



a comprehensive
Affordable
Housing Policy
for Florida



THE AFFORDABLE HOUSING STUDY COMMISSION
FINAL REPORT 1998



THE AFFORDABLE HOUSING STUDY COMMISSION

Dedicated to Promoting Affordable Housing in Florida Since 1986

December 31, 1998

Buddy MacKay
Governor

The Honorable Buddy MacKay
Governor of Florida
The Capitol, Suite PL05
Tallahassee, Florida 32399-0001

Clifford B. Hardy
Chairman

The Honorable Toni Jennings, President
Florida Senate
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Tallahassee, Florida 32399-1100

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Thomas G. Wright

Anne F. Yordon

The Honorable John Thrasher, Speaker
Florida House of Representatives
420 Capitol
Tallahassee, Florida 32399-1300

Dear Governor MacKay, President Jennings, and Speaker Thrasher:

It is with pleasure that I submit the 1998 Final Report of the Affordable Housing Study Commission, which fulfills the requirements of section 420.609, *Florida Statutes*. The report represents the Commission's deliberations to improve the delivery of Florida's affordable housing programs.

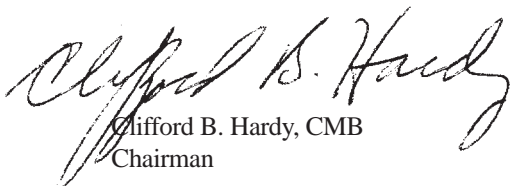
The report is a culmination of three years of work by the Commission to develop a proposed Comprehensive Affordable Housing Policy for Florida. The purpose of the policy is to increase the state's overall effectiveness in meeting its affordable housing needs and responding to changing conditions. It should provide guidance for the implementation of housing programs and respond to the challenge expressed in the statutory goal that "[by] the year 2010, this state will ensure that decent and affordable housing is available for all of its residents" (section 420.0003(2), *Florida Statutes*). The proposed policy would replace the outdated State Housing Strategy found in section 420.0003, *F.S.* The policy was developed with the involvement of interested groups and individuals, as well as local government representatives.

The Commission's research has revealed that housing policies and programs are only one important part of strengthening Florida's communities. Part of the solution lies in promoting economic development that will ensure that more Floridians can make a living wage. Ultimately, a successful housing policy must be linked with community and economic development strategies in a comprehensive manner.

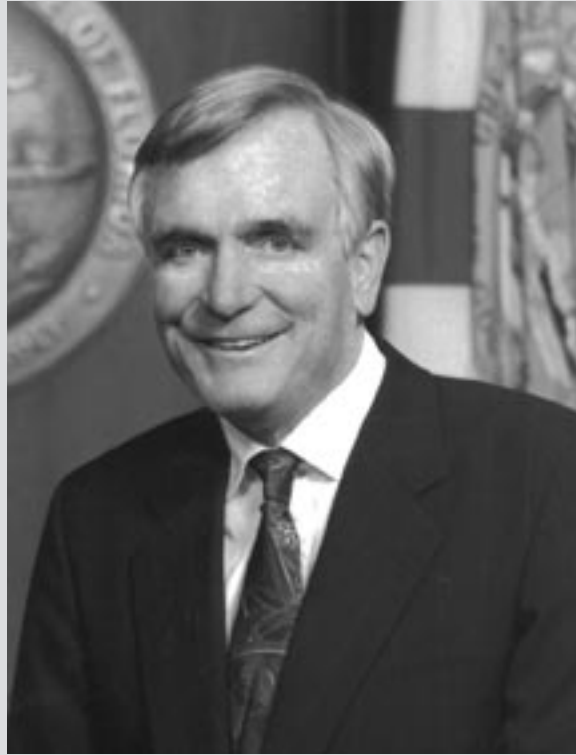
The Commission would like to thank James F. Murley, the outgoing Secretary of the Department of Community Affairs, for his commitment to affordable housing in Florida. In addition, this report honors the memory of Lawton Chiles, who was instrumental in the successful passage of the Sadowski Act. Because of their efforts, Florida's housing programs are the best in the nation.

On behalf of the Commission, thank you for the opportunity to serve the citizens of Florida. We look forward to continuing our work in 1999.

Sincerely,



Clifford B. Hardy, CMB
Chairman



**IN MEMORY OF LAWTON CHILES
1930-1998**

An advocate of affordable housing whose participation was integral to the passage of the William E. Sadowski Affordable Housing Act in 1992.



A COMPREHENSIVE AFFORDABLE HOUSING POLICY FOR FLORIDA

THE AFFORDABLE HOUSING STUDY COMMISSION

FINAL REPORT 1998

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THE AFFORDABLE HOUSING STUDY COMMISSION

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Citizen of the state

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Department of Community Affairs • Tallahassee

Dawn McMillan

Final Report design

Thanks to the staff at the Department of
Community Affairs, especially the Strategic
Planning Unit, and the Florida Housing Finance
Corporation, for their support.

Photographs courtesy of:

Homes In partnership, Inc., Apopka, FL
National Benevolent Association
Community Equity Investments, Inc.
The Wilson Company

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

We must do more to ensure that all Floridians will have access to decent, affordable housing by the year 2010



In 1996, the Affordable Housing Study Commission began a multi-year project to revise the state housing policy. The idea was to update the State Housing Strategy, found in Section 420.0003, *Florida Statutes*, based on current national and state trends. The existing strategy was adopted in 1988 by the Legislature to guide the state in its work to ensure that decent and affordable housing is available for all residents of Florida by the year 2010. While the strategy has provided excellent guidance over the last ten years, an updated strategy will set the stage to address future issues.

The Commission began this project in 1996 by looking at Florida's progress in meeting affordable housing needs. The Commission carried out this task by evaluating the housing goal set by the Legislature in 1988 which states that: "[by] the year 2010, this state will ensure that decent and affordable housing is available for all of its residents" (Section 420.0003(2), *F.S.*).

The Commission found a huge gap between those families paying more

than 30 percent of their income for housing and the number of affordable housing units being brought on line. A review of 1995¹ population data for those living under the poverty level made clear that federal, state and local housing programs in their current forms are falling short of meeting housing needs. We must do more to ensure that all Floridians will have access to decent, affordable housing by the year 2010.

Considering that Florida's housing programs and delivery system are the best in the nation, the Commission discussed how Florida can close the gap between the number of families that need affordable housing and the number of housing units available. The conclusion was that, besides continuing to assess how we can do more with the dollars we have, Florida must acknowledge that the state's residents have an income problem. An important reason why many Floridians are paying so much of their income for housing is that they do not make a living wage. Ultimately, the Commission's 1996 evaluation showed that housing policies and programs are only one important part of strengthening Florida's communities. To be successful, housing policy must be linked with community and economic development strategies.

Based on the 1996 evaluation, the Commission began in 1997 to develop a proposed affordable housing policy by concentrating on a series of topics that provided the framework for discussion. Public involvement was sought, with local governments and local housing authorities especially encouraged to participate in policy development.

¹1995 data are the most up-to-date available.



When recommendations on all of the topics were completed, the Commission integrated the recommendations into a comprehensive policy. Some of the individual recommendations in the policy are taken from the current State Housing Strategy, because the Commission believes they are still relevant. Many are completely new. For each section of the new policy, this report contains an overview which provides context for the recommendations. While the overall policy is too long to include in the executive summary, highlights of the recommendations for each policy section are summarized below.

■ **Community Revitalization:**

Recognizing that housing is just one component of an overall community revitalization strategy, state housing programs should focus on linking housing production with other community revitalization efforts such as economic development, transportation and infrastructure improvements, education, job training, and social and human services.

■ **Affordable Housing Providers:**

Providing affordable housing in Florida requires a cooperative effort between state and local governments and the private sector. Government can stimulate affordable housing production by providing financial resources to developers through federal, state and local funding sources. It can also work to eliminate unnecessary regulations that increase housing production costs, and provide incentives to developers to build affordable housing.

■ **Housing for Households at 0-30 Percent of Area Median Income:** The private sector, both for profit and nonprofit, should provide housing to meet the needs of the lowest income



households. Development of affordable housing for these households should be facilitated by adjusting the manner in which state affordable housing funds are awarded. Public housing stock must be preserved as a resource for these households, but it should be transitional, not permanent housing. Self-sufficiency programs and other tenant services should be made available to enable tenants to move out of assisted housing into private sector housing. Social service dollars should be appropriated to supplement the incomes of elders, people with special needs, and WAGES participants with incomes at or below 30 percent of area median income to allow them to pay for decent, safe and sanitary

affordable housing provided by the private sector.

■ **Housing for Special Needs**

Households: Affordable housing for special needs households should address physical design needs and be integrally linked with supportive services. Partnerships and increased coordination between housing and supportive service providers should be encouraged to provide affordable housing with support services in place. A continuum of care approach must be developed to ensure that people with special needs are able to find adequate affordable housing and appropriate supportive services.





■ **Preservation of Existing Affordable Housing:** The state should collaborate with the federal government, the private sector, affordable housing advocates, and tenants to ensure that all functional project-based Section 8 housing and other housing insured by FHA with expiring use contracts is rehabilitated to the greatest extent feasible and remains in the affordable housing stock. State and local governments should create new incentives for improvements to existing privately held substandard affordable rental housing.

■ **Obstacles to Affordable Housing:** The state must stop discrimination against affordable housing developments through all means available, including education, information, training, negotiation and litigation. The state should have a broad-based funding source for infrastructure necessary to support affordable housing, with an emphasis on revitalizing neighborhoods. Regulatory reviews of projects should be streamlined to minimize

the cost and time delays. The state should provide guidelines and standards by which impact fees on affordable housing are to be implemented. Local and state development guidelines should be more creative and flexible in infill areas.

■ **Economic Integration:** State planning and housing programs should maximize opportunities for people to live in mixed-income developments or socio-economically diverse neighborhoods.

■ **Funding Principles:** State affordable housing resources should be allocated in ways which achieve the greatest benefits, in terms of leveraging, program objectives, and outcome. This includes serving the needs of the lowest income households. Distribution of funds should be flexible and consider regional and local needs, resources, and capabilities of housing producers. Funds should be directed to communities which provide incentives or financial assistance for housing, and developments which are

consistent with local government comprehensive plans.

The Commission also considered whether the 2010 goal should be revised and decided that the goal to ensure that all Floridians have access to decent, affordable housing by the year 2010 should stand. This means that there is much to accomplish in the next few years to reach this goal. To keep the state focused on its goal, the Commission recommends that the Governor report every two years on the state's progress toward reaching the 2010 goal. The policy includes an implementation step that would charge the Commission with assisting the Governor to meet this requirement by developing such a report every two years.

In summary, the Affordable Housing Study Commission recommends to the Governor and the Legislature that the policy proposed in this report be adopted to replace the current State Housing Strategy in Section 420.0003, *F.S.*



A Comprehensive Affordable Housing Policy for Florida

In 1996, the Affordable Housing Study Commission began a multi-year project to revise the state housing policy. The idea was to update the State Housing Strategy, found in Section 420.0003, *Florida Statutes*, based on current national and state trends (See the Appendix for the text

of this strategy). The existing strategy was adopted in 1988 by the Legislature to guide the state in its work to ensure that decent and affordable housing is available for all residents of Florida by the year 2010. While the strategy has provided excellent guidance over the last ten years, an updated strategy will set the stage to address future issues.

A Comprehensive Affordable Housing Policy will guide housing-related decisions of government and is a commitment to:

- *Improve communication and coordination between all levels of government and the private sector;*
- *Promote the most effective use of public and private sector funds;*
- *Provide a structure for the coordination of housing and other programs; and*
- *Remove obstacles to the development and preservation of decent, safe and affordable housing in Florida.*

FLORIDA'S PROGRESS IN MEETING HOUSING NEEDS

The Commission began this project in 1996 by looking at Florida's progress in meeting affordable housing needs. The Commission carried out this task by evaluating the housing goal set by the Legislature in 1988 which states that: "[by] the year 2010, this state will ensure that decent and affordable housing is available for all of its residents" (Section 420.0003(2), F.S.).

The Commission found a huge gap between those families paying more than 30 percent of their income for housing and the number of affordable





Meeting Florida's Housing Needs

- *In 1995, there were an estimated 5.6 million households in Florida. Approximately 840 thousand of these households lived below the poverty line in 1994.*
- *In 1995, the number of homeless people in Florida on any given day was estimated to be 51,658. Currently the homeless population is projected to be growing at just over 12 percent per year.*
- *In 1995, 24 percent of all homeowner and 45 percent of all renter households in Florida paid more than 30 percent of their income for housing. Of the 1.2 million very low-income homeowner and renter households with incomes of \$16,106 or less, three-quarters paid more than 30 percent for housing, and half paid over 50 percent for housing.*
- *In 1996, the need for additional low and moderate income affordable ownership housing was estimated at over 254,000 units, based on the number of income qualified renter households who desired home ownership. From 1996 to 2010, over half a million more low- and moderate-income households will desire homeowner opportunities—this includes the growth of new households who desire to be homeowners.*
- *Comparing the number of households estimated to be paying over 50 percent of their income for housing in 1995 to the number of housing units built or rehabilitated in 1995 using local, state or federal funding, Florida met approximately 3.5 percent of the outstanding housing need for just that one year.*

housing units being brought on line. A review of 1995² population data for those living under the poverty level made clear that federal, state and local housing programs in their current forms are falling short of meeting housing needs. We must do more to ensure that all Floridians will have access to decent, affordable housing by the year 2010.

Considering that Florida's housing programs and delivery system are the best in the nation, the Commission discussed how Florida can close the gap by making more affordable housing available to families who need it. The conclusion was that, besides continuing to assess how we can do more with the dollars we have, Florida must acknowledge that the state's residents have an income problem. An important reason why many Floridians are paying so much of their income for housing is that they do not make a living wage. Ultimately, the Commission's 1996 evaluation showed that housing policies and programs are only one important part of strengthening Florida's communities. To be successful, housing policy must be linked with community and economic development strategies.

²1995 data are the most up-to-date available.



DEVELOPMENT OF A COMPREHENSIVE AFFORDABLE HOUSING POLICY

Based on the 1996 evaluation, the Commission worked during 1997 and 1998 to develop a proposed affordable housing policy by concentrating on a series of topics that provided the framework for discussion. Public involvement was sought, with local governments and local housing authorities especially encouraged to participate in policy development.

When recommendations on all of the topics were completed, the Commission integrated the recommendations into a comprehensive policy. Some of the individual recommendations in the policy are taken from the current State Housing Strategy, because the Commission believes they are still relevant. Many are completely new. For each section of the new policy, this report contains an overview which provides context for the recommendations.

The Commission also considered whether the 2010 goal should be revised and decided that the goal to ensure that all Floridians have access to decent, affordable housing by the year 2010 should stand. This means that there is much to accomplish in the next few years to reach this goal. To keep the state focused on its goal, the Commission recommends that the Governor report every two years on the state's progress toward reaching the 2010 goal. The policy includes an implementation step that would charge the Commission with assisting the Governor to meet this



Public Involvement

- **Newsletter** – newsletters were regularly sent out to 150-200 interested groups and individuals who asked to be kept informed about the Commission's progress on the policy.
- **Public Workshops** – the Commission held public workshops in 1997 and 1998 to obtain comments on draft policy statements.
- **Involvement at Commission Meetings** – a number of interested people attended and regularly participated in committee discussions throughout the development period. These experts were important contributors to the policy.
- **Written Comments** – a number of groups and individuals wrote to the Commission with their comments on the proposed policy.

requirement by developing such a report every two years.

In summary, the Affordable Housing Study Commission recommends to the Governor and the Legislature that the complete policy be adopted to replace the current State Housing Strategy in Section 420.0003, F.S. The following section lays out the proposed policy, with topic overviews to provide context for the recommendations.

Topics Covered in the Policy

- **Community Revitalization**
- **Affordable Housing Providers**
- **Housing Need**
 - 0-30 Percent of Area Median Income
 - Special Needs Housing
- **Preservation of Existing Affordable Housing**
- **Obstacles to Affordable Housing**
- **Economic Integration**
- **Funding Principles**



The Policy



Legislative intent –

It is the intent of this section to articulate an affordable housing policy to carry the state toward the goal of assuring that by the year 2010 each Floridian shall have access to decent and affordable housing. Implementation of this policy must involve state, regional, and local governments working in partnership with communities, the private sector, and local housing authorities. It must also involve financial, programmatic, and regulatory commitment to accomplish this goal. The Governor shall be responsible for reporting to the Legislature on the progress being made toward this goal every two years, beginning in the year 2000.

Goal–

By the year 2010, this state shall ensure that decent and affordable housing is available for all of its residents.



A. Community Revitalization

OVERVIEW

Under this topic, the Commission focused on creating stronger linkages between affordable housing development and community revitalization. Although communities differ in income levels, size, types of housing and businesses, resident involvement, and other aspects, every community has the same general set of components by which its vitality can be measured. Examples of components include the crime rate, level of services provided across neighborhoods, education level, occupancy rate

for commercial and residential properties, and the condition of infrastructure, such as roads, sidewalks, and houses. These and other signs help to tell the story of whether a community is healthy. To maintain a healthy community or revitalize a distressed one, all of the factors listed below must be considered.

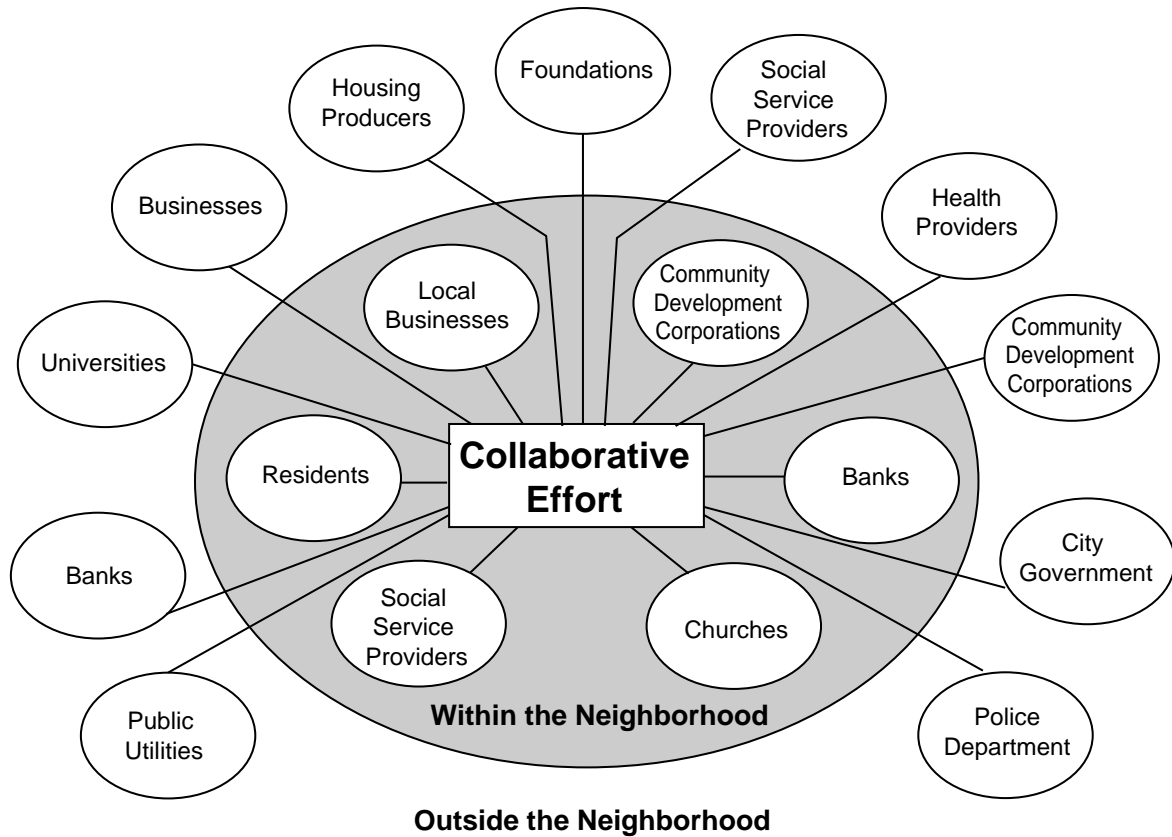
Decent, affordable housing is but one aspect of a community, and by itself cannot ensure the vitality of an area. Any revitalization effort

DISTRESSED VERSUS HEALTHY NEIGHBORHOODS		
CHARACTERISTIC	DISTRESSED	HEALTHY
Crime Rate	Drug Sales, juvenile arrests, prostitution, perception: unsafe	Perception: safe, active Crime Watch
Occupancy Rate	Cluster of vacant and boarded buildings	Homes occupied
Property Values	Decreasing values, property worth less than purchase price	Increase in values
Property Maintenance	Overgrown lots, trash in yards, peeling paint	Well maintained properties, pride in community
Renter-to Owner Ratio	More renters than owner occupied housing	More owners than renters
Economic Opportunities	No jobs or training programs	Training programs, jobs
Education Level	Dropouts, truancy, maybe a high school diploma	High school diploma, majority college-educated
Streets, Alleys, Sidewalks	Potholes, broken sidewalks, unpassable alleys	Physical structure in good condition
Family Structure	Babies having babies, half/stepchildren with boyfriends	Stable family
Income Levels	Low income, social service recipients, high numbers in poverty	Moderate income or higher
Private Investments	Area redlined by banks; no loans available	Private development, loans available
Housing Starts	Few, if any; too many vacant structures	New construction; if no land available, renovations
Level of Services	Services as needed; police and social services	Sports leagues, libraries, social & health services
Quality of Life	Low birth weights, birth complications, domestic quarrels	Healthy babies
Resident Involvement	None generally	Neighborhood association, Crime Watch

SOURCE: Florida Department of Education, Florida Department of Community Affairs, Florida Institute of Education, *Inside Out: Neighborhood Redevelopment and Revitalization*, 1996.



STAKEHOLDERS IN COMMUNITY REVITALIZATION



SOURCE: U.S. General Accounting Office, *Community Development: Comprehensive Approaches Address Multiple Needs but are Challenging to Implement*, 1995.

becomes stronger when participants within and outside the community work together.

Because of its importance, housing should not be developed without regard for a community's other needs. While housing is only one component, it provides a vital foundation for much of the other work of the community. Living in decent housing provides security, comfort, and a safe environment. At the community level, housing condition affects property values, crime, and economic vitality, to name a few impacts.

In Florida, most housing production has been done in isolation. Current state policies could do a better job of tying housing funds to revitalization

efforts. There are few mechanisms at the state level to blend housing programs with other community revitalization tools, such as education, job training and infrastructure improvements.

The Commission believes it is essential that housing and community revitalization be linked, since the current target groups for Florida's



housing programs are lower income families. Often, these are the same residents who live in distressed communities and have needs that go beyond housing.

Local initiatives that bring housing providers together with other providers are the most likely mechanisms for stimulating community revitalization. State policies must be revised to ensure that communities are encouraged to build these relationships.

The Commission urges a new focus aimed at supporting both new and rehabilitated housing in appropriately scaled developments to revitalize neighborhoods. However, these developments are not intended to be stand alone housing efforts. Local



governments and communities must show their commitment to community revitalization through:

- Allocating local resources and developing community-based partnerships, which include housing, economic development, job creation and training, education, transportation, infrastructure improvements, social services, and others; and
- Reflecting a community revitalization commitment in the local comprehensive plan, with clear linkages throughout the plan.

To support this type of development, the state should promote the use of non-traditional local government financing strategies, such as tax increment financing, that have seldom been used for residential applications.

Infill developments envisioned within the community revitalization approach would have substantial impacts on small developers, builders and subcontractors. Construction dollars would more likely stay in the community and create new local job opportunities.

Community revitalization should be promoted in urban, rural and suburban neighborhoods and communities, and aimed at both new construction and rehabilitation of housing units. This focus would increase the residency base, provide increased support of local businesses for goods and services, and raise the real estate tax base in those neighborhoods. To implement this policy, community revitalization should be “incentivized” in order to pull together disparate elements needed for a successful, comprehensive approach.

—POLICIES—

1. State housing programs should focus on overall community revitalization as well as maximizing units produced. Recognizing that housing is just one component of an overall community revitalization strategy, it is critical to create linkages and partnerships with other community revitalization efforts, such as economic development, transportation and infrastructure improvements, education, job training, and social and human services.

—*Comment:*

- Currently state programs focus mainly on maximizing the number of units produced.

2. The state should direct funding and other resources toward infill development that is tied to comprehensive community revitalization efforts.

—*Comments:*

- Infill development should be “appropriately scaled” to the neighborhood in which it is being built. This means that its size and design “fits” the community, whether it be urban, suburban, rural, large or small.
- The focus on infill development should be tied to Florida’s Sustainable Communities Demonstration Project, which was enacted by the 1996 Legislature to test a more flexible, results-oriented approach to community planning. The strategies of infill development and community revitalization fit well with a number of the principles behind this program. The interest in sustainability results from the belief that today’s progress should not be achieved at the expense of future generations. Continued community revitalization is the only way to ensure that communities remain sustainable over time.

3. Those housing providers who participate in neighborhood revitalization by developing community capacity, providing appropriate support services, and fostering neighborhood resident involvement, should be rewarded for that role.

—*Comments:*

- Community capacity refers to the ability of a community’s residents and stakeholders to identify and meet community needs and to resolve issues affecting the community’s quality of life.
- Support services might include day care, job training, public transportation, assistance for elders, etc. The types of support services a community needs should be identified by the community’s residents and stakeholders.
- Implementation of this policy should include detailed expectations of housing providers and conditions for monitoring of projects to ensure continued provision of support services.



B. Affordable Housing Providers

OVERVIEW

The Commission defined affordable housing providers to include the private sector, both for profit and nonprofit, and local public housing authorities. The focus was on these entities as developers and property managers. Other entities support these providers – for example, state and local government and lenders are just two examples of entities that make it possible for providers to build and maintain affordable housing.

The Commission looked at the roles played by these providers. It found that state affordable housing programs accessed by providers mostly serve families with incomes between 30 and 80 percent of area median income. The state relies on federal housing programs and local housing authorities to house families with incomes up to 30 percent of area median income – the poorest of the poor.

While many assume that nonprofit developers serve lower income populations than for profit developers, the difference is not as great as expected. Based on data compiled for programs administered by the Florida Housing Finance Corporation³ from 1993-94 through 1995-96, 13.5 percent of the affordable units provided by for profits in 1993-94 were occupied by very low-income households, as compared to 25.7 percent of those provided by nonprofits, a difference of 12.2 percent. These percentages narrow to 4.4 and 4.5 percent for the next two years.

The Commission also examined the roles played by for profits and nonprofits to see if either provider more often focuses on the rehabilitation of existing units or the construction of new units. Overall, for profit developers generate more units, whether new or rehabilitated, than do nonprofits. More new housing units are built than rehabilitated by each category of provider. For every eight new units built by for profits, they rehabilitate one unit. For every four new units built by nonprofits, they rehabilitate one unit. So overall, for profits develop more housing units but nonprofits put a greater percentage of their resources into the rehabilitation of existing units.

**Table 1: CONSTRUCTION TYPE BY FOR PROFIT AND NONPROFIT PROVIDER
FISCAL YEARS 1993/94 - 1995/96**

Fiscal Year	For Profit Providers		Nonprofit Providers	
	New Construction	Rehabilitation	New Construction	Rehabilitation
1993-94	14,944	1,544 (9.4%)	3,156	793 (20.1%)
1994-95	3,983	890 (18.3%)	1,540	354 (18.7%)
1995-96	5,437	700 (11.4%)	1,185	537 (31.2%)
TOTAL	24,364	3,134 (11.4%)	5,881	1,684 (22.3%)

Source: Florida Housing Finance Corporation, 1997.

Note: The figures in parentheses represent the percentage of units rehabilitated out of total units produced by for profit and nonprofit developers in each fiscal year.

³Prior to January 1, 1998, this entity was called the Florida Housing Finance Agency. To minimize confusion, this report uses "Florida Housing Finance Corporation" or "Florida Housing," no matter the date.



During this period of federal cutbacks, housing authorities, which have historically received all or most of their funds from the federal government, are beginning to consider how they can diversify in order to continue to serve the lowest income households. This includes obtaining state funds as well as drawing higher income families into their developments to ensure that the housing authorities can maintain the cash flow to continue running these properties. This strategy means that fewer very poor households will have access to this housing over time, because some housing units will be occupied by higher income families.

The Commission finds that, on the whole, state programs are being used to serve lower income levels than was originally thought, mostly due to the competitive nature of the programs. However, the lowest income households—the ones that require the deepest subsidy—are rarely served by state programs, because they have traditionally been served by federal programs. In addition, the Commission’s 1996 housing evaluation showed that only a small part of the overall housing need is being met. A conservative estimate suggested that in 1995 700,000 households in Florida were living in homes that cost them over 50 percent of their income. Some of this is by choice, but by far the families with the most housing cost burden are the lowest income families.

The Commission also examined how housing providers are involved in the communities where they build housing. Overall, for profit developers and property managers may provide excellent tenant amenities and ser-



**Table 2: HOUSING UNITS SET ASIDE FOR INCOME GROUPS
FISCAL YEARS 1993/94 - 1995/96**

Income Groups Served	Units Provided by For Profit Developers			Units Provided by Nonprofit Developers		
	1993/94	1994/95	1995/96	1993/94	1994/95	1995/96
Very Low-Income*	2,219 (13.5%)	1,281 (29.2%)	949 (15.5%)	988 (25.7%)	541 (33.6%)	355 (20.0%)
Low-Income**	14,201 (86.5%)	3,108 (70.8%)	5,188 (84.5%)	2,860 (74.3%)	1,068 (66.4%)	1,417 (80.0%)
Total Units Set Aside	16,420	4,389	6,137	3,848	1,609	1,772

Source: Florida Housing Finance Corporation, 1997.

* *Very low-income* refers to households with incomes between 31 and 50 percent of area median income.

** *Low-income* refers to incomes between 51 and 80 percent of area median income.

vices, but they are usually limited to the development itself. Nonprofit developers and property managers provide the same type of services, but may also provide additional community-based services. That means that the nonprofit may have other types of

programs in place, such as job training, or may be involved in neighborhood-wide redevelopment efforts. While it cannot be said across the board, nonprofits are more often involved in this manner than for profits.





– POLICIES –

1. The private sector, both for profit and nonprofit, is the primary vehicle for the production of affordable housing. Local housing authorities have a role as co-developers and managers of affordable housing and are the primary vehicle for serving Florida's lowest income families. State and local governments should facilitate housing production by allocating financial resources, offering development incentives and implementing regulatory reform.

—*Comments:*

- State and local governments *alone* cannot meet Florida's affordable housing need because they are not in the business of building housing. Conversely, the housing development industry *alone* cannot meet the affordable housing need because of the high costs of housing construction. Providing affordable housing in Florida requires a cooperative effort between state and local governments and the private sector. Government can stimulate affordable housing production by providing financial resources to developers through federal, state and local funding sources. It can also work to eliminate unnecessary regulations that increase housing production costs, and provide incentives to developers to build affordable housing.
- Because of federal cutbacks, local housing authorities' continued ability to provide for the lowest income families (0 to 30 percent of area median income) depends on their ability either to obtain deep subsidies—which means they will have to compete for other public funds—or diversify their tenant base. Without alternative funding to compensate for the federal cutbacks, housing for these families will be lost. Thus, the Commission strongly disagrees with the federal government's decision to cut these funds.

2. Encourage public-private partnerships to develop and manage affordable housing.



C. *Housing Need*

Housing for Households at 0-30 Percent of Median Income

OVERVIEW

Almost all housing policies at the state and federal level group low-income populations into those with incomes between 0-50 percent and 51-80 percent of area median income. The 1989 American Housing Survey revealed that the deficit in housing supply was greatest for the 0-30 percent population, suggesting the need for specific policies for those households. The Commission considered whether families at 0-30 percent median income were being underserved when compared to those in the 31-80 percent income range.

In 1994, Florida had 568,000 households with incomes in the 0-30 percent area median income range. This population is estimated to increase at the rate of about thirteen percent per year. As Table 3 shows,

more owners and renters among this population have high housing cost burdens than populations with higher incomes.

Many state and federal housing programs can address the needs of the 0-30 percent population. However, as Table 4 shows, most of them do not. A 1996 Commission analysis of the use of federal and state funds for affordable housing found that 1995 public funds were used to satisfy an additional one percent of the affordable housing need for the 0-30 percent population, an additional five percent for the 31-50 percent population and an additional 13 percent for the 51-80 percent population. The Commission also found that, because of the manner in which points are awarded in the competitive scoring system used by the Florida Housing Finance Corporation, very few units are provided to those with incomes below 40 percent of the area median income.

A 1998 survey of local housing authorities (LHAs, often referred to as public housing authorities) by the Commission revealed that public housing and Section 8 voucher and certificate programs mainly serve households with 0-30 percent income (about 88 percent in 1995) and that elders form a significant segment of these households (about 30 percent). LHAs serve the housing need of about 17 percent of the state's 0-30 percent population.

However, due to decreasing federal financial support and the elimination of the federal preference rule which required priority for the homeless and those most in need, the role of LHAs in meeting the housing needs of the state's 0-30 percent population may

Table 3: Percentage of Households with High Housing Costs Burdens in Florida in 1994

HOUSEHOLD BY INCOME	Percentage of Owners with High Housing Costs	Percentage of Renters with High Housing Costs	Percentage of Total Households with High Housing Costs
0 - 30% AMI	47	61	55
31 - 50% AMI	23	37	29
51 - 80% AMI	10	6	8
81 - 95% AMI	4	2	3

Source: Department of Community Affairs, State of Florida CHAS Databook, 1994.
Note: "AMI" denotes area median income.



Table 4: RANGE OF HOUSEHOLD INCOMES SERVED BY AFFORDABLE HOUSING PROGRAMS IN FLORIDA IN 1995

Note: Light shaded area represents income groups who can be served under program rules. Dark shaded area represents income groups actually served by the program.

FEDERAL PROGRAMS	<10%	10-19%	20-29%	30-39%	40-49%	50-59%	60-69%	70-79%	80-89%	90-99%	100-109%	110-119%
Section 202 - New Construction (Elder Program)	Dark	Dark	Dark	Dark	Dark	Dark						
Section 515 - Rural Housing	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Section 502 - Direct Homeowner Assistance Loans	Light	Light	Light	Light	Light	Light	Light	Light				
Section 502 - Guaranteed	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light	Light
Section 514/516 - Farm Labor Housing Grants/Loans	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Section 533 - Housing Preservation	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Section 521 - Rural Rental Subsidy	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Section 8 - Assisted Housing	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Section 811 - Assisted Housing for Disabled	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Public Housing	Light	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
Emergency Shelter Grants	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
STATE PROGRAMS												
Predevelopment Loan Program	Light	Light	Light	Light	Light	Light	Light	Light	Light			
Multi-Family Bond Program	Light	Light	Light	Light	Light	Dark	Dark	Dark				
Housing Assistance Program	Light	Light	Light	Light	Light	Dark	Dark	Dark				
Single Family Bond Program	Light	Light	Light	Light	Light	Dark	Dark	Dark				
Guarantee Program	Dark	Dark	Dark	Dark	Dark	Dark	Dark	Dark				
HOME Investment Partnership Program	Light	Light	Light	Light	Light	Dark	Dark	Dark				
State Apartment Incentive Loan Program	Light	Light	Light	Light	Light	Dark	Dark	Dark				
LIHTC 40% Set-Aside for Low-Income	Light	Light	Light	Light	Light	Dark	Dark	Dark				
LIHTC 20% Set-Aside for Very Low-Income	Light	Light	Light	Light	Light	Dark	Dark	Dark				
SHIP Program (All, Including Set-Asides)	Light	Light	Light	Light	Light	Dark	Dark	Dark	Light	Light	Light	Light
SHIP Program 30% Set-Aside for Low-Income	Light	Light	Light	Light	Light	Dark	Dark	Dark				
SHIP Program 30% Set-Aside for Very Low-Income	Light	Light	Light	Light	Light	Dark	Dark	Dark				

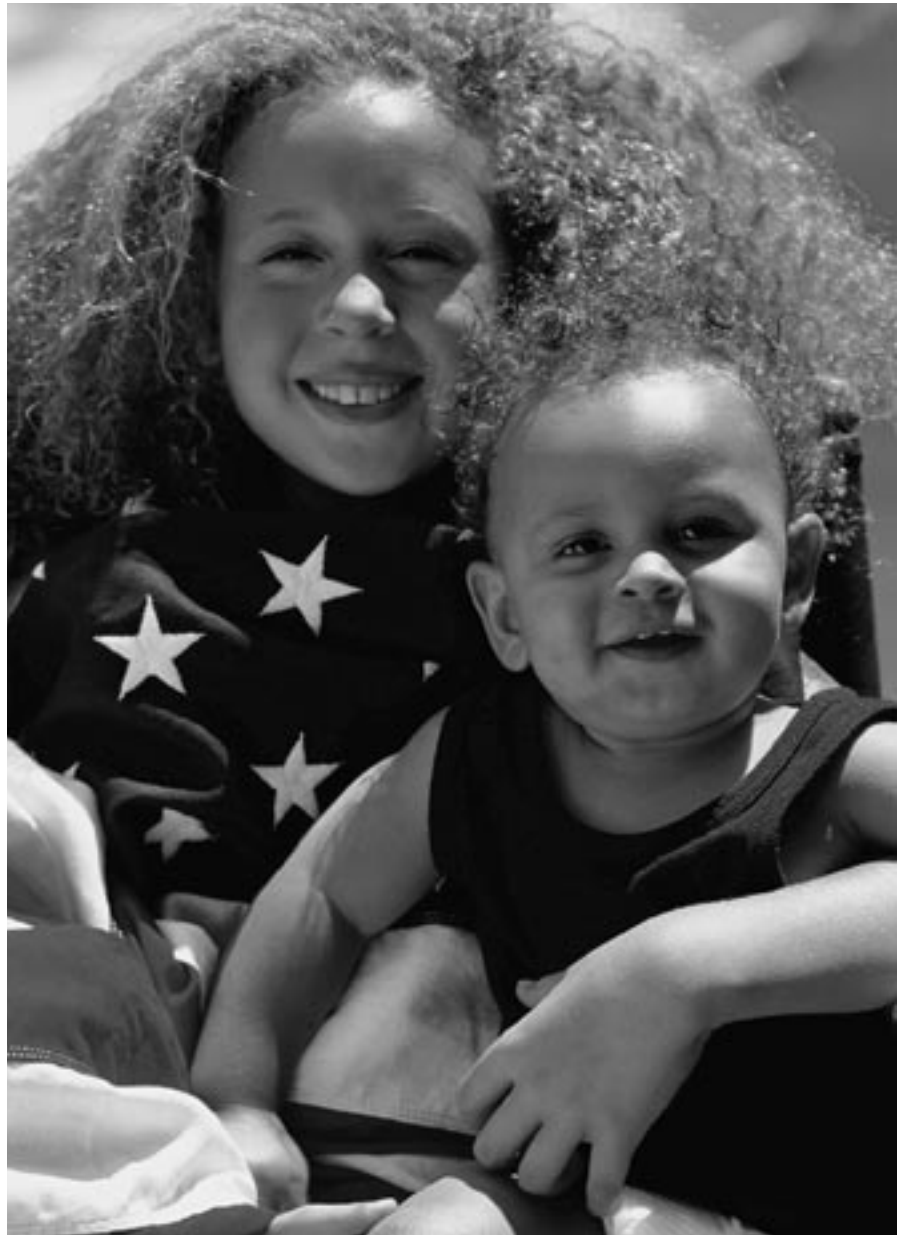
Sources: The Shimberg Center for Affordable Housing; 1995-99 State of Florida Consolidated Plan; U.S. Department of Housing and Urban Development; Florida Housing Finance Corporation; U.S. Department of Agriculture; Florida Association of Homes for the Aging; U.S. Housing Assistance Council; Florida Division of Bond Finance.



diminish over time. In an effort to promote economic integration and improve operational viability, LHAs are attempting to attract more households with incomes above 51 percent of median and are adopting preference rules to that effect. Ultimately, current trends in public housing suggest losses in the existing affordable housing stock for the 0-30 percent income group with very few replacements.

Public housing was originally intended to be temporary, while families improved their socio-economic status and found other housing options. However, many families have become permanent residents, remaining in public housing for generations. In addition, these families continue to be dependent on welfare in a similarly permanent manner. The welfare reform movement may ultimately leave many residents without any income, and public housing may no longer be able to support them if fewer units are available because households with higher incomes are occupying them.

To support residents in improving their socio-economic status, many LHAs (47 of 101 LHAs surveyed by the Commission) have initiated Family Self Sufficiency programs which aim to equip participants with job skills and training to help them transition out of public housing. These programs could be paid for by state and local Temporary Aid for Needy Families (TANF) funds. In addition, TANF funds could be used for rent subsidies for WAGES (Work And Gain Economic Self Sufficiency) participants. Two examples of how other states use TANF funds for these programs are found in the Appendix.



From the above discussion, the following issues arise. First, the housing needs of those with incomes below 30 percent are not being adequately addressed by current programs administered by the state. Second, the federal government and LHAs, which now deal with the needs of this population group, may not do as much in the future. And third, the number of households in the 0-30 percent group may increase in the

wake of the welfare reform movement, even as local housing authorities are less able to address their needs. Thus there is a need to ensure that this population gets specific attention within existing housing programs, to preserve existing affordable housing units and increase the supply of affordable units in the future, and to encourage policies and programs that will make this population less welfare and housing-assistance dependent.





– POLICIES –

- 1. The Private Sector – The private sector, both for profit and nonprofit, should provide housing to meet the needs of the lowest income households.**
 - 2. The State**
 - a. The state should appropriate social service dollars to supplement federal subsidies such as Supplemental Security Income (SSI) and Social Security Disability (SSD) to provide elders and people with disabilities a monthly income sufficient to pay for decent, safe, and sanitary housing provided by the private sector.**
 - b. The state and regional Work and Gain Economic Self Sufficiency (WAGES) Boards should provide Temporary Aid for Needy Families (TANF) funds for rent subsidies in the form of vouchers or certificates to WAGES participants in need of affordable housing from the private sector.**
 - c. The Florida Housing Finance Corporation should provide:**
 - 1) additional points in the state rental programs for units set aside for families at or below 40 percent of area median income; a greater number of points for units set aside for families at or below 30 percent of area median income; and the maximum number of points for units set aside for families at or below 20 percent of area median income.**
 - 2) a progressively deeper subsidy in all the state rental programs for those developers who commit to meet the needs of those in the 40, 30, and 20 percent area median income categories;**
 - 3) a system of scoring that removes penalties from the state rental programs for including market rate units in an effort to offset the losses on units for residents in the categories below 40 percent of area median income.**
 - 4) a system of scoring that creates parity for developers in areas of high and low area median income in order to serve families with greater need, provided that the housing need in the metropolitan statistical area (MSA) with a lower median income justifies the adjustment.**
- Comment:*
- In MSAs where area median incomes are relatively high, low-income households targeted through programs funded by Florida Housing have higher incomes and therefore can pay more rent than in MSAs with relatively lower area median incomes. As a result, developers tend to build in areas with higher median incomes where rents will be higher to improve project viability. One way to create parity is to allow a development located in a lower area median income MSA to serve higher income rent-burdened households. However, if the housing need in the higher area median income MSA is substantially greater than the housing need in the MSA with a lower area median income, and families earning 50 percent or less of area median income in either area are



equally rent burdened, an adjustment for differences in area median income would not be justified.

3. Local Housing Authorities

a. Public housing should be transitional, and not permanent housing.

b. Local housing authorities with populations other than elders, should have self sufficiency programs and other tenant services that will lead to tenants moving out of public housing and into private sector affordable housing.

– *Comments:*

- Recognize that some populations will be permanent, such as elders and people with disabilities, and may be unable to move into private sector affordable housing.
- Consider use of state and local TANF funds to pay for self sufficiency programs when federal funds are not available.
- Require intensive case management in all family self sufficiency programs.

c. Local housing authorities should receive a fair market rent from their residents, with the aid of social service and/or TANF dollars as rent subsidy.

d. Encourage local housing authorities to develop partnerships with the public and private sectors.

e. Preserve the existing decent, functional housing stock provided by local housing authorities.

– *Comment:*

- All public housing should be brought up to standard code or it should be replaced. When units are obsolete and the cost to rehabilitate exceeds the cost of new construction, units should be replaced one for one, either through the construction of units or the issuance of rent subsidy vouchers. Local governments must take a greater and more active role in code enforcement.

4. Assisted Housing – Assisted housing should make available self sufficiency programs and other tenant services that will enable tenants to move out of assisted housing into private sector housing.

– *Comments:*

- Assisted housing refers to the stock of privately owned and/or operated affordable housing that has FHA mortgage insurance combined with federal mortgage interest subsidy to help keep rents affordable to lower income households. Examples of assisted housing are 202, 236, 221(d)(3), 202/8 and PRAC (i.e., Project Rental Assistance Contract)/811 developments. These developments may or may not receive project-based Section 8 rental assistance.
- Examples of self sufficiency programs include Neighborhood Networks, learning centers, computer labs, provision of transportation, service coordinators, and others.
- Recognize that some populations will be permanent, such as elders and people with disabilities, and may be unable to move into private sector affordable housing.
- There is a continued need for a safety net for those who will not succeed in the welfare to work program.



Housing for Special Needs Populations

This group includes people with physical and developmental disabilities, those with mental illness and substance abuse problems, people with AIDS/HIV, elders, migrant and seasonal farmworkers, and people who are homeless.

OVERVIEW

Florida's changing population demands that housing policies reflect the needs of the mainstream lower income population and groups that have special needs, such as homeless people, elders, people with disabilities and migrant and seasonal farmworkers.

Housing-related programs for people with special needs currently focus on the prevention of institutionalization and homelessness. People with special needs often have conditions which impede their capacity to live independently, thus requiring housing which is physically accessible and includes access to services designed to help them achieve extended levels of independence. In addition, poverty is one of the most significant barriers to acquiring and maintaining adequate housing for people with special needs.

Because of these challenges, special needs populations have a harder time than others finding housing that suits not only their incomes, but also their needs. Currently, housing strategies for populations with special needs support individual choice and the least



restrictive living environment possible. Advocates have emphasized that providing housing for these groups is a community issue, that the link between support service and housing providers must be strengthened, and that there is a need for ownership and rental opportunities for these populations.

The Homeless

In 1995, an average of 57,850 people were homeless on a given day in Florida. This population is increasing at the rate of twelve percent a year, a faster rate of increase than that of the general population. About a third of the homeless are families, and 63 percent are newly homeless.

There are three housing options for the homeless: emergency shelters, transitional housing (designed to help the homeless transition into permanent housing) and permanent housing. In 1995, there were 5,725 emergency shelter beds and 6,200 transitional beds within the state. Data on permanent options are not available. Thus, in 1995, an average of 45,000 homeless people were assumed to be without any kind of shelter on a given night.

Current state efforts to address homelessness are extremely restricted in scope. The state provides about \$1,000 each month for coordination



efforts in each Department of Children and Families district within the state. State Housing Initiatives Partnership (SHIP) program funds, which may be used to build homes for homeless people, have rarely been used for this purpose. Very little attention has been paid to permanent housing options. There are few formal linkages between service providers and housing providers, although both are crucial to addressing the problem of homelessness.

Since the early 1990s the federal government has been promoting a continuum-of-care approach to address homelessness. This approach calls for each homeless person and family to be provided with the services and housing that they need to move out of homelessness and become economically independent. These needs change over time. Florida has not implemented this approach, except in the Miami-Dade area where the program is funded by a one-percent food and beverage tax.

There is a strong link between homelessness and poverty. Any inability on the part of people in the 0-30 percent median income range to access affordable housing will impact the nature and size of the homeless population. Welfare reform programs may reduce funds available for meeting housing needs of many families and render them homeless. Reforms in public housing and Section 8 programs are likely to decrease the availability of affordable units for low-income families.

Elders

In 1995, elders constituted about 1.6 million households in Florida with 80 percent owning their own homes.

Ninety-five percent of elders live independently, most without any supportive services. Of the remaining five percent, most live in assisted care facilities of some type. Over 4,500 elders are homeless on any given day.

The fastest growing segment of the elder population is the 85+ group. Twelve percent of elders are frail. Declining health, mobility and finances lead to a series of housing challenges as elders age. In 1995, 12.7 percent of elders lived below the poverty line. Sixteen percent of

owners and 56.2 percent of renters paid more than 30 percent of their income for housing. Thirty percent of public housing tenants are elders.

Florida's current policy focus is to assist elders to age in place. This approach is very economical, satisfies other elder needs and avoids premature placement in intensive health care facilities. However, it requires much better coordination between service providers and housing programs to ensure that elder housing needs are addressed.



People With Disabilities and Others

The Commission considers people with disabilities to include those with physical and developmental disabilities. This section also describes needs of people with mental illness, substance abuse problems and AIDS/HIV.

Housing options for people with disabilities include public and private institutions, residential rehabilitation centers, group homes, nursing homes, hospice, adult living facilities and one's own or family home. In 1997 a total of 1,139 assisted housing units were federally funded, while 1,490 people were helped by the state's Supported Living Program. There is still a considerable shortfall in housing available for people with disabilities and others, as shown below.

In the past the focus has been on congregating people with disabilities into group homes and public/private institutions. This focus has now changed to the promotion of de-institutionalization, but providing access to *affordable* housing has not been a major part of this policy direction.

The large number of agencies serving people with disabilities makes the task of needs assessment and coordination difficult. There is also a lack of partnerships between housing providers and service providers.

Table 5: SHORTFALL IN HOUSING SUPPLY FOR PEOPLE WITH DISABILITIES

DISABILITY TYPE	SHORTFALL IN HOUSING SUPPLY
Mental Illness (12,000 homeless)	20,600
Substance Abuse (8,000 homeless)	13,750
Physical Disabilities	45,000
Developmental Disabilities	33,353
HIV/AIDS Virus	5,000

Sources: 1995 State of Florida Consolidated Plan. For developmental disabilities data, "Affordable Housing Needs for Floridians with Developmental Disabilities," 1997, prepared by the Florida Housing Coalition.

Migrant and Seasonal Farmworkers

Florida is the eastern home base for migrant and seasonal farmworkers and has long had a shortage of affordable housing to accommodate this population. Typically workers spend up to seven months in South Florida and then move up the eastern seaboard following the crop harvesting cycle. In 1995, there were an estimated 115,000 farmworkers in the state – 81,650 unaccompanied workers and 33,350 workers accompanied by their families.

Owing to their non-traditional living arrangements, migratory patterns, legal status and lack of language skills, farmworkers' housing needs are difficult to assess. Housing options for them include migrant labor camps, residential migrant housing, federal subsidized farm labor housing, trailers and other types of temporary housing. In 1995, there were 43,246 places available in camps for unaccompanied workers and 3,426 units available in federally subsidized housing developments.

However, many of the units available are substandard and lack easy access to essential services such as medical and shopping facilities and public transportation. In addition, migrant farmworkers are widely reported to be the victims of exploitative practices by landlords. In 1995, the unfulfilled housing need was estimated to be 38,418 units for unaccompanied workers and 11,574 units for accompanied households. In addition, as many as 40 percent of farmworkers are undocumented, and unable to live in state-developed farmworker housing. As a result, affordable units set aside for farmworkers remain vacant in some communities. The Commission did not make recommendations on this issue.

Local housing authorities can provide housing for low-income farmworkers, including migrant farmworkers, but most do not. The Predevelopment Loan Program, the Housing Credit Program, and the State Apartment Incentive Loan program, administered by the Florida Housing



Finance Corporation, and the SHIP program, administered by local governments, provide targeted funding for the development of farmworker housing, but these have either not been used, or have not been very successful in creating enough housing for this population.

From the discussion above several themes pertinent to the housing needs of special needs populations are apparent. First, these populations have a harder time than others finding housing that suits both their income and special needs. These needs range from special design features that address such issues as mobility and accessibility, to support services such as meals and transportation, to the placement of housing close to services and community functions. This kind of housing allows people with special needs to live independently and, ideally, integrated within the community. Second, supportive services must be integrally linked to housing for people with special needs. Third, many in the special needs population have limited knowledge of the programs from which they can get assistance. This situation is exacerbated by the fragmented manner in which many of these programs are administered, involving a large number of agencies largely working independently of each other.

– POLICIES –

- 1. Housing that is affordable to special needs households must be developed and maintained with integrated funding for ongoing supportive services and consideration of physical design needs.**
- 2. Ensure that housing and supportive services are coordinated and individually tailored to meet the specific needs of each individual.**
- 3. Through education, training and funding, encourage partnerships between housing and supportive service providers, which are critical to providing affordable housing with support services in place. These partnerships will also serve to educate clients and policy makers about special needs housing.**

—*Comment:*

- The Commission does not support housing production funds being spent on supportive services.
- 4. Support the implementation of universal design standards, the Americans with Disabilities Act, and technological supports through education and other resources.**
 - 5. Households with Disabilities, Mental Illness, Substance Abuse Problems, and/or AIDS/HIV**

a. Provide funding and technical assistance to implement a local continuum of care approach that covers the whole state and ensures that people with disabilities, including those who are de-institutionalized, are able to find adequate, affordable housing and appropriate supportive services, along with the necessary case management.

b. If vouchers replace HUD 202 and 811 funds, the state should increase coordination between housing and supportive service providers to assist individuals with these vouchers, and proportionately increase state-funded production of supportive affordable housing for those with disabilities.

6. Elders

a. Elders should be provided with the necessary supportive services, including housing and service assessments, and adequate housing to age in their homes, with extended families or others, or in other independent living situations.

—*Comments:*

- As an alternative to institutional care, support the use of Medicaid waivers to provide frail elders with needed home health care and other supportive services to allow them to age in place.
- Promote housing and service assessments and, where appropriate, retrofit programs to aid elders to age in their own homes.





b. The housing stock occupied by elders will be targeted for preservation, including rehabilitation, minor repairs and weatherization.

c. Unit design in new construction and rehabilitation of existing housing should be adaptable to the changing needs of aging elders.

d. Adequate housing and supportive services should be made available to elders above eligible income limits by the use of sliding scales or other innovative funding solutions.

7. Migrant and Seasonal Farmworkers – The state should take an active, coordinated role in meeting the needs of migrant and seasonal farmworkers, including monitoring, inspections, and enforcement of migrant and seasonal farmworker housing for decent, safe, sanitary conditions.

8. The Homeless

a. Provide funding and technical assistance to implement a local continuum of care approach that covers the whole state and which coordinates the provision of a seamless array of housing and supportive services to address each homeless person's needs, ranging from homeless prevention to emergency shelter to transitional housing and, ultimately, to permanent housing.

—Comment:

- Establish an office and programs with the responsibilities and resources to actively coordinate the state's response to homelessness.

b. Make available permanent supportive housing options that are not time- or program-limited, and are responsive to the persistent economic burdens and service needs of homeless and formerly homeless people.



D. Preservation of Existing Affordable Housing

OVERVIEW

Florida has made great strides in increasing the production of new, affordable housing. The question is, how long will this housing remain available to lower income households, both in terms of affordability and long term structural condition. What mechanisms are built into the existing housing delivery system to prevent the disappearance of affordable housing in Florida? How well does Florida's

policy framework protect and preserve existing affordable units for the long term?

Rental housing units built through Florida Housing Finance Corporation-administered programs have a series of affordability controls built into the terms of their contracts, including

requirements for a certain number of units to be set aside for lower income households and a set period that the units will remain affordable. Because of the competitive nature of the application process, developers have been willing to contract for higher unit set-asides and longer affordability periods than required by law and rule. Data to monitor the number of units that are set aside for lower income households are not compiled to show

when these contracts will expire, although we do know that all units built through these programs are still restricted by contracts, and therefore, affordable to lower income households.

Units built for homeowners do not have the same controls built into them beyond the initial move-in by an eligible family. There are recapture provisions that are used if the family moves out before a certain period has passed, but monitoring whether these units stay affordable is problematic.

Changes at the federal level are beginning to impact the public housing stock and project-based Section 8 units that have been available, especially for the very poor. The federal government is moving in the direction of providing more tenant-based vouchers and getting out of managing public housing and long-term contracts with property owners. States are being encouraged to participate in the oversight of project-based Section 8 units debt restructuring (mark to market). It is anticipated that some property owners will opt out of this process in order to charge market rate rents for their units. As a result, previously affordable units will only be available to low income families at market rate. While in the short run, the same number of households may have access to affordable housing using vouchers, it is easier to eliminate a voucher than to cease operating or



demolish a housing unit. If these trends continue, Florida will lose its investment in actual housing stock.

The age of the existing housing stock in Florida is becoming a major concern. In 1995, more than 2.2 million units were 30 or more years old, with another 1.8 million units 20 or more years old. Forty years is generally considered to be the economic life of a housing unit. Thus, it makes sense to ensure that state resources are directed in such a way that Florida does not lose its investment in this housing.

The structural condition of rental units built through programs administered by Florida Housing is controlled for the life of the contract—up to 50 years—and these units are relatively new and in good condition. Moreover, affordable housing units financed by the state are required to maintain replacement reserves for capital improvements. On the other hand, federally assisted units, especially public housing, are some of the oldest affordable stock in the state. In some cases, because there have been no replacements, these units may not be worth rehabilitating.

In low-income neighborhoods, the majority of rental housing is owned by the private sector. In many instances, these units serve as an irreplaceable source of affordable housing. For a variety of reasons, these units are deteriorating and in need of substantial rehabilitation. Additionally homeowners in these neighborhoods may live in substandard or deteriorating homes without any source of affordable financing for improvements. This housing adds to a neighborhood's overall decline.

– POLICIES –

1. The state should encourage the federal government to continue providing subsidies for public housing and federally subsidized units subject to mortgage prepayment and rent subsidy contract expiration.

2. Preserve housing with expiring use contracts as affordable housing. Restructuring of federally subsidized housing should be carried out in a manner which best serves the interests of its lowest income residents.

—*Comment:*

- The state should collaborate with the federal government, the private sector, affordable housing advocates, and tenants to ensure that all functional project-based Section 8 housing and other housing insured by FHA with expiring use contracts are rehabilitated to the greatest extent feasible and remain in the affordable housing stock.

3. The state should encourage alternative housing models that promote perpetual affordability.

—*Comment:*

- There are several examples of alternative housing. *Community land trusts* are local nonprofit organizations established to keep land under community ownership and control. In these organizations, deed restrictions are permanent. In *housing cooperatives* each member owns a share of the cooperative corporation and leases her or his unit from that corporation. *Limited equity co-ops* can be an especially effective means of maintaining housing affordability, as they limit the price of resale units to ensure long term moderation in price. Unlike land trusts, however, deed restrictions can usually be reversed, allowing the co-op to charge full market value. *Mutual housing associations* are organized along the same principles as cooperative housing, but with formalized input from the larger community and a mandate to produce more cooperative housing.

4. As part of a community revitalization effort, state and local governments should create new incentives for improvements to existing privately held, affordable rental housing that is substandard.

—*Comment:*

- Note that the focus of this recommendation is on *privately owned* market rate and subsidized housing. Many of the currently available funds for rehabilitation are utilized by new owners and developers who purchase substandard properties specifically for rehabilitation purposes. In some cases, this is an issue of educating current owners about available funds.



E. Obstacles to Affordable Housing

OVERVIEW

Affordable housing goals can only be reached if obstacles are identified, causes are understood and obstacles are removed. Currently, information about obstacles to affordable housing is general and available only at the national level, with the exception of one survey that has been conducted about public sector regulatory barriers in Florida. The Commission focused on three types of obstacles: NIMBYism, public sector regulatory barriers, and barriers to infill housing.

Public Sector Regulatory Barriers

Regulatory barriers affect the number of affordable housing units available by increasing the cost to build or rehabilitate. According to the National Association of Home Builders (NAHB), unnecessary and redundant regulations add more than 20 percent to the cost of building a home in many areas of the country. This regulatory red tape manifests in several ways:

- Local development codes may include regulations adopted with the specific purpose of driving up construction costs and impeding the construction of affordable housing;
- The complex, time consuming construction permitting process increases construction costs, making the final product less affordable; and
- Zoning and subdivision regulations may reduce the amount of land available for affordable housing and raise housing costs when regulations stipulate site development standards that are more stringent than are needed to protect public health, safety and welfare.

These costs are normally passed on to the households buying and renting such housing. Florida is preparing to adopt a statewide building code, which, when implemented, will provide uniformity across the state and be less of a barrier to the construction of affordable housing.

Impact fees are another source of regulatory barriers. Impact fees are imposed by some local governments to pay for the cost of providing infrastructure and public services that will

NIMBYism

Motives for the Not-In-My-Back-Yard (NIMBY) syndrome include, but are not limited to:

- Homeowners' fears that low-income housing will reduce the market price of their homes;
- Middle and upper-income residents' belief that low-income residents will bring undesirable consequences, such as increased crime and drug rates, to their neighborhood;
- The fear that affordable housing may decrease a community's tax base, thereby decreasing revenues; and
- The potential for elected officials to run for re-election on a "no growth" platform in order to gain votes.

These motives may lead to local denial of funds, permits or rezoning, thus limiting the construction of affordable housing.



be required to support the new development and its residents. Impact fees drive up the initial cost of new development and may act as a major constraint for developers. Jurisdictions differ in rates and uses of these fees; developers of affordable housing, therefore, prefer to build in areas where impact fees are lower or not imposed at all. This can lead to a lack of affordable units in all areas of the community.

Barriers to Infill Housing

Some barriers exist that specifically impact infill developments. Urban infill refers to the development of vacant parcels in otherwise built-up areas where public facilities such as sewer systems, roads and schools are already in place. Low appraisals inhibit financing of urban infill developments because the appraised value is often lower than the cost of construction. Therefore, financing is hard to obtain, thus decreasing the amount of investment within these areas. The infrastructure in areas for infill development is often so antiquated that the cost of rehabilitation is substantially higher than constructing a similar development in the suburbs. An entire building may require demolition, and costly pre-development activities on the site may be required before a new building can be constructed. Due to the high cost and perceived risk involved with urban infill development, insurance policies are more expensive and harder to obtain for affordable housing developments in older low-income neighborhoods. The presence of these barriers discourages investment in urban infill projects.

While specific barriers will vary in each local jurisdiction, this is a summary of overall trends.

– POLICIES –

1. NIMBYism

- a. Land use decisions and the permitting of development should not be based on race, color, national origin, sex, handicap, familial status, source of income, religion, or source of financing of a development or proposed development.**
- b. The state must stop discrimination against affordable housing developments through all means available, including education, information, training, negotiation and litigation.**
- c. The state should ensure that public officials and regulators review affordable housing developments in a fair and unbiased manner.**
- d. In preparing its local Housing Assistance Plan, each local government should state how it is addressing NIMBYism in its own community.**
- e. The state should enforce the requirements of the Local Government Comprehensive Planning and Land Development Regulation Act which requires that the land uses in local government comprehensive plans provide for a variety of housing types, including the provision of adequate sites for affordable housing.**

2. Infrastructure Barriers

- a. Local and regional implementation strategies, including the local comprehensive plan capital improvements element, should ensure that the necessary infrastructure required to satisfy local comprehensive plan housing elements is addressed.**
- b. The state should have a broad based funding source for infrastructure necessary to support affordable housing, with an emphasis on revitalizing neighborhoods.**
- c. Local governments should ensure that there is a distribution of local general revenue monies to those areas of greatest need, and should demonstrate this equity through a periodic analysis of sources and uses of these monies.**

3. Relief of Regulatory Costs and Time Delays

Regulatory reviews of projects should be streamlined to minimize the cost and time delays. Where overlapping reviews are required, the reviews should occur concurrently, and permit costs should be reduced or waived for affordable housing developments.

4. Impact Fees

- a. Encourage local governments to pay impact fees on affordable housing units out of local general revenues or federal funds.**
- b. Impact fees should not be imposed on affordable housing where necessary infrastructure and services are available. Where not available, adequate infrastructure and services should be provided by the local government so that it will not be necessary to impose impact fees on affordable housing.**





c. The state should provide guidelines and standards by which impact fees on affordable housing are to be implemented.

d. The state should establish a broad-based funding source for infrastructure that could replace the necessity for impact fees.

5. Infill Development

a. Local and state policies should be more creative and flexible with infill affordable housing developments in setting or altering guidelines for lot sizes, set backs or building sizes.

b. Expand and promote the use of eminent domain for land assembly for affordable housing developments.

c. To encourage neighborhood revitalization, the state should educate the appraisal, finance and insurance industries to eliminate redlining, and enforce these requirements.

d. To ensure the safety and soundness of expenditures on housing developments, local Housing Assistance Plans should state how effective code enforcement will be accomplished in neighborhoods where SHIP-funded developments are located.

6. Liens

The state should provide leadership, incentives and funding to encourage local governments to use existing powers to remove liens and repair title ownership discrepancies in the interest of providing suitable land for affordable housing developments.

7. Taxes

Properties owned entirely by 501(c)3 nonprofit corporations which provide rent-restricted housing to low- and very low- income persons, as defined in Section 420.004, *Florida Statutes*, should be considered charitable and exempt from ad valorem taxation under Chapter 196, *F.S.*, to the extent authorized under Section 196.192, *F.S.*



F. Economic Integration

OVERVIEW

The Commission initially focused on the promotion of racial and economic integration in all communities and within housing developments themselves. Ultimately, it chose to focus solely on economic integration as a more realistic policy toward meeting the state's affordable housing objectives. The Commission determined that the social issues concerning discrimination are far broader and more complicated than can be addressed through the housing policy and that at present, issues of housing discrimination should be remedied through the state's Fair Housing Act.

Instead, the focus was to develop a housing policy which ensures that opportunities are occurring through housing and other programs for residents of Florida to be able to choose where they want to live. The commission examined the promotion of mixed-income developments and mixed-income neighborhoods as a way of providing housing choice and economic opportunities to low-income families.

A crucial snag in developing a housing policy that promotes mixed-income developments is the absence of a commonly agreed-upon definition of mixed-income housing. The current State Housing Strategy, (s.420.0003 (3)(e)(8), *F.S.*) requires state and local government housing programs to encourage mixed-income projects to avoid a concentration of low-income residents in one area or project. Unfortunately, there is no definition of mixed-income housing in this or any other state statute. In fact, there is the tendency for affordable housing providers in Florida to think of mixed-income housing as a housing development that combines a very narrow range of incomes (e.g., between 40 and 60 percent of area median income).



In spite of a lack of agreement on what mixed-income housing is, the concept generally operates on the notion that stable and sustainable communities are created where residents are composed of households with a broader range of incomes. Integrating households of varying incomes in neighborhoods and within housing developments is perceived to be beneficial not only to the individual households, but also the neighborhood and the larger community. For example, it is anticipated that higher income residents would provide positive role models for lower income residents in terms of employment and educational advancement. A mixed-income neighborhood is more likely to attract better schools and services, and better employment opportunities, thereby providing a safer environment and a higher quality of life than would be available in a predominantly lower income neighborhood. As the Commission indicated in its 1987 report, mixing middle- and higher-income tenants with lower-income tenants is not only desirable from a social viewpoint, it is also a valuable tool to lower the cost of the development to the state. Examples of programs used to foster mixed-income developments in other states are included in the Appendix.

Although the State Housing Strategy calls for economic integration and mixed-income housing, there is no reliable evidence which suggests that economic integration occurs in Florida. Instead, researchers believe that the current trend is toward economic segregation where the poor and the rich appear to live in different neighborhoods in the same city or county. In fact, little is known about economic



segregation, because it has not been well studied. More information and documentation of this trend, as well as the benefits of mixed income housing and economic integration are needed. However, as the Commission noted in 1992, what is known is that the weighted competitive scoring of applications by the Florida Housing Finance Corporation often produces housing developments which are heavily, if not exclusively, low- or very low-income oriented.

During 1994 to 1996, the period researched by the Commission, set-aside requirements for most of Florida Housing-administered rental housing programs limited very low-income targeting to 20 percent in order to

permit mixed-income developments. Ironically, the competitive incentives provided for additional low- and very low-income units tended to discourage mixed-income developments. For that same period, anywhere from 70 to 92 percent of all units funded through Florida Housing programs were set aside for very low- and low-income households. The Multifamily Mortgage Revenue Bond program was the exception, where under 35 percent of the units funded were set aside for very low- and low-income households. This evidence indicates that instead of diversity in household income levels, there is an over-concentration of low income households in state-funded rental housing developments.

– POLICY –

- 1. State planning and housing programs should maximize opportunities for people to live in mixed-income developments or socio-economically diverse neighborhoods.**



G. Funding Principles



OVERVIEW

When the Commission looked at how funds for affordable housing are used by Florida Housing, it found that Florida Housing-administered programs are efficient. That is, funds are mostly used for production rather than program administration, and many of the programs loan these funds rather than providing them as grants, thus ensuring that more funds will be available for re-use in the future. Funds are also heavily leveraged, meaning that they are used to pull in other private and local funds to help develop housing.

Currently, housing programs target very low- and low-income households, elders, farmworkers and commercial fishers, large families, and the homeless. However, very very low-income households, the ones that require the deepest subsidy, are rarely served by these programs. In this state, housing 0–30 percent median income households is still considered the purview of housing authorities.

State housing programs also target funds geographically. One approach requires funds to be distributed by population distribution. The other approach targets funds by local economic and neighborhood characteristics. Regularly produced housing market studies help Florida Housing determine the target areas from year to year. In some cases, developers are provided with incentives to build developments in difficult to develop areas and qualified census tracts.

Using many of the ideas already found in the State Housing Strategy, the Commission developed a set of “funding principles,” with the goal that Florida’s programs for new construction and rehabilitation of housing should be developed in accordance with these guidelines, as appropriate for the purpose of the specific program, whenever possible.





– PRINCIPLES –

1. State funds should be heavily leveraged to achieve the maximum local and private commitment of funds while achieving program objectives.
2. State money should be used, when possible, as loans rather than grants.
3. To serve the needs of the lowest income households, state programs should provide relief from the guidelines of highly leveraged loans and provide grants when necessary.
4. To the maximum extent possible, state funds should be expended to provide housing units rather than to support program administration.
5. State funds should be directed, whenever possible, to developments in local jurisdictions which provide incentives or financial assistance for housing.

– *Comment:*

- Local government contributions should not be so heavily weighted by the state that some developments are over-subsidized, or developers are unable to develop in jurisdictions where funding is unavailable.
6. State funds should be made available only for developments which are consistent with the local government comprehensive plan.
 7. State funding for housing should not be made available to local governments whose comprehensive plans have been found not in compliance with Chapter 163 and who have not entered into a stipulated settlement agreement with the Department of Community Affairs to bring the plan into compliance.
 8. Distribution of state housing funds should be flexible and consider regional and local needs, resources, and capabilities of housing producers.
 9. Leverage to a greater extent funds from programs, such as Community Development Block Grant (CDBG) and Rural Development, with funds from programs administered by the Florida Housing Finance Corporation.
 10. Evaluate state housing programs regularly, and move funds away from unsuccessful programs to programs where they can be used more effectively.
 11. The state should seek and encourage alternative and non-traditional funding sources to develop affordable housing.
 12. The state should support the integration of supportive service funding and housing funding to ensure the success of housing for people with special needs.
 13. The state should allow developers to openly compete for state funding to provide the highest quality housing across the state without regard to the number of projects any one developer submits.



Implementation



OVERVIEW

As part of the recommended Housing Policy, the Commission proposed changes to the Implementation Section of the current State Housing Strategy. One revision provides for the Affordable Housing Study Commission's role in evaluating Florida's progress toward meeting the 2010 housing goal.

The other revision changes the role of the Shimberg Center for Affordable Housing in the housing review and evaluation process. The new language more accurately reflects what the Shimberg Center does best—developing and maintaining an affordable housing needs database and the methodology to ensure that the State is able to measure progress in meeting affordable housing needs at the local and state level. For comparison, the language of the existing Implementation Section can be found in the Appendix.





—IMPLEMENTATION—

The Department of Community Affairs and the Florida Housing Finance Corporation in carrying out the strategy articulated herein shall have the following duties:

- a) The fiscal resources of the Department of Community Affairs shall be directed to achieve the following programmatic objectives:
 1. Effective technical assistance and capacity-building programs shall be established at the state and local levels.
 2. The necessary staff expertise shall be provided to develop and maintain statewide data on housing needs and production, to provide technical assistance relating to real estate development and finance, to operate an information clearinghouse on housing programs, and to coordinate state housing initiatives with local government and federal programs.
- b) The agency strategic plan of the Department of Community Affairs, prepared pursuant to the provisions of ss. 186.021 and 186.022, shall include specific goals, objectives, and strategies that implement the housing policies in this section and shall include the strategic plan for housing production prepared by the corporation pursuant to s. 420.511.
- c) The Affordable Housing Study Commission, in consultation with the Department of Community Affairs, the Florida Housing Finance Corporation and the Shimberg Center for Affordable Housing, shall review and evaluate the progress made by the state in reaching the goal articulated in s. 420.0003(2) and make a report to the Governor and Legislature every two years by January 31, beginning in the year 2000.
- d) The Shimberg Center for Affordable Housing, in consultation with the Department of Community Affairs the Florida Housing Finance Corporation, and the Affordable Housing Study Commission shall quantify affordable housing needs in the state and the supply of affordable units, including those supplied through local, state and federal programs. This information shall be made available to the Affordable Housing Study Commission for the report required in (c).
- e) The department and the corporation are anticipated to conform the administrative rules for each housing program to the policies stated in this section, provided that such changes in the rules are consistent with the statutory intent or requirements for the program. This authority applies only to programs offering loans, grants, or tax credits and only to the extent that state policies are consistent with applicable federal requirements.



The 1999 Agenda

of the Affordable Housing Study Commission



The Affordable Housing Study Commission recommends improvements to public policy that will stimulate and promote community revitalization and affordable housing production. In accordance with this mission, the Commission's 1999 agenda will include the following topics.

- **Banking and insurance issues related to affordable housing in Florida.** This includes issues related to the Community Reinvestment Act, redlining, bank mergers, the cost of and access to homeowner insurance for those living in affordable housing, and the state's advocacy role in these issues.

- **Affordable housing as infrastructure.** Issues under this topic include meeting affordable housing needs through local zoning and addressing affordable housing needs as an essential local government service (similar to public facility needs).
- **Biennial evaluation of Florida's progress toward meeting the state's affordable housing goal.** Section 420.0003(2), Florida Statutes, states that "[by] the year 2010, this state will ensure that decent and affordable housing is available for all of its residents." The Commission's 1998 recommendations call for the Governor to report biennially to the Legislature on the status of the 2010 affordable housing goal, with the Commission's assistance. Based on the recommendations, this evaluation should be sent to the Governor by January 31, 2000. In addition to the evaluation, the Commission will set up a formal methodology for future evaluations.

The Commission will meet approximately five times during 1999 to deliberate on these topics. If you are interested in more information about these meetings or the Commission's work, please contact the Affordable Housing Study Commission, 2555 Shumard Oak Boulevard, Tallahassee, Florida 32399-2100, Office: (850) 922-1600, Fax: (850) 922-9881.





Appendix 1: *Use of TANF funds for Housing Assistance*

CASE STUDY 1: Work First New Jersey Housing Assistance Program

Objective: To provide rental support to poor but employed former TANF recipients for a maximum period of three years.

Eligibility: Applicants must: a) be former TANF recipients; b) be employed; c) have incomes below 150 percent of the federal poverty level; d) have a high “relative housing need” score, with scoring based on points awarded for “no-fault” homelessness, receipt of TANF homelessness prevention benefits, being an eighteen year old in a special teen living arrangement, and having a rent burden of more than 50 percent of income; e) have a high “characteristics” score, with scoring based on points awarded for having less than two TANF sanctions and for being an employed, under-twenty year old parent; and f) be recommended by the county welfare agency.

Benefits: The rental assistance is based on the voucher model. The amount of assistance provided is equal to the difference between the local Fair

Market Rent (FMR) and 45 percent of the income in the first year, 55 percent of the income in the second year and 65 percent of the income in the third year. Subsidy savings from earned income increases are put into an escrow account and given to the family at the end of three uninterrupted years in the program or upon voluntary withdrawal from the program with incomes above 150 percent of the federal poverty level for six consecutive months. Participating families are eligible for the No-Downpayment Homebuyer Program of the New Jersey Housing and Mortgage Finance Agency. For participants in the program, housing location assistance and case management is provided by the staff of the state housing agency.

Termination of benefits: Benefits may be terminated for one or more of the following reasons: a) loss of employment. If this is due to no fault of the participant then the subsidy is provided for four months after termination, unless the person is re-employed. If an unemployed person is actively seeking re-employment and has sufficient escrow funds, then extension of the subsidy for four more months beyond the first four months is possible. If the loss of employment

has resulted from disability, then the subsidy continues until receipt of permanent disability benefits. However, if job loss has been because of fault or by voluntary quitting, the subsidy is only provided for two months beyond the date of loss of employment and only if the person is actively engaged in seeking re-employment throughout the entire period; b) fraud; c) criminal or drug-related criminal activity; or d) eviction for breach of lease conditions.

Administering agencies: Participant selection is done by the state Department of Human Services (the state welfare agency) based on referrals by county welfare offices in the five cities included in the program. The program is administered by the state’s Department of Community Affairs (the state agency that administers the federal Section 8 and other programs).

Total funds and families to be served: The program will get \$2 million per year for three years from the New Jersey Department of Human Services. It is estimated that about 400 families will be served with this money in the three-year period.





Key factors in program adoption:

Leadership of the state housing agency and understanding by the state welfare agency that housing assistance will help welfare reform succeed were important factors in program adoption. In addition, the state believes that having this program in place will give it a competitive edge in attracting federal “welfare-to-work” Section 8 rental subsidies.

**CASE STUDY 2:
Connecticut’s Time Limited
Rental Assistance Program**

Objective of the program: To provide former recipients of TANF who have at least one employed family member rental support for a maximum period of one year.

Eligibility criteria: Applicants must: a) be former TANF recipients; b) have an adult employed at the time of application; c) be ineligible for continued TANF support; d) apply within six months of exiting from TANF at local community action agency after pre-qualification by welfare agency; e) not already be receiving rental subsidy at the time of

application; and f) be living in privately owned rental housing.

Benefits: The amount of rental assistance provided is equal to the difference between 40 percent of the tenant’s adjusted gross income minus a utility allowance (or 20 percent of gross monthly income, whichever is greater) and the state-set maximum rent. This maximum rent is approximately \$50-\$100 below federal fair market rents. Families found eligible to receive this assistance can use it in units where they are residing at the time of application, irrespective of the rent they pay. If the rent that they pay is more than the state-set maximum rent, the family pays this difference in addition to the income based contribution. For families that move to a new unit after being determined as eligible, rent must not exceed the state-set maximum. However, in all cases the unit must be privately owned. It is estimated that the average rental assistance is about \$500 per month per family.

Termination of benefits: The assistance can be terminated for: a) failure to comply with program requirements; b) fraud; c) loss of job or return to state assistance; d) serious or

repeated violation of lease conditions or damage to rental unit; or e) illegal drug or violent criminal activity.

Administering agencies: Local welfare offices prequalify families based on TANF status, and refer them to local community action agencies. These agencies also administer the regular state funded rental assistance program.

Total funds and families to be served: Currently about \$10 million has been allocated from the state’s TANF maintenance-of-effort funds to run the program for two years. It is estimated that about 2,300 families will be assisted during this period.

Key factors in program adoption: The program was a result of an independent legislative initiative in the appropriations bill as a part of the response to the running of the state’s 21-month time limit in November 1997. It is funded as part of a comprehensive “safety net” program and was not proposed by the Governor or any advocacy group.

– Taken from “Housing and Welfare Reform: Some Background Information,” by Barbara Sard and Jennifer Daskal, Center on Budget and Policy Priorities, Washington, D.C.





Appendix 2:

State and Local Housing Programs that Promote Mixed-Income Housing

Some state and local housing programs require mixed-income occupancy as a condition for funding a proposed development. State housing finance agencies and local housing departments provide low-interest loans and other subsidies for developments that include units for low- and/or moderate-income households as well as market-rate units for more affluent households.

Massachusetts Housing Finance Agency

MHFA was created in 1968 with the explicit goal of promoting economic integration. Since that time, the agency has financed more than 30,700 units for low-, moderate-, and higher income households in 468 housing developments throughout the state. MHFA's mixed-income portfolio now contains 141 developments with 17,039 units, which constitute 55 percent of all housing produced with agency financing. Slightly more than half (53 percent) of the mixed-income units have market-rate rents. Thirty percent are reserved for low-income households (those with incomes below 50 percent of area median) and 16 percent for moderate-income house-

holds (50-80 percent of median). Rents for low- and moderate-income households are set at 30 percent of monthly income. Since about 1990, MHFA has structured most of its mixed-income projects to be 80 percent market-rate and 20 percent low-income, using the revenue from the market-rate units to cross-subsidize the low-income units. Previously, when additional housing subsidies were available from the state government, the agency required developers to include a larger proportion of low- and moderate-income units. Throughout its history MHFA has required that households from all income groups be intermixed in the developments it finances and that units occupied by differing income groups be of equal quality.

New York State's 80-20 Program

The New York State Housing Finance Agency and the New York City Housing Development Corporation issue tax-exempt bonds for housing that reserves 20 percent of the units for low-income households with incomes below 50 percent of area median. Since the program's inception

in 1985 through June 1997, 25 developments with a total of 9,291 units have been completed, providing 1,858 low-income units. Because of New York City's prolonged real estate slump in the late 1980s and early 1990s, the 80-20 program did not become fully active until the mid 1990s. In the 18 months between January 1995 and June 1997, the state housing finance agency closed more 80-20 mortgages than it had in the previous 12 years. It now has a pipeline of more than \$1 billion in 80-20 proposals. In New York City, projects benefitting from tax-exempt financing usually receive property tax abatements under a program (421A) requiring that at least 20 percent of the units be reserved for lower income households. The 80-20 program typically finances buildings in high-income areas, especially Manhattan, where market-rate units can generate sufficient revenue to cross-subsidize the lower income units. For example, a 180 unit apartment building completed in 1996 on Manhattan's Upper East Side charges market-rate rents of \$2,400-\$5,900 a month for one- to three-bedroom units and \$428-\$590 a month for low-income units.



New York City's Vacant Cluster Programs

New York City has established several programs that fund the development of mixed-income housing. A prime example is the Vacant Cluster programs. The city's Department of Housing Preservation and Development financed the gut rehabilitation of large assemblages of vacant, tax-foreclosed buildings in several low-income neighborhoods of the Bronx and Manhattan. The program developed six projects

containing a total of more than 2,000 units. Thirty percent of the units in each Vacant Cluster development are occupied by formerly homeless or doubled up households, most of whom receive Section 8 vouchers from the city. Another 45 percent of the units are occupied by low-income households with incomes not exceeding 50 percent of the area's median. The remaining 25 percent are assigned to moderate-income households (50-80 percent of median). By design, the program mixes households from each

group together. Each development, building, and floor houses tenants from every income group. To ensure that the developments retain their mixed-income occupancy, each unit is designated for a specific income category. Vacant Cluster developments are owned by nonprofit housing groups, which are responsible for the management and maintenance of the developments and provide residents with variety of social services.

– Taken from “Mixed Income Housing: Unanswered Questions,” Alex Schwartz and Kian Tajbakhsh, both of the New School of Social Research, Cityscape: A Journal of Policy Development and Research, Volume 3, Number 2, 1997, U.S. Department of Housing and Urban Development, Office of Policy Development and Research.



Appendix 3:

State Housing Strategy

Section 420.0003, *Florida Statutes* [1997]

(1) Legislative intent.—It is the intent of this act to begin the process of articulating a state housing strategy that will carry the state towards the goal of assuring that by the year 2010 each Floridian shall have decent and affordable housing. This strategy must involve state, regional, and local governments working in partnership with communities and the private sector and must involve financial as well as regulatory commitment to accomplish this goal.

(2) Goal.—By the year 2010, this state shall ensure that decent and affordable housing is available for all of its residents.

(3) Policies.—

(a) Housing need.—The continuum of need for decent and affordable housing shall be addressed, with an emphasis on assisting the neediest persons.

1. State housing programs shall promote the self-sufficiency and economic dignity of the people in this state, including elderly persons.
2. The housing requirements of special needs populations shall be addressed through programs that promote decentralization and deinstitutionalization.
3. All housing initiatives and programs shall be nondiscriminatory.
4. The geographic distribution of resources shall provide for the development of housing in rural and urban areas.

(b) Public-private partnerships.—Cost-effective, public-private partnerships shall be emphasized to produce and preserve affordable housing.

1. Data shall be developed and maintained on the affordable housing activities of local governments, community-based organizations, and private developers.
2. The state shall assist local governments and community-based organizations by providing training and technical assistance.
3. The state shall provide incentives for public sector and private sector development of affordable housing.
4. The department shall coordinate state programs with local activities and with federal initiatives.

(c) Preservation of housing stock.—The existing stock of affordable housing shall be preserved and improved.

1. Units of housing for low-income and elderly persons shall be preserved and improved through rehabilitation programs.
2. Neighborhood revitalization efforts shall be expanded in order to promote suitable living environments for individuals and families.
3. The state should encourage the Federal Government to continue the availability of federally subsidized units subject to mortgage prepayment and rent subsidy contract expiration.

(d) Public housing.—The important contribution of public housing to the well-being of low-income citizens shall be acknowledged through state and local government efforts to provide services and assistance through existing programs to public housing facilities and their tenants. Such services may include, but are not limited to, transportation, education, law enforcement, and health services. Any state or local government funds allocated to enhance public housing must be used to supplement, not supplant, federal support.

(e) Housing production or rehabilitation programs.—New programs for housing production or rehabilitation shall be developed in accordance with the following general guidelines as appropriate for the purpose of the specific program:

1. State and local governments shall provide incentives to encourage the private sector to be the primary delivery vehicle for the development of affordable housing.
2. State funds should be heavily leveraged to achieve the maximum local and private commitment of funds while achieving the program objectives.
3. To the maximum extent possible, state funds should be expended to provide housing units rather than to support program administration.
4. State money should be used, when possible, as loans rather than grants.
5. State funds should be available only to local governments that provide incentives or financial assistance for housing.



6. State funds should be made available only for projects which are consistent with the local government comprehensive plan.

7. State funding for housing should not be made available to local governments whose comprehensive plans have been found not in compliance with chapter 163 and who have not entered into a stipulated settlement agreement with the Department of Community Affairs to bring the plan into compliance.

8. Mixed income projects should be encouraged, to avoid a concentration of low-income residents in one area or project.

9. Distribution of state housing funds should be flexible and consider the regional and local needs, resources, and capabilities of housing producers.

10. Income levels used to determine program eligibility should be adjusted for family size in determining the eligibility of specific beneficiaries.

11. To the maximum extent possible, state-owned lands that are appropriate for the development of affordable housing shall be made available for that purpose.

(4) Implementation.—The Department of Community Affairs and the Florida Housing Finance Corporation in carrying out the strategy articulated herein shall have the following duties:

(a) The fiscal resources of the Department of Community Affairs shall be directed to achieve the following programmatic objectives:

1. Effective technical assistance and capacity-building programs shall be established at the state and local levels.

2. The necessary staff expertise shall be provided to develop and maintain statewide data on housing needs and production, to provide technical assistance relating to real estate development and finance, to operate an

information clearinghouse on housing programs, and to coordinate state housing initiatives with local government and federal programs.

(b) The agency strategic plan of the Department of Community Affairs, prepared pursuant to the provisions of ss. 186.021 and 186.022, shall include specific goals, objectives, and strategies that implement the housing policies in this section and shall include the strategic plan for housing production prepared by the corporation pursuant to s. 420.511.

(c) The Shimberg Center for Affordable Housing, in consultation with the Department of Community Affairs and the Florida Housing Finance Corporation, shall review and evaluate existing housing rehabilitation, production, and finance programs to determine their consistency with relevant policies in this section and identify the needs of specific populations, including, but not limited to, elderly and handicapped persons, and shall recommend statutory modifications where appropriate. The Shimberg Center for Affordable Housing, in consultation with the Department of Community Affairs and the corporation, shall also evaluate the degree of coordination between state housing programs, and between state, federal, and local housing activities, and shall recommend improved program linkages. The recommendations required above and a report of any programmatic modifications made as a result of these policies shall be included in the housing report required by Sec. 420.6075, beginning December 31, 1991, and every 5 years thereafter.

(d) The department and the corporation are anticipated to conform the administrative rules for each housing program to the policies stated in this section, provided that such changes in the rules are consistent with the statutory intent or requirements for the program. This authority applies only to programs offering loans, grants, or tax credits and only to the extent that state policies are consistent with applicable federal requirements.





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