans developed pursuant to the State Housing Initiatives Partnership Program. National and international solutions should also be identified.
- b. Possible approaches to assuring this information sharing could be the creation of a statewide task force on homelessness or some other formalized network of homeless agencies and providers.

Recommendation # 11: The Department of Community Affairs should add homeless issues to the list of issues addressed under the Urban Partnership Initiative it coordinates in five cities.

Comments:

- a. The Department of Community Affairs is coordinating urban partnership initiatives in disadvantaged neighborhoods of Miami, Jacksonville, Tampa, Orlando, and West Palm Beach.
- b. These programs are bringing together multiple state agencies to work in partnership with the involved local governments, nonprofit organizations, and area residents to attempt to address and reverse negative trends in economic opportunities, housing conditions, crime, educational accomplishment, and other symptoms of neighborhood disintegration.

Recommendation # 12: The Legislature should appropriate \$1.5 million in Fixed Capital Outlay to the Department of Health and Rehabilitative Services to supplement the Emergency Shelter Grant Program.

Comments:

- a. Florida's share of this federally funded program was \$2,895,000 during fiscal year 1992-93. Of this amount, \$2,256,000 was passed through to local governments and \$639,000 was retained by the state. The Commission proposes that an additional \$1.5 million be distributed by the state using a competitive award process.
- b. In addition, the Commission recommends that the Department of Health and Rehabilitative Services not apply federal rules limiting the use of funds to renovation projects but allow the state appropriation to also be used for new construction and building acquisitions. The current award limit of \$100,000 should also be reviewed and probably increased to \$250,000. If necessary to avoid federal restrictions on use of funds, the state should consider using the appropriation to establish its own parallel program.

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- c. If this \$1.5 million were given out competitively, and an average match of one-to-one was achieved, the extra appropriation would provide for a minimum of 500 new shelter beds.

Recommendation # 13: The Legislature should favorably consider requests for additional funding to support increased compliance with and use of the provisions of Chapter 397, *Florida Statutes*, preferably through a tax on alcoholic beverages.

Comments:

- a. Throughout the 1980s and to the present, federal and state governments have embarked upon the deinstitutionalization of mentally ill and chronically addicted persons under the recognition that these people are better served through smaller, community-based facilities. Funding for the community-based facilities, however, has not kept pace with the need. This has resulted in deinstitutionalized persons being displaced to the streets, exacerbating homelessness problems across the nation.
- b. Chapter 397, *Florida Statutes*, sets forth the procedures that must be followed before a homeless person may be involuntarily institutionalized for treatment for a chronic alcohol or drug dependency. Without treatment, the opportunity for these addicted homeless persons to lift themselves out of homelessness is limited because most shelters will not knowingly admit persons that are under the influence of drugs or alcohol. Therefore, the addiction of these individuals acts as an additional barrier to their access to shelter and other assistance, perpetuating their homeless condition.
- c. The Commission's intent in making this recommendation is to facilitate homeless persons' access to treatment programs while assuring that their civil rights are fully respected.

Issue B: Assure participating jurisdictions receive adequate technical assistance and program support to effectively implement the federal HOME Investment Partnerships Program.

In federal fiscal year 1992-93, 25 local governments and the State of Florida received \$59,080,000 in formula allocations from the federal HOME Investment Partnerships Program (HOME). The state's share of this amount, which is being administered through the Florida Housing Finance Agency, is \$15,826,000.

As of December 1, 1993, none of the 26 participating jurisdictions in Florida had committed 100 percent of its HOME funds. Although several of the state's participating jurisdictions have been able to successfully commit these funds (e.g., Tampa at 99.7 percent, Gainesville at 97.6 percent, Pasco County at 90.9 percent and Pinellas County at 89.8 percent), statewide, only 56.5 percent of HOME funds, or \$30,089,299, had been committed. According to U.S. Department of Housing and Urban Development (HUD) rules, any funds allocated to participating jurisdictions not committed within two years of allocation will revert to HUD for reallocation. Funds from the 1992 formula allocations to Florida participating jurisdictions may start reverting as early as April 1994.

There are several valid reasons for the difficulty being faced by participating jurisdictions in committing their funds. The HOME rules are unnecessarily complex, cumbersome and restrictive. The rules also require funds to actually be under binding contract, not just awarded to specific projects, to be considered committed and restricts most funds from being used for new construction. Nevertheless, Florida must do its utmost to assure that all of these valuable funds are used to help meet affordable housing needs in Florida. The recommendations that follow are designed toward this end.

Recommendation # 14: The Florida Housing Finance Agency should identify projects that can qualify for HOME funds before the reversion deadline and refer the projects to the applicable participating jurisdiction(s).

Comments:

- a. State programs such as SAIL, LIHTC, and other production programs are frequently oversubscribed during each application cycle. That is, more qualified applications are received for funds than are available to be distributed. The Commission recommends that Florida Housing Finance Agency continue its practice of referring these qualified, but unfunded projects, to participating jurisdictions that have uncommitted HOME funds for possible funding under that program.
- b. The FHFA should also make participating jurisdictions aware of other viable projects that they are aware of from any source.

Recommendation # 15: The Department of Community Affairs and the Florida Housing Finance Agency should dedicate resources for technical assistance to jurisdictions participating in the HOME program. This particularly requires that they establish clear lines of communication concerning the technical assistance to be provided under the Catalyst program.

Comments:

- a. Technical assistance to local governments on housing issues has been administered traditionally through the Division of Housing and Community Development at the Department of Community Affairs. The division's technical assistance capabilities for affordable housing have recently been expanded with the creation of the Catalyst Program and the Affordable Housing Training and Technical Assistance Program in 1992. The latter program is also known as the A-Home Program. Both programs currently use outside contractors to deliver training and technical assistance services.
- b. The Catalyst Program is moving into a new phase. The 1993 Legislature, recognizing the importance of technical assistance to ensure effective use of increased state funding for housing, authorized funding for three full-time staff positions in the division to coordinate current technical assistance activities and to deliver technical assistance directly to local governments and other service providers.
- c. At the same time, however, the 1993 Legislature narrowed the technical assistance focus of the Catalyst Program from the broad-based strategy envisioned by the 1992 Legislature to technical assistance targeted to the HOME and SHIP programs. Both of these programs are administered by the

FHFA, while the technical assistance programs are located in the Department of Community Affairs' Division of Housing and Community Development. This institutional arrangement, which will be examined by the Commission in 1994, mandates a high level of cooperation and communication between the Department of Community Affairs and the Florida Housing Finance Agency to ensure that the assistance given is timely, accurate, and effective. Up to the present, technical assistance efforts have not been fully coordinated between staff of the division and the agency.

- d. With the passage of the Sadowski Act, local governments throughout Florida have substantially increased their affordable housing activities. While the increased funding provided under the Sadowski Act presents a tremendous opportunity for local governments, it also establishes an important responsibility that local governments use the funds wisely. It is essential, therefore, that the state provide local governments and nonprofit housing-oriented organizations adequate technical assistance on affordable housing issues.
- e. The division received a \$250,000 appropriation to provide on-site technical assistance through the Catalyst Program. In November 1993, the division issued a request for proposals to contract out this technical assistance. Further, the Florida Housing Finance Agency received a \$57,900 grant from the U.S. Department of Housing and Urban Development to contract for the provision of technical assistance for HOME.

Recommendation # 16: The Department of Community Affairs and the Florida Housing Finance Agency should investigate alternatives to expedite the reimbursement of expenses to state subgrantees under the HOME Program.

Comments:

- a. Adding to HOME's already burdensome administration is a federal stipulation that payment for rental and homeownership projects be made on a reimbursement basis. Therefore, local governments and nonprofit organizations that are subgrantees under the state's HOME allocation must subsidize all of a project's start-up costs and have sufficient funds to meet ongoing expenses while awaiting receipt of reimbursements from the federal government, which are passed through the state. To prevent any disruptions to cash flow, it is crucial for HOME agencies to receive timely and accurate reimbursements.
- b. Federal reporting requirements are difficult and state procedures for requesting payments can be lengthy. Even though the Florida Finance Housing Agency cannot simplify the federal requirements, such as the need for subgrantees to submit separate, independently verified expense reports for each request, it should explore alternatives for reducing the time it takes to process payment. Presently, HOME recipients receive payment 20 to 25 days after submitting a request for reimbursement. Because most subgrantees work with very limited cash flow the current reimbursement process puts them in the difficult position of alienating vendors by making late payments or puts them at risk of bankruptcy.
- c. One method to shorten the reimbursement period would be to establish a dedicated revolving fund so that subgrantees could receive payments directly from the Florida Housing Finance Agency for verified requests. Such a

system could reduce the reimbursement period by as much as 50 percent (or to approximately 12 days). This would require special budget authority from the Legislature.

Recommendation # 17: The Florida Housing Finance Agency should update its program materials to provide easier access and use. This should include providing an index by program topic and making the material available on computer disk and on electronic bulletin boards.

Comments:

- a. The Florida Housing Finance Agency administers the state's affordable housing production programs. To provide accurate up-to-date information on program guidelines and administration, the Florida Housing Finance Agency produces comprehensive information sheets for each program in a question-and-answer format.
- b. Indexing and electronic access to the Florida Housing Finance Agency's program information will make the information more useful and accessible. Providing the information electronically will be more cost-effective and will allow more timely updating of program information.

Recommendation # 18: The Department of Community Affairs and the Florida Housing Finance Agency should, when appropriate and feasible, use regional forums for the dissemination of technical assistance information.

Comments:

- a. Pursuant to provisions of Chapter 186, *Florida Statutes*, Florida is divided into 11 regional planning districts. Each district has a regional planning council composed of representatives from local governments in the region and gubernatorial appointees. Regional planning councils have a variety of responsibilities including, but not limited to: review of the impacts of large-scale developments, regional growth management review and coordination, and emergency management assistance. Councils also provide technical assistance for numerous government programs and provide a regional forum to discuss and address regional problems. Over the past several years, some councils have been aggressive in addressing regional affordable housing issues; several have set up regional housing task forces to examine their regional affordable housing situation.
- b. Housing is both a local and a regional issue. Consequently, there is often a commonality of housing problems facing local governments within a region. The regional planning councils provide an established forum for information dissemination, discussion, and technical assistance.

Issue C: Use Florida's growth management programs to promote increased production, preservation and maintenance of affordable housing.

Chapter 93-206, *Laws of Florida*, which is known as the ELMS bill because it was based on the recommendations of the third Environmental Land Management Study Committee, significantly modified the statutes guiding Florida's state, regional, and local growth management programs. Since the effective date of this law on July 1, 1993, the Executive Office of the Governor and the Department of Community Affairs have been working intensely to prepare proposed revisions to the State Comprehensive Plan and revisions to the administrative rules that guide the regional and local planning programs. These administrative rules, known respectively as Chapter 27E-4 and Chapter 9J-5, *Florida Administrative Code*, contain the minimum format and content requirements for strategic regional policy plans and local government comprehensive plans.

Recommendation # 19: Following completion of the affordable housing needs assessment, the Legislature should amend the growth management portion of the State Comprehensive Plan to include a quantifiable objective for the provision of affordable housing through state programs. This objective should be drafted by the Department of Community Affairs and recommended to the Legislature by the Governor.

Comments:

- a. Section 6 of Chapter 93-206, *Laws of Florida*, created paragraph 163.3177(6)(f)2, *Florida Statutes*. This paragraph states:

To assist local governments in housing data collection and analysis and assure uniform and consistent information regarding the state's housing needs, the [Department of Community Affairs] shall conduct an affordable housing needs assessment for all local jurisdictions on a schedule that coordinates the implementation of the needs assessment with the evaluation and appraisal reports required by s.163.3191. Each local government shall utilize the data and analysis from the needs assessment as one basis for the housing element of its local comprehensive plan. The agency shall allow a local government the option to perform its own needs assessment, if it uses the methodology established by the agency by rule.

- b. According to proposed rules that will establish the submittal schedule for local government evaluation and appraisal reports (EARs) required by section 163.3191, *Florida Statutes*, the due dates for local jurisdictions' first EARs will begin in August 1995 and continue through February 2004. Therefore, the Department of Community Affairs may need to ensure that a statewide affordable housing needs assessment is completed at an earlier date in order to comply with this recommendation.
- c. In 1990, the Florida Legislature pledged that by the year 2010 the state would ensure that "decent and affordable housing is available for all of its residents." The quantifiable objective adopted by the Legislature pursuant to this recommendation should be designed to assure progress toward meeting this pledge.

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- d. Section 24 of Chapter 93-206, *Laws of Florida*, created section 186.009, *Florida Statutes*, thereby creating the growth management portion of the state comprehensive plan. The growth management portion must, in part, "set forth policies to establish state and regional solutions to the need for affordable housing."
 - e. The proposed growth management portion of the state comprehensive plan, which was transmitted to the Administration Commission in October by the Executive Office of the Governor, contains an objective that the Department of Community Affairs shall, by July 1994, considering the recommendations of the Commission, recommend policies to establish state and regional solutions to the need for affordable housing.

Recommendation # 20: The Executive Office of the Governor should assure that strategic regional policy plans include a quantifiable objective for the provision of affordable housing.

Comments:

- a. Section 32 of Chapter 93-206, *Laws of Florida*, amended section 186.507, *Florida Statutes*, to require regional planning councils to adopt strategic regional policy plans. These new strategic regional policy plans must contain goals and policies addressing, at a minimum, five regional issues, instead of the 26 regional issues that had to be addressed in the current comprehensive regional policy plans. One of the five issues that must be addressed is affordable housing.
- b. The Executive Office of the Governor is currently drafting revisions to Chapter 27E-4, *Florida Administrative Code*, which contains the minimum criteria for the strategic regional policy plans, to implement these statutory changes.
- c. Regional plans must be consistent with the State Comprehensive Plan. Therefore, any quantifiable regional objective must be consistent with affordable housing objectives contained in the State Comprehensive Plan.
- d. Pursuant to subsection 187.507(13), *Florida Statutes*, "standards included in strategic regional policy plans may be used for planning purposes only and not for permitting or regulatory purposes." Therefore, quantifiable objectives included in regional plans should be designed to assist local governments in carrying out their own affordable housing programs.

Issue D: Monitor Implementation of the Affordable Housing Needs Assessment.

As discussed under recommendation # 19, Chapter 93-206, *Laws of Florida*, directed the Department of Community Affairs to develop and adopt, by rule, an affordable housing needs assessment and methodology. In addition to the statutory language set forth under recommendation # 19, the new statutory language states: The goals, objectives and policies of the housing element must be based on the data and analysis prepared on housing needs, including the affordable housing needs assessment. State and federal housing plans prepared on behalf of local government must be consistent with the goals, objectives, and policies of the housing element.

Recommendation # 21: The Department of Community Affairs should limit the data categories in its rule establishing the affordable housing needs assessment methodology to no more than the categories that the U.S. Department of Housing and Urban Development required to be included in the *1993 Comprehensive Housing Affordability Strategy*.

Comments:

- a. As of December 1, 1993, the Department of Community Affairs had still not yet released a draft rule or concept paper outlining its proposals for the methodology rule. Based on testimony provided by Department staff, however, the Commission is concerned that the methodology being considered may, although for the best of intentions, be too comprehensive, and therefore, more complicated and expensive to apply than is necessary.
- b. To avoid adding unnecessary costs or complexity to the methodology, the Department of Community Affairs should clearly identify and receive public comments on the data categories to be evaluated before it finalizes the methodology by rule. By limiting the data categories to no more than the 1993 CHAS requirements, the Department would promote better consistency with federal planning requirements and be more likely to focus on data already available in many communities.

Recommendation # 22: The Department of Community Affairs should assure that the affordable housing needs assessment methodology will have some flexibility to accommodate appropriate regional variations.

Comments:

- a. Establishing a methodological approach for conducting an accurate needs assessment to estimate the current and projected supply and demand for affordable housing presents challenging but not insurmountable problems. Accommodating regional variables while assuring statewide consistency is one of these challenges.
- b. Many variables used in housing needs assessments, such as cost burden, vacancy rates, removal rates, tenure, and substandard condition standards, often have significant regional variations. The state affordable housing needs assessment methodology should take this into account in order to accurately assess affordable housing needs.

Recommendation # 23: The Department of Community Affairs should ensure that the affordable housing needs assessment is coordinated with the Development of Regional Impact affordable housing development impact review process.

Comments:

- a. In addition to the affordable housing needs assessment rule, the Department of Community Affairs is also adopting an affordable housing development impact review rule, pursuant to its authority under Chapter 380, *Florida Statutes*, for use in the Development of Regional Impact (DRI) review program. Under that proposed rule, large-scale developments will be reviewed for their projected impact on the need for affordable housing within the local jurisdiction and within a specified impact area.
- b. The affordable housing needs assessment will be conducted by the state for each local government that does not choose to conduct its own assessment. The DRI housing impact review will be administered by the Department under Chapter 380, *Florida Statutes*. Since both processes address the need for affordable housing within local jurisdictions, the state should coordinate each process to ensure consistency between the affordable housing needs assessment and the development impact review assessment.
- c. Once the affordable housing needs assessment rule methodology is in place, the Department of Community Affairs should revisit the DRI affordable housing impact rule to link the two processes.

CHAPTER THREE:

Recommendations Related to Existing Programs

The Subcommittee on Existing Programs concentrated on four major areas involving housing assistance to the elderly, a sunset review of Florida's Enterprise Zone Program, amendments to the Community Development Corporation Support and Assistance Program, and improvements in the management of housing programs within the Florida Housing Finance Agency. Their review resulted in the following issues for 1993:

- increase funding for community-based housing and care alternatives for the frail elderly;
- restructure the Florida Enterprise Zone program to support community economic development projects;
- strengthen the capacities of community development corporations; and
- improve the selection process for and management of loan and tax credit programs administered by the Florida Housing Finance Agency.

Issue A: Increase funding for community-based housing and care alternatives for the frail elderly.

The housing needs of Florida's low-income and frail elderly cannot be met simply by satisfying goals of affordability. Their needs range from concerns with structural questions on how to accommodate those with limited mobility, to devising extended plans for meeting social service and health care needs. When Governor Lawton Chiles and the Florida Legislature created the Department of Elder Affairs, they demonstrated a commitment to integrating all programs and services as the best response to the unique needs of elderly residents.

Much progress has been made in the coordination of services. The state, however, has yet to establish a policy framework and a unified delivery system that offers a continuum of care to safeguard the quality of life of this population as it ages. The Affordable Housing Study Commission has just begun to address this area of policy, but it stands firmly behind the conviction that programs should support the desires of elderly to remain in their homes and in their communities. The Commission is encouraged by the direction of President Clinton's health care reform proposal that provides states with the flexibility of serving greater numbers of its disabled and frail elderly through in-home and community-based services.

Florida is fortunate in having a diverse range of community-based care facilities supported through a combination of fees and private foundations. One network of housing options available statewide is referred to as adult congregate living facilities (ACLFs). They offer the frail elderly an advantage of independent living in a closely supervised setting. A growing number of ACLFs are beginning to provide medical care to extend the length of residence and prevent the premature transfer of persons to more costly nursing homes.

Florida participates in a federal program, Optional State Supplementation (OSS), to assist low-income elderly as well as mentally and physically disabled adults with the cost of care in ACLFs and adult foster homes. The OSS program pays the difference between an individual's total income (usually supplemental security income) and the cost of provider care as set by the state. It also provides a personal needs allowance which is often used to pay for medications and other health care expenses not supported by medicaid. The state conducts assessments on persons interested in the program to determine whether an ACLF can appropriately meet their health care needs. If a person's needs would be met in an ACLF, and if an opening is available, the state refers eligible persons to the nearest facility accepting OSS participants.

States offering OSS have the flexibility to determine the income standard for eligibility and set a maximum payment rate for OSS providers. Historically, Florida has set low income and provider rate thresholds to limit the number of eligible persons, and as a result, has influenced the nature of ACLFs willing to accept OSS participants. It has become increasingly difficult to attract high-quality ACLFs as OSS providers because the state's allocation to the program has not increased since 1991. The current provider rate is \$575 per month and the personal needs allowance is \$43 per month, a rate set in 1988. Without annual adjustments to accommodate cost-of-living increases, the ACLF provider rate has fallen far below the actual cost of care. Over two-thirds of licensed ACLFs are now unwilling to accept OSS participants and many ACLFs whose profile of residents had been a majority of OSS elderly have since gone out of business. Most new referrals are made to facilities which have minimal amenities and medical services. This has the effect of concentrating referrals to facilities which offer the lowest level of care, placing HRS in the difficult situation of perpetuating inadequate care of Florida's frail elderly.

Humane alternatives of care for the frail elderly have declined as a result of Florida's inadequate OSS threshold and provider rate. Inadequate provider rates and personal needs allowances have resulted in underutilization of the program. Less than half of the nearly 8,000 participants receiving OSS are elderly. Staff of HRS theorize that due to the current rate structure, many of the elderly who would otherwise qualify for OSS are forced to enter nursing homes where the subsidized cost of care is at least double and sometimes triple that of an ACLF.

The need for less expensive alternatives to the long-term care of the elderly is indisputable. In fiscal year 1992-93, the cost of nursing home care exceeded \$1 billion or 19 percent of the medicaid budget. By contrast, less expensive in-home community care programs comprised only two percent of the medicaid budget. The cost of nursing home care is expected to increase to \$3 billion by the year 2000 unless the state promotes use of less expensive in-home and community care programs more effectively.

The Affordable Housing Study Commission endorses two 1994 legislative budget requests to support the costs of ACLF care for the frail elderly. The first is a request by HRS to raise the OSS income threshold and the ACLF provider rate from \$575 to \$750 per month, and increase the personal needs allowance from \$43 to \$80 per month. Although it will help the situation, the Commission believes that the HRS request has not gone far enough in solving the problem of ACLF underutilization. The second budget request reviewed by the Commission is a request by the Department of Elder Affairs to extend an existing medicaid waiver to impaired adults residing in ACLFs as a means of subsidizing the medical costs, and, hopefully, delaying their transition to costly nursing home care.

Recommendation # 24: The Legislature should increase Optional State Supplementation Program funding to cover the actual cost of adult congregate living facility services and ensure in the future that adequate housing and care will be provided to Florida's frail elderly and disabled to prevent unnecessary and costly placements in nursing homes or institutions.

Comments:

- a. In a 1988 rate study conducted by the HRS Office of Evaluation and Management, the average monthly operating costs of ACLFs was determined to be \$711 per client. Based on this study and adjusting for cost of living increases, the Florida Health Care Association estimates the average cost of ACLF care in 1994 will be \$978 per month. In a 1990 study of OSS participants, the average monthly cost of basic essentials minus medication expenses (personal needs) was \$80; this cost is expected to exceed \$110 in 1994. This means that to meet expected increases in OSS caseload and actual costs of ACLF services and personal needs of residents, program funding should be nearly doubled. This additional allocation would be an investment in revitalizing the OSS program.
- b. By paying for the actual cost of care, HRS will be able to upgrade the care and facilities of ACLFs that provide minimal care as well as attract ACLFs offering higher quality care to accept OSS participants. Eventually, such modifications will increase the number of quality ACLF providers and allow for greater numbers of the frail elderly to access a preferred alternative to costly institutional or nursing home care.
- c. Because the cost of providing care in ACLFs is one-third to two-thirds of the cost of institutional or nursing home care, the investment of additional resources in the OSS program should ultimately result in a cost avoidance in the medicaid program. The Department of Elder Affairs estimates that if OSS program funding were increased, and, as a result, the OSS caseload grows as projected, the cost avoidance in fiscal year 1994-95 alone could be as much as \$125 million.

Recommendation # 25: The Legislature should index its allocation to accommodate increases in federal cost-of-living allowances in an effort to at least maintain its financial contribution to the Optional State Supplementation Program.

Comments:

- a. The Legislature has consistently adjusted OSS payments downward for increases to an individual's supplemental security income. Essentially, the state is reducing its funding obligation by denying the elderly and disabled a federal cost-of-living allowance. This indirectly constitutes a lowering of the state's contribution and a retreat from a commitment to maintain the program. Without Legislative action, OSS participants receiving supplemental security income will again be denied a cost-of-living increase at the end of January 1994.

Recommendation # 26: The Legislature should favorably consider the budget requests by the Department of Elder Affairs and the Agency for Health Care Administration to establish a medicaid waiver to subsidize the medical expenses of approximately 1,500 ACLF residents, thereby diverting them from more costly nursing homes.

Comments:

- a. This request extends a medicaid waiver to fund support services for severely impaired adults residing in ACLFs. It is anticipated that a general revenue allocation of \$4,588,700, matched with \$5,558,800 in federal funds, will divert 1,500 severely impaired elderly and disabled adults from nursing homes. Because of the higher cost of nursing home care, this cost-effective action would result in an annual cost avoidance of \$10,853,885 to the state.
- b. Each year in a comprehensive assessment review and evaluation for long-term care services, referred to as CARES, approximately 1,500 persons are found to meet Intermediate I and II nursing home levels of care due to physical and mental disabilities. They do not, however, have medical problems severe enough to require nursing home placement. Due to the low payment made to ACLFs for care of state-supported clients (\$575 per month plus the \$43 per month personal needs allowance), facilities cannot afford to provide the extra services this population needs. Consequently, these people are placed in nursing homes at a much higher cost to the state.

Issue B: Restructure the Florida Enterprise Zone Program to support community economic development projects.

Florida's Enterprise Zone program offers two kinds of state assistance and incentives depending on whether a business is located within or outside of a zone. Businesses located within or relocating to a zone may receive corporate income tax credits equal to the ad valorem tax paid on zone property, refunds of sales tax paid on building materials or business property used in a zone, and exemption from sales tax on electricity used within a zone.

Any business, regardless of its location, is eligible for corporate and sales tax credits when hiring new employees who reside in a zone, receive aid to families with dependent children, or participate in a Job Training Partnership Act program and are economically disadvantaged. An additional benefit, through the Community Contribution Tax Credit Program, offers tax credits to businesses contributing revenues to approved development projects within a zone.

Local government involvement is paramount to the program's success since city and county staff are responsible for managing the program and promoting the advantages of enterprise zones. They also have the opportunity to leverage state tax benefits with other local property tax abatements, services and federal grants, thereby increasing the impact of redevelopment efforts.

An evaluation report by Florida's Auditor General, released in February 1993, describes wide variation among the zones in the use of credits and incentives. Higher levels of use tend to be in areas where local governments have aggressively promoted the combined use of state and local tax credits and abatements. Over 70 percent of all state incentives claimed are tax credits for hiring zone residents which in general benefit large businesses outside of the zones. Smaller businesses seldom participate since the minimal relief in taxes does not compensate for the time it takes to meet burdensome program requirements. Although some anecdotal evidence exists, there is no empirical evidence to suggest that the enterprise zone program serves as a recruitment tool for businesses nor has it resulted in widespread business retentions or expansions. The question which remains unanswered in this report is whether these modest successes would have occurred in the absence of the Enterprise Zone Program.

Under Florida's current tax structure, the use of corporate and sales tax credits appears to be the most feasible and broad-reaching tax incentives that can be used in the Enterprise Zone Program. These subsidies, however, are simply not "deep" enough to have much of an effect in stimulating new jobs or encouraging local redevelopment. The magnitude of the economic problems faced in enterprise zones requires a more direct approach such as the Auditor General's suggestion to provide a consistent source of low-interest loans for small business start-ups and expansions in the zones.

Recommendation # 27: In consideration of the sunset of Florida's Enterprise Zone Program, the Commission recommends maintaining the Community Contribution Tax Credit Program, but rescinding all other tax credit and incentive provisions to establish instead a community development grant and loan program aimed at assisting businesses and residents within these targeted areas. At a minimum, the Legislature should commit to this new program the tax revenue that would otherwise have been foregone through the existing program.⁴

Comments:

- a. The Clinton administration advocates that governments assume a proactive role in enterprise zones. One element of a proposed federal strategy to create Empowerment Zones is to establish community-development banks to assist

⁴ An estimate of the applicable revenues foregone during state fiscal year 1990-91 is \$5.5 million.

businesses within the zones. Another feature is to provide direct grants to increase spending on neighborhood services, including low-cost housing, and on programs to meet the social and job training needs of the zone residents.

- b. By converting tax incentives to grants and loans, the state would be establishing a source of funding for use by community development corporations (CDCs). In fact, the CDC Support and Assistance Program has an existing loan fund that has not been funded for two years. Two-thirds of state-supported CDCs serve enterprise zones (eight out of the 12 funded) and their mission reflects the goals of the Enterprise Zone Program, which is to create jobs and generate business activity in Florida's most distressed communities.

Recommendation # 28: In reconfiguring the Enterprise Zones, the Legislature should retain the stipulation that 40 percent of a designated area be residential as well as establish an additional selection criteria that requires evidence of a local government commitment in making available incentives such as: the infrastructure needed to sustain new development, property tax abatements, impact fee waivers, and an expedited permitting process.

Comments:

- a. A contributing factor to the success of Enterprise Zones is the involvement of local governments in providing additional incentives, improved services, and resources for program promotion and administration. When this factor was noted in the Auditor General's report, it was suggested that the state require local governments to provide at least two additional incentives such as property tax abatements, utility tax exemptions, or occupational license fee abatements.

Recommendation # 29: An affordable housing benchmark should be developed as a means of assessing the impact of the Florida Enterprise Zone Program.

Comments:

- a. Program achievements cannot be effectively measured overall without first developing performance benchmarks. The Auditor General's report concluded that without establishing performance measures, the Department of Community Affairs and the Legislature cannot determine the relative success of the program. In a descriptive account of activities in each zone, the report summarized annual reports for a period of four years from 1988 to 1991. Affordable housing projects were mentioned in 16 of the 30 zones, but most of this activity was reported only in the last two years.

Issue C: Strengthen the capacities of community development corporations.

When the Florida Legislature enacted the CDC Support and Assistance Program in 1980, it recognized the importance of building the capacities of community-led organizations. The original purpose was to create a network of CDCs in the most distressed

neighborhoods of Miami following the Liberty City riots, but the program was quickly expanded in the next year to encourage the development of CDCs statewide. With the combined assistance of administrative grants and the availability of debt capital, CDCs were expected to become full and active partners in preserving and restoring economic vitality to Florida's poorest communities.

The Florida Legislature envisioned that CDCs would function as community banks in making business investments and in initiating their own commercial ventures as a means of creating jobs. It was hoped that through the income generated from these activities, along with annual administrative subsidies of \$100,000, the CDCs would eventually become self-sufficient. With the exception of a few success stories, however, this has not occurred.

Declines in federal and state support through the 1980s have been the principle reason why many CDCs have not been successful. The Center on Budget and Policy Priorities estimates that federal spending decreased by 82 percent for subsidized housing, 63 percent for job training and employment services, and 40 percent each for community development, community service and social service block grant programs.⁵ One major source of support was lost in 1981 with the abolishment of the Community Services Administration which provided \$30 to \$40 million per year in administrative and technical assistance grants to community development organizations. All federal support has not been withdrawn, however, as a small venture capital fund of \$20 million is still available through the U.S. Department of Health and Human Services. In last year's competitive cycle for awarding loans nationwide, Florida was fortunate to have three CDC projects funded.

State funds are appropriated each year to the CDC Support and Assistance Program for administrative grants and a separate allocation for loans. In the first year of the program, the Legislature approved the largest allocation for each resulting in the distribution of \$1.84 million for grants and \$1.51 million for loans. Annual funding for administrative grants fluctuated around \$1.5 million for four years, dropping to \$1.3 million in 1986 where it remained for another four years. Between 16 and 18 grants were competitively awarded each year until the Legislature amended the program in 1990 to allow for three years of continuous funding. The level of administrative grant funding was restored to \$1.5 million in the first year of the amendments, only to be cut nearly in half in 1991 to the present allocation of \$800,000. Today, only 12 CDCs, out of an estimated 60 in existence, receive administrative grants in the amount of \$66,666.

The funding history for loans followed a different course. Allocations for loans were reduced by 60 percent after the first year and then gradually increased to an average appropriation of \$850,000. While the level of funding for loans has remained relatively constant, appropriations have not been made every year. In fact, the last allocation for loans was \$1.1 million made in 1991.

The Affordable Housing Study Commission believes the vision for CDCs in Florida has been unobtainable for a number of reasons including a lack of technical assistance, poor management expertise, weak ties to private capital, stagnant markets, and sporadic and

⁵ Quoted in the National Congress for Community Economic Development final Florida report dated November 1992.

inadequate funding. Although revisions to the program's design are essential in improving the impact of CDC services on distressed communities, the real deterrent to the success of the CDC Support and Assistance Program is the absence of a dependable source of funding for loans, grants, and technical assistance.

The Commission also believes that the focus of the CDC Support and Assistance Program must be broadened to reflect community needs and resource constraints. For example up until 1990, there was little recognition or support given to CDC developers of affordable housing. Even the state loan fund was dedicated to commercial ventures or revolving loan funds for use in business development aimed at new job creation. The development of affordable housing can at times be the best strategy for meeting the needs of low-income communities, especially when the absence of "purchasing power" by the residents make business start-ups extremely risky. Many view CDCs as effective developers of affordable housing in low-income communities warranting a commitment and ongoing support from the Department of Community Affairs and the Legislature.

Recommendation # 30: The Legislature should favorably consider the Department of Community Affairs' 1994 Legislative budget request to appropriate \$3.1 million to the CDC Support and Assistance Program. This would provide full funding for 18 CDCs (the maximum allowed), reserve \$200,000 for at least four planning grants, and reactivate the loan fund in the amount of \$1.1 million.

Comments:

- a. For the past three years, the program has experienced reduced funding for administrative grants; the loan fund has not received an allocation in two years. Without sufficient financial support for long range planning, venture capital, and funds for revolving loans to small businesses, most CDCs cannot be successful.

Recommendation # 31: The Department of Community Affairs, during 1994, should thoroughly review and revise the CDC Support and Assistance Program and recommend establishment of a dedicated source of funding for administrative grants and loans.

Comments:

- a. A series of recommendations for revisions to the CDC Support and Assistance Program were made in a November 1992 report on Florida CDCs prepared by the National Congress for Community Economic Development and the Council of State Community Development Agencies. A natural starting point would be for the Department of Community Affairs to consider this report, particularly the following recommendations which are thought to be of importance by the Commission:
 - Simplify the CDCSAP application process, loan procedures, and eligibility requirements;
 - Fund the implementation of planning grants for new and emerging CDCs; and,
 - Institute performance-based funding and eliminate the limit on the number of administrative grants.

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- b. There was consensus among Commission members on the need to establish performance-based contracting as a way of ensuring the accomplishment of tangible results. It would also have the added benefit of eliminating a bias in the selection and scoring process that emphasizes such extraneous factors as judging an agency's capacity by the educational backgrounds of staff more than by a staff's relevant experience.

Recommendation # 32: The Commission recommends that the state establish a flexible and adequate source of capacity building and technical assistance (outside of CDCSAP staff support) to address the needs of CDCs at every stage of their development.

Comments:

- a. Similar to the rest of the nation, Florida is experiencing a resurgence of new and emerging CDCs. There is a growing recognition of the need for community-based solutions to the problems of economic stagnation in low-income neighborhoods and the CDC model is gaining widespread acceptance as a good mechanism for commercial revitalization and affordable housing development. At least 60 CDCs are known to exist in Florida, and Commissioners have direct knowledge of additional CDCs being formed in the following areas: Tampa, Orlando, Jacksonville, Fort Walton, Panama City, Fort Myers, Homestead, Key West, Sarasota, Indiantown, and West Palm Beach, and in the counties of Madison, Levy, Lakeland, Hillsborough, and South Dade (three separate areas). Technical assistance and training are crucial to a new CDC in acquiring the knowhow to assess the feasibility of commercial and housing developments.
- b. Even mature organizations lack the resources to obtain the technical assistance needed in structuring complex ventures or in developing the staff's expertise in implementing new activities. Operating budgets usually consist of public or private funds which are restricted to specific activities.

Recommendation # 33: The Commission recommends that in support of CDC activities, efforts be made to help CDCs access the resources of other state housing and economic development programs.

Comments:

- a. Many CDCs have established a strong record as housing developers in their communities. All 12 CDCs funded through the CDC Support and Assistance Program are involved in the construction of single-family or multifamily units, or the rehabilitation and conversion of existing structures for apartment rentals. The total units built each year by these CDCs have more than doubled in the last three years.
- b. The Department of Community Affairs should actively pursue better ways to link CDC Support and Assistance Program funding with other state housing and economic development programs. If problems of coordination are found to exist among state and local funding sources, the Department of Community Affairs should consider methods to allocate administrative funds as performance-based incentives or provide more needed gap funding for ventures.

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- c. Options for creating higher set-asides or encouraging dedicated funding to CDCs should be explored under the Predevelopment Housing Trust Fund Program, the State Apartment Incentive Loan Program, Low-Income Housing Tax Credit Program, local Small Cities Community Development Block Grants, and the State Housing Initiatives Partnership Program.

Issue D: Improve the selection process for and management of loan and tax credit programs administered by the Florida Housing Finance Agency.

The Florida Housing Finance Agency encourages the development of affordable housing through a variety of lending, tax credit, and housing assistance programs. The agency issues tax-exempt revenue bonds to provide below-market-interest-rate loans as incentives in the private construction of low- and moderate income residential housing.

Several programs such as the State Apartment Incentive Loan (SAIL), Low-Income Housing Tax Credit (LIHTC), and HOME programs are highly competitive. It is the nature of annual funding cycles to target limited state funds to projects offering the most units and resident services for the least investment of state dollars or tax credits. Since only the highest scoring projects are selected, many worthwhile projects tend to be excluded as the competition intensifies. Among the most competitive of programs is the SAIL Program, created in 1988 to stimulate the production of multifamily rental housing that is affordable to very low income persons. In last year's funding cycle, only six of 46 applications ranked high enough to be funded due to the limited funds available. Even with an expected increase in the SAIL allocation next year, the scoring of these applications still presents serious implications for funding in such a highly competitive process. As seen by the program results after five years of operation, the state has successfully generated approximately 5,412 units of housing for 15,600 persons. Subsidies have been minimal, amounting to less than 18 percent of the total project costs of \$295 million. As a result of combining SAIL with the Low-Income Housing Tax Credit Program, the average set-aside is well above 80 percent of the units and the average income of a tenant is 38 percent of the state median.

While these programs are considered successful, developers applying for funding under these programs have been frustrated by procedural delays, inconsistencies and uncertainties. The greatest source of frustration is the waiting time for notification of funding. In the case of SAIL, the Florida Housing Finance Agency has been successful in reducing the time it takes to score and preliminarily select applicants. Amendments to the rules reduced the review time from 217 to 195 days, but in the last funding cycle it still took 410 days from the time of initial application to the final notification of awards. Two particular areas that continue to cause delays are the appeals and underwriting processes.

Recommendation # 34: The Florida Housing Finance Agency should further review options for streamlining the appeals and underwriting processes for housing loan applications and publish an annual calendar of funding cycles.

Comments:

- a. Even though FHFA has made efforts to reduce the application time for issuing loans and tax credits, developers still face inordinate delays in receiving notice of awards as a result of lengthy appeals and problems in obtaining timely approvals from the underwriters.
- b. The right to appeal is protected under Chapter 120.57 of the *Florida Statutes*, allowing an applicant to challenge virtually any decision on a proposal. Unfortunately, it is becoming a common practice for applicants to appeal, regardless of their ranking, as a means of protecting their positions. The incidence of appeals may be decreased by identifying which items are typically appealed and explore ways to clarify the information requested or presented in a proposal. Perhaps the time involved in reviewing an appeal can be reduced by permitting informal appeals to be heard by the FHFA Board of Directors.
- c. Since annual allocations under the William E. Sadowski Affordable Housing Act are now relatively stable, FHFA should be able to standardize the funding cycles for the housing loans and tax credit programs or, at a minimum, prepare an annual calendar outlining the open and closing dates for each cycle.

Recommendation # 35: The Legislature should approve the Florida Housing Finance Agency's request for authority to hire additional staff to administer state housing loan and tax credit programs.

Comments:

- a. This agency effectively administers one of the nation's largest public lending programs with minimal staff. Historically, it has been a practice of FHFA to contract out ancillary professional services, but the agency has reached its capacity for privatizing such services.
- b. Although FHFA is totally self-supporting, the Legislature must authorize funding for career service positions. Authorizing additional career services positions can be accomplished using funds currently available in the trust fund administered by the agency and would not take funds away from housing production programs.

Recommendation # 36: The Department of Community Affairs should investigate delays and any expenses incurred by developers as a result of the current level of legal support it provides to the Florida Housing Finance Agency.

Comments:

- a. On occasion, developers are forced to hire private attorneys to meet a closing deadline when an attorney with the Department of Community Affairs is either unavailable or unfamiliar with a specific real estate loan or

tax financing method. The full cost of these legal services must be paid from other resources since this is an unexpected financial obligation. These expenses have been known to be as much as \$10,000.

- b. The high volume and complexity of FHFA lending demands that sufficient legal support be available and easily accessible to the FHFA staff. The FHFA's request for additional positions described in recommendation # 35 did not include a request for an attorney. The Commission believes that the need for sufficient legal support will only be satisfied by housing an attorney, with real estate lending experience, at the FHFA.

Recommendation # 37: The Florida Housing Finance Agency should develop monitoring and compliance procedures for housing finance programs, such as SAIL, LIHTC and HOME, to enforce provisions for income set-asides, basic tenant services, and other components described in the loan agreement or scored in the application.

Comments:

- a. To qualify for loans and tax credits, developers must set aside a minimum number of units to households according to their income. For example, under SAIL a minimum of 20 percent of the units must be reserved for households with incomes at or below 50 percent of the state median income, or a minimum of 40 percent of the units for households at or below 60 percent of the state median income. Developments failing to comply with the income set-asides or the approved rent changes should be immediately notified by the FHFA that they are in non-compliance with the terms of the loan agreement. If the infraction is not resolved within a reasonable period of time, the developer should be permanently debarred from accessing state subsidized FHFA loans and other housing assistance programs. Disbarment should extend beyond the corporate structure to any future application by the developer. A disbarred developer may petition the FHFA board for reinstatement only when there is evidence of compliance as well as the existence of safeguards in the future management of loans.
- b. Commissioners know from first-hand experience that applicants under SAIL are prone to include plans for tenant services and other amenities as a way of maximizing their scores. Yet, they often do not understand the costs and complexities of providing the services or amenities. Even some of the most conscientious applicants have had to later reduce or delay implementing tenant service plans. Since the tenant services plan is omitted from the final FHFA loan agreement, developers have a tendency to overlook the importance of providing the tenant services. Moreover, there is no mention of a services plan review in the FHFA on-site monitoring guide.
- c. Suggestions on ways to avoid problems of non-compliance include orienting new management staff in the event of a turnover and comparing state applicants to the list of suspended developers issued by the U.S. Department of Housing and Urban Development.

Recommendation # 38: The Florida Housing Finance Agency should set aside 15 percent of the annual SAIL allocation for community development corporations and other nonprofit housing development organizations.

Comments:

- a. Nonprofit housing development organizations have competed well historically for SAIL funds, receiving an estimated 30 percent of funds made available through the program. Heightening competition for SAIL funding, however, could adversely impact the competitiveness of smaller projects and nonprofit developers. Competition in the scoring process for SAIL is heavily dependent on an applicant's ability to secure written commitments or agreements from every lending partner at the time of application. Nonprofit agencies, particularly those with few assets and who are relatively new to the process, are at a disadvantage in competing with large private developers. The establishment of a set-aside will assist in equalizing the competition among existing applicants and possibly could stimulate additional participation by other nonprofit agencies.

Recommendation # 39: The Florida Housing Finance Agency should revise its practice of applying the 10 percent set-aside for nonprofit organizations under the Low-Income Housing Tax Credit (LIHTC) Program by first scoring all applications, including nonprofits, for the 90 percent LIHTC credits and then scoring the remaining nonprofit applications for the 10 percent set-aside.

Comments:

- a. Nonprofit organizations that score in the first 90 percent should not take credits away from the lower scoring nonprofit proposals. This administrative procedure should maximize the number of nonprofits receiving tax credits without increasing the federal 10 percent set-aside. Last year, 15.4 percent of the annual allocation of LIHTC credits were awarded to nonprofit organizations, but this is based on Florida's ability to obtain a substantial share of reallocated credits pooled from states which underutilize their allocations. Nonprofit organizations would be given better access to the initial allocation of tax credits without jeopardizing the state's ability to fully allocate the credits under this proposal because any portion of the 10 percent set-aside of tax credits should go to the remaining eligible applications if awards to the eligible nonprofit organizations do not use up all of the set-aside amount.

CHAPTER FOUR:

Recommendations on Procedural Issues

As a result of the Affordable Housing Study Commission's work during 1992 and 1993, members became aware of possible modifications to the Commission's membership structure and timing of submission of its annual report. The Commission's review of its procedure resulted in the following issues:

- broaden representation on the Affordable Housing Study Commission; and
- reschedule the date for submitting the Commission's annual final report to better coincide with the legislative calendar.

Issue A: Broaden representation on the Affordable Housing Study Commission.

State programs that address Floridians' needs for affordable housing cross state agency lines. In particular, the Departments of Commerce, Elder Affairs, Health and Rehabilitative Services, and Labor and Employment Security administer programs that directly support affordable housing production and community economic development.

This year, the Secretary of Community Affairs formally requested that the Secretaries of Elder Affairs and Health and Rehabilitative Services designate senior staff members to participate in every Commission meeting. Both secretaries met the request and their agencies actively assisted the Commission's work during 1993.

Recommendation # 40: The Legislature should amend Section 420.609, *Florida Statutes*, to designate the Secretaries of the Departments of Commerce, Elder Affairs, Health and Rehabilitative Services, and Labor and Employment Security, or their designees, as *ex officio* members of the Affordable Housing Study Commission.

Comments:

- a. The Commission believes that the assistance provided by staff members of the Departments of Elder Affairs and Health and Rehabilitative Services was so successful that the agencies' participation should be formalized in law.
- b. Recommending expansion of the Commission's membership to include the state agencies listed is consistent with the state's increasing emphasis on assuring that access to government services is facilitated by closely coordinating programs.

Issue B: Reschedule the due date for submitting the Commission's annual final report to better coincide with the legislative calendar.

Section 420.609, *Florida Statutes*, requires that the Affordable Housing Study Commission submit a report detailing its findings and making recommendations to the Governor, the President of the Senate and the Speaker of the House of Representatives by December 31 of each year. The law also requires the Commission to provide its recommendations regarding housing programs to the Secretary of the Department of Community Affairs for inclusion in their entirety in the Department's annual housing report to the Legislature pursuant to Section 420.6075, *Florida Statutes*. The Department's report, *Affordable Housing in Florida*, must be submitted to the Legislature by December 31 of each year. Due to the identical time frames, the Commission's recommendations have not been included in the Department's report.

Further, the current timing of the Commission's report falls well after the dates that state agencies are required to prepare and submit their legislative budget requests and legislative packages. State agencies submit preliminary legislative budget requests in September and the Governor releases his preliminary budget recommendations in December. Agencies typically seek the Governor's approval of legislative concepts in September and have prepared legislative packages by October.

Recommendation # 41: The Legislature should amend Section 420.609(7), *Florida Statutes*, to require that the Affordable Housing Study Commission submit its annual report by October 1 of every year.

Comments:

- a. By timing submission of its final report to coincide with the legislative calendar, the Commission will facilitate inclusion of its recommendations by state agencies and the Governor in legislative budgets and legislative concepts.
- b. This change will also better accommodate the shift of the regular legislative session to February and March instead of April and May.
- c. Failing legislative approval of the recommendation, the Commission and staff can work together to complete the report by an earlier date.

APPENDIX A:

Acronyms

ACLF	Adult Congregate Living Facility
CDC	Community Development Corporation
CDCSAP	Community Development Corporation Support and Assistance Program
CHAS	Comprehensive Housing Affordability Strategy
DRI	Development of Regional Impact
FHFA	Florida Housing Finance Agency
HCD	Division of Housing and Community Development, Department of Community Affairs
HOME	HOME Investment Partnership Program
HRS	Florida Department of Health and Rehabilitative Services
HUD	U.S. Department of Housing and Urban Development
LIHTC	Low-Income Housing Tax Credit Program
NIMBY	"Not in My Back Yard"
OSS	Optional State Supplementation Program
SAIL	State Apartment Incentive Loan Program
SHIP	State Housing Initiatives Partnership Program

Glossary

“Adult” refers to a person of the age of 18 years or older.

“Affordable” means that monthly rents or monthly mortgage payments including taxes, insurance, and utilities do not exceed 30 percent of that amount which represents the percentage of the median adjusted gross annual income for very low, low-, and moderate-income persons as defined below. [420.0004(3), F.S.]

“Community-based organization” or “nonprofit organization” means a private corporation organized under chapter 617 to assist in the provision of housing and related services on a not-for-profit basis and which is acceptable to federal and state agencies and financial institutions as a sponsor of low-income housing. [420.0004(5), F.S.]

“Low-income persons” means one or more persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the state, or 80 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or, if not within an MSA, within the county in which the person or family resides, whichever is greater. [420.0004(9), F.S.]

“Moderate income persons” means one or more persons or a family, the total annual adjusted gross household income of which is less than 120 percent of the median annual adjusted gross income for households within the state, or 120 percent of the median annual adjusted gross income for households within the MSA, or, if not within an MSA, within the county in which the person or family resides, whichever is greater. [420.0004 (10), F.S.]

“Substandard” means:

- (a) Any unit lacking complete plumbing or sanitary facilities for the exclusive use of the occupants;
- (b) A unit which is in violation of one or more major sections of an applicable housing code and where such violation poses a serious threat to the health of the occupant; or
- (c) A unit that has been declared unfit for human habitation but that could be rehabilitated for less than 50 percent of the property value. [420.0004 (12), F.S.]

“Very low income persons” means one or more persons or a family, not including students, the total annual adjusted gross household income of which does not exceed 50 percent of the median annual adjusted gross income for households within the state, or 50 percent of the median annual adjusted gross income for households within the MSA or, if not within an MSA, within the county in which the person or family resides, whichever is greater. [420.0004 (14), F.S.]

APPENDIX C:

Recommendations Cross Referenced to Responsible Agency

Responsible Agency	Commission Recommendation Number													
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Governor														
Legislature				•	•		•	•	•			•	•	
Department of Community Affairs	•	•		•	•	•	•			•	•			
Florida Housing Finance Agency				•		•				•				•
Department of Health and Rehabilitative Services										•		•		
Department of Elder Affairs														
Regional Planning Councils			•											
Local Government			•					•	•					•
Shimberg Center for Affordable Housing		•												
Other Agencies/ Organizations							•			•				

Responsible Agency	Commission Recommendation Number													
	15	16	17	18	19	20	21	22	23	24	25	26	27	28
Governor					•	•								
Legislature					•					•	•	•	•	•
Department of Community Affairs	•	•		•	•		•	•	•					
Florida Housing Finance Agency	•	•	•	•										
Department of Health and Rehabilitative Services										•	•			
Department of Elder Affairs												•		
Regional Planning Councils				•		•		•	•					
Local Government	•									•			•	•
Shimberg Center for Affordable Housing														
Other Agencies/ Organizations														

Responsible Agency	Commission Recommendation Number												
	29	30	31	32	33	34	35	36	37	38	39	40	41
Governor													
Legislature	•	•		•			•			•		•	•
Department of Community Affairs	•	•	•	•	•			•			•		
Florida Housing Finance Agency					•	•	•	•	•	•			
Department of Health and Rehabilitative Services												•	
Department of Elder Affairs												•	
Regional Planning Councils													
Local Government													
Shimberg Center for Affordable Housing													
Other Agencies/Organizations												•	

Other Agencies/Organizations:

- Recommendation #2: National Association of Homebuilders Research Center
- Recommendation #7: Southern Standard Building Code Congress
- Recommendation #10: Florida Homeless Coalitions
- Recommendation #26: Florida Agency for Health Care Administration
- Recommendation #40: Florida Department of Commerce
- Recommendation #40: Florida Department of Labor and Employment Security

Preliminary List of Issues for Study During 1994

The following issues were identified for further study during the Commission's 1993 deliberations. The listing is neither comprehensive, nor ranked in order of importance.

1. Review and make recommendations concerning the Predevelopment Loan Program.
2. Recommendations for improvements to the SHIP Program as submitted in the 1992 AHSC Report. (The Commission agreed that no recommendations should be made until the second dime is appropriated to the program in 1995. The Commission did recognize the need to provide some support (e.g., lobbying) to ensure the appropriation of these funds.)
3. Study the inconsistencies among housing definitions related to affordable housing.
4. Improve intra- and inter-governmental communication and cooperation (federal, state, and local) with regard to housing programs and resources.
5. Review the coordination of housing production and assistance.
6. Review problems of program compatibility and issues of coordination among federal and state housing programs to design a cohesive way of providing funds and technical assistance for affordable housing development.
7. Review and make recommendations to streamline FHFA's funding process.
8. Use findings from the state's affordable housing needs assessment in order to promote a regional fair share approach to affordable housing.
9. Review local government incentives to build, determine what works and what does not, review impact fee structures and private sector financing (e.g., Fannie Mae).
10. Research successful models concerning tax abatement.
11. Continue work on Recommendation #41 from the 1992 AHSC Report which recommends amendments to Chapter 163, *Florida Statutes*, and the SHIP Program to provide incentives to eliminate substandard housing in non-entitlement communities.
12. Review the issue of nonrestricted resale values for units built with the assistance of public affordable housing programs.
13. Examine the issue of substandard housing, including an analysis of funding sources available to nonentitlement communities, a determination of the extent of the problems and preparations of trends analyses, and develop recommendations for addressing the issue.
14. Review housing initiatives from Florida and other states.

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15. Examine exclusionary zoning policies.
 16. Discuss issues regarding public housing.
 17. Review the SAIL and Low-Income Housing Tax Credit scoring and selection criteria to ensure a greater balance in project comparisons, introduce measures of quality, and encourage sensible mixed-income developments.
 18. Consider ways of supporting the involvement of community development corporations in affordable housing developments.
 19. Consider and recommend the best strategies for promoting and marketing the state's affordable housing programs.
 20. Research better ways to design and fund housing assistance programs for the elderly.
 21. Review building codes and other requirements for rehabilitating housing and recommend reforms to promote rehabilitation of affordable housing units.
 22. Monitor the Department of Community Affairs' review and update of the model building codes.
 23. Review homeless housing assistance programs and develop recommendations for developing a long-range, comprehensive legislative package to address homeless housing assistance needs in the state.
 24. Review and make recommendations regarding the Landlord-Tenant Act.
 25. Review the composition of the Commission to determine whether additional interests, such as special needs populations should be represented.