The Affordable Housing Study Commission

Final Report

1999

THE AFFORDABLE HOUSING STUDY COMMISSION

Dedicated to Promoting Affordable Housing in Florida Since 1986

December 31, 1999

The Honorable Jeb Bush
Governor of Florida
The Capitol, Suite PL05
Tallahassee, Florida 32399-0001

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

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

Dear Governor Bush, President Jennings, and Speaker Thrasher:

I am pleased to submit the *1999 Final Report* of the Affordable Housing Study Commission, which fulfills the requirements of section 420.609, Florida Statutes. The report includes the Commission's recommendations to improve the delivery of Florida's affordable housing programs.

During 1999 the Commission considered three areas of interest. In the *Impacts of Banking and Insurance Practices*, the Commission examined whether the federal Community Reinvestment Act is truly useful in promoting bank involvement in low-income communities. Under the topic *Affordable Housing as Infrastructure*, the Commission reviewed the current affordable housing requirements in the local government comprehensive planning process to see how these requirements promote the provision of affordable housing in each community.

Finally, the Commission carried out its biennial evaluation of the state's progress toward meeting its goal that by the year 2010, Florida will ensure that each resident has access to decent and affordable housing (Section 420.0003(1), Florida Statutes). During the Year 2000 the Commission plans to develop a strategic plan that will lay out specific financial services and products needed to meet the 2010 goal. Along with the recommendations in this report, next year's plan should provide a solid framework for success.

On behalf of the outgoing members of the Commission, I extend our thanks for the opportunity to serve the citizens of Florida. With the leadership of the new Chair, Kristen Packard, I am confident that this Commission will continue to serve the citizens of Florida well.

Sincerely,

Clifford B. Hardy

Clifford B. Hardy, CMB

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The staff extends its gratitude to Chairman Hardy, who provided thoughtful, supportive leadership to the Commission from 1995 to 1999.

Mission Statement

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

In 1999, the Affordable Housing Study Commission focused on two issues that affect the state's ability to deliver affordable housing to Floridians:

- The impacts of banking and insurance company practices on the provision of affordable housing; and
- Affordable housing as infrastructure.

The Commission also completed its biennial evaluation of Florida's progress toward meeting the goal stated in Section 420.0003, Florida Statutes, that by the year 2010 this state will ensure that decent, affordable housing is available for all of its residents.

This report presents the Commission's findings and recommendations on these issues, and summarizes the Commission's work plan for the year 2000.

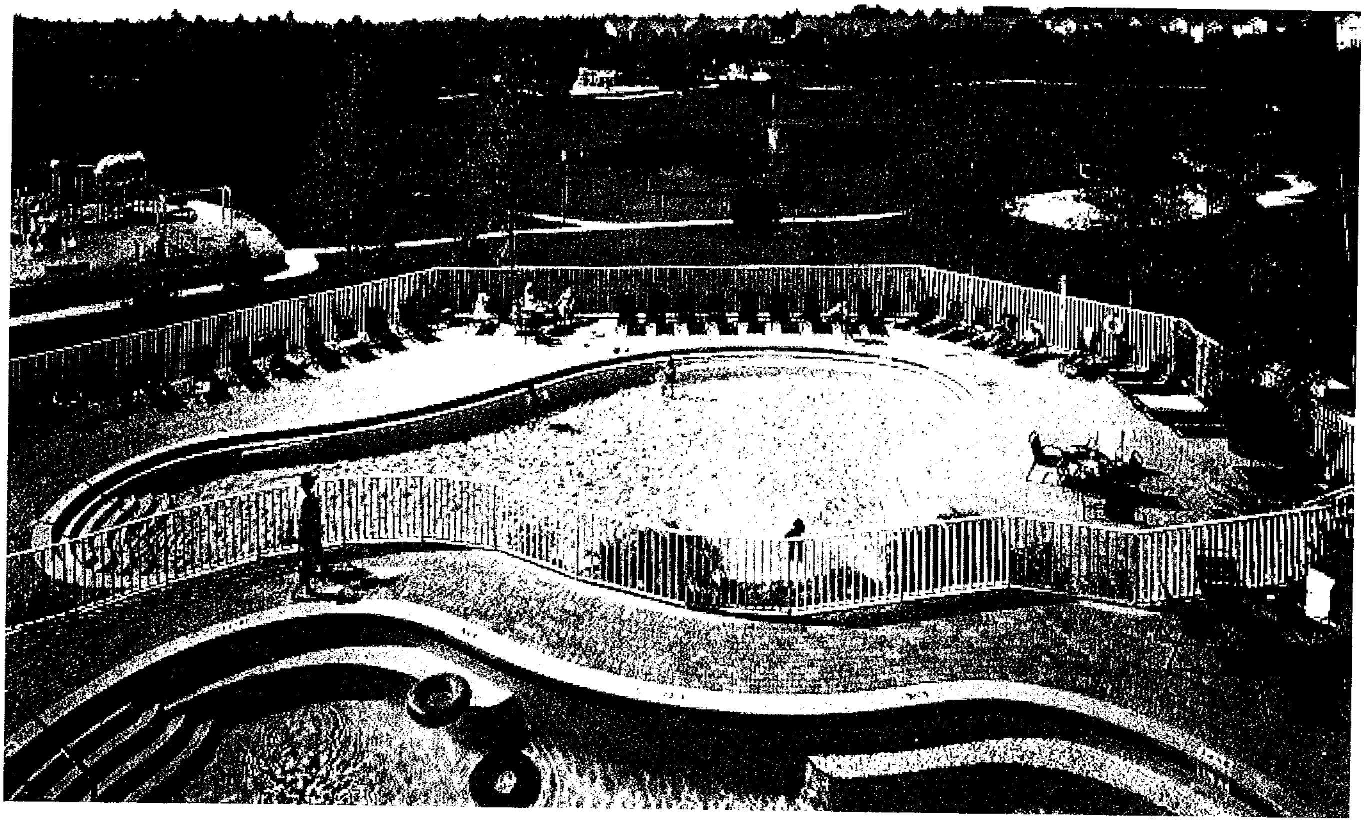
Evaluation of the 2010 Goal

In 1998 the Commission decided that, in order to keep the state focused on the 2010 goal, it should evaluate the progress made by the state in reaching this goal and make a report to the Governor and Legislature every two years. This is the first such evaluation. The evaluation was extremely difficult to carry out because of myriad data problems. This report includes recommendations to address these data issues.

Florida is experiencing a booming economy, and employment is at historically high levels. However, the significant number of service-related jobs in this state means that many working Floridians require housing that is affordable to those with lower wages.

The Commission examined Florida's 1998 housing needs, looking at how well the needs of the state's lowest income households were being met. Considering the need of 1.35 million lower income households for affordable housing, and simply taking a snapshot of housing built, rehabilitated or assisted with federal, state and local programs in 1998, only 1.6 percent of the gap was filled between available affordable housing and the housing needs of lower income Floridians. This is in spite of the fact that Florida has one of the best affordable housing delivery programs in the nation.

In fact, the additional 22,134 housing units provided with 1998 program funds allowed Florida to keep up with only two-thirds of the



growth of cost burdened households during that year, and did not provide for the backlog of 1.35 million cost burdened households. Thus, Florida is advancing too slowly to meet its 2010 housing goal.

Florida's housing programs are excellent, and funding through the Sadowski Act is unmatched. However, even with the Commission's conservative look at just those families in the lowest income ranges, we find that Florida is meeting only a small percentage of its affordable housing need.

The question is, what can be done further to aid the private sector, both for profit and nonprofit, in meeting this housing need? What other money can be leveraged while maintaining the funding for these programs at current or higher levels? Described below, the Commission's Year 2000 work plan will attempt to answer these questions.

The Impacts of Banking and Insurance Company Practices on the Provision of Affordable Housing

Communities rely heavily on the availability of financial services, including insurance and credit for homeownership and improvement, business development, and neighborhood revitalization. When financial institutions provide limited services or investment, refuse to lend or insure, or do so only on more stringent terms, the personal costs to families become social costs to the entire community as neighborhoods are threatened.

The Commission examined how the business practices of lending institutions and insurance companies impact lower income neighborhoods in Florida. Due to the availability of information, the Commission's discussions focused more on lending institutions than insurance companies.

The community reinvestment movement, strengthened by the federal Community Reinvestment Act (CRA), has played an important role not only in combating the neighborhood decline associated with redlining, but in many instances actually improving the economic status of low-income and minority populations. However, these successes have been confined to a few states and metropolitan areas. Florida has no significant reinvestment success story.

A crucial characteristic of these success stories is the formation of coalitions between financial institutions, community groups, local governments and regulatory agencies to create an atmosphere for funds to be reinvested in local communities. When either community groups or

regulators are not sufficiently knowledgeable or committed to the cause of community reinvestment, many lenders do not reinvest. The Commission finds that many community organizations and local governments in Florida are unaware of the tremendous potential for leveraging reinvestment through further coordination with financial institutions and enforcement of the CRA.

Recommendations

- A nonprofit, statewide community organization should be created to provide education, training and advocacy on community reinvest ment efforts in Florida.

- The Department of Community Affairs should encourage local governments and housing providers, both nonprofit and for profit, to use the local comprehensive plan housing element as a tool to develop partnerships with financial institutions to meet the affordable housing needs of the community.

- Lending institutions and insurance companies doing business with state and local governments must demonstrate that they are reinvesting in the communities they serve. The Florida Security for Public Deposits Act (Ch. 280, Florida Statutes) should be revised to require review of this information, in addition to financial soundness, as part of the process of decision making on public depositories.

- The Florida Housing Finance Corporation and local housing finance authorities should take the lead and implement the above recommendation immediately by revising requests for proposals to include criteria pertaining to community reinvestment.

Affordable Housing as Infrastructure

As part of an ongoing review of the state's housing delivery system, the Commission reviewed the current affordable housing requirements in the local comprehensive planning process and how these requirements affect the provision of affordable housing in communities.

Unlike the public facilities elements of these plans, the Growth Management Act does not require housing elements to provide specificity in terms of cost, revenue sources or a timeline for meeting the defined need. In other words, communities are required to identify the affordable housing deficit in their housing elements, but are not required to state with any specificity how this deficit will be addressed. Local governments are not required to set measurable targets to meet current and future affordable housing needs. As a result, many local governments adopt vague goals, objectives and policies that do not provide accountability.

Furthermore, local governments are not required to prepare capital plans to show how these targets will be met. Some would argue that the State Housing Initiatives Partnership, or SHIP, program provides these plans and the funds to implement them. While this is true to some extent, in no jurisdiction can these funds completely address local housing needs.

Florida has acknowledged that access to quality employment is part of ensuring that housing is affordable to all Floridians. Yet housing element requirements do not encourage local governments to address market forces beyond political boundaries. This is especially true for the relationship between employment centers and housing. Employment centers tend to be regional, often expanding beyond the political lines of one local government. Likewise, a job center may be located in one jurisdiction, with subsequent housing development occurring in a neighboring community.

Other local situations occur that also suggest a multi-jurisdictional approach to meeting housing needs. Communities that are built out or

have extraordinarily high land prices have real impediments to meeting affordable housing needs by ensuring that adequate sites are available.

The Commission believes that each local government must be willing to assess its affordable housing need and take responsibility for how that need is met. However, a regional approach to meeting housing need may better ensure that such housing is made available, with an understanding that there may be

different ways local governments can participate in meeting the regional need.

Recommendations

- The State Comprehensive Plan, Chapter 187, F.S., should be amended to include very low-income households in the Housing Goal and Policies.

- The State Comprehensive Plan, Chapter 187, F.S., policies for the Housing Goal should be amended as follows: "Diminish the use of institutions to house persons by promoting deinstitutionalization to the maximum extent possible, <u>provided the result is not homelessness</u>."

- The Growth Management Act, Chapter 163, Part II, F.S., should be amended to require that the goals and objectives related to the creation and preservation of affordable housing be numeric to be measurable, and that the numeric goals and objectives be consistent with the data and analysis in the plan.

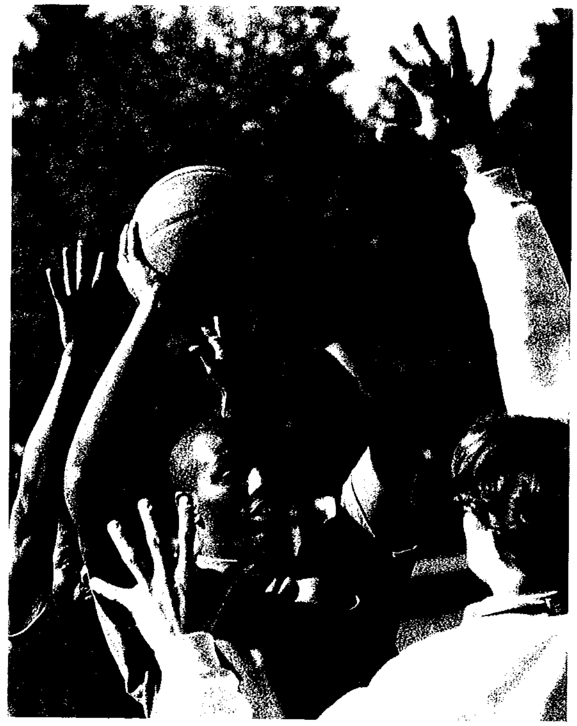
- The Growth Management Act, Chapter 163, Part II, F.S., and Chapter 9J-5, F.A.C., should be amended to clarify that the data used for assessing housing need in the local comprehensive plan is that which is provided by the affordable housing needs assess ment, and that affordable housing needs assessment data may be supplemented by locally generated data which more accurately assesses housing need for very low- and low-income households.

- The Housing Element Data Requirements in Chapter 9J-5.010, F.A.C., should be amended to require that the inventory of housing include a definition of substandard units as: "<u>those that fail to meet the applicable building code or the minimum local housing code; or that lack complete plumbing, lack complete kitchen facilities, lack central heating, lack air conditioning, or are overcrowded. Local governments may determine that units without heating or cooling are not substandard if they are located in areas where the temperature extremes do not indicate heating or cooling as a life safety factor</u>."

- The Housing Element Data Requirements in Chapter 9J-5.010, F.A.C., should be amended to require that the inventory of housing provided by local governments in their comprehensive plans includes the location of housing in relationship to employment centers.

- The Growth Management Act, Chapter 163, Part II, F.S., should be amended to require each local government to demonstrate in its housing element how its numeric goals and objectives will be met either within its jurisdiction or through a regional housing plan developed for this purpose.

- The Department of Community Affairs should convene a working group to make recommendations to amend Chapter 9J-5, F.A.C., to



implement a regional approach to affordable housing.

- Affordable housing should be treated as infrastructure for purposes of planning and permitting within the Growth Management Act, subject to locally determined levels of service, flexibility in timing, and exemptions where appropriate. Appendix III provides recommended ~~strike-through~~ and underlined revisions to Sections 163.3177 and 163.3180, F.S., and Chapter 9J-5, F.A.C., to partially implement this recommendation.

- The Department of Community Affairs should convene a working group to make recommendations to amend Chapter 9J-5, F.A.C., to develop a methodology for determining the housing need generated by non-residential development.

- Chapter 9J-5, F.A.C., should be revised to incorporate examples of strategies that local governments may use to formulate housing implementation programs including funding, incentives, and regulations such as inclusionary zoning, density incentives, and linkage fees.

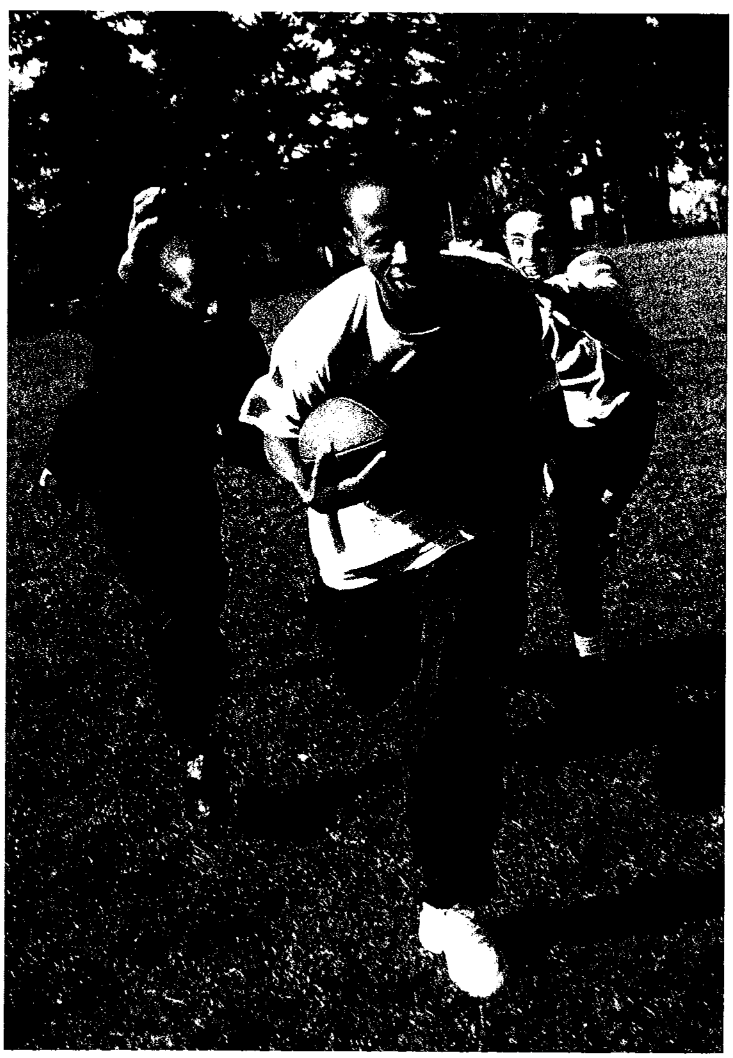
- The Growth Management Act, Chapter 163, Part II, F.S., and Chapter 9J-5, F.A.C., should be amended to include housing in the comprehensive plan evaluation and appraisal process. Appendix III provides recommended ~~strike-through~~ and underlined revisions to Section 163.3191, F.S., and Chapter 9J-5.0053, F.A.C., to implement this recommendation.

The Affordable Housing Study Commission's Year 2000 Agenda

This report has provided information on Florida's progress in meeting its affordable housing needs. The report finds a gap between the need for affordable housing and availability of that housing for its residents. Based on the evaluation of the goal found in Chapter 420, F.S., that all Floridians will have access to decent, affordable housing by the year 2010, the Commission intends to prepare a plan to meet this goal.

The plan will estimate the types of assistance needed by Florida's households, such as mortgage loans, and the total costs of providing these affordable products to Florida households. The plan will also provide strategies to ensure that these products are available and used, and its implementation will require a coordinated effort between the state, local governments, financial institutions and community groups.

Florida's Progress Toward Meeting the 2010 Affordable Housing Goal



. . .that by the year 2010 each Floridian shall have decent and affordable housing

Overview

In 1988, the Florida Legislature adopted a housing goal which states: "By the year 2010, this state will ensure that decent and affordable housing is available for all of its residents." Ten years later in 1998 the Commission decided that, in order to keep the state focused on this goal, it should evaluate the progress made by the state in reaching the 2010 goal and make a report to the Governor and Legislature every two years by January 31, beginning in the year 2000. This is the first such evaluation.

Review of the 1996 Evaluation

In 1996, the Commission made an initial attempt to measure the state's progress in meeting the 2010 goal. The Commission examined the state's progress in meeting housing needs between 1990 and 1995, largely relying on information from the Affordable Housing Needs Assessment developed by the Shimberg Center for Affordable Housing. The information gathered provided a valuable tool for gauging progress, and exposed some important data gaps. The evaluation showed that actual progress will be difficult to measure without better data.

Data from the Year 2000 Census will be important to measure progress, but this information will not be available for two years. In order to understand Florida's role in meeting housing needs, greater attention must be paid to measure the results of federal, state and local housing programs.

- In 1998 there were over six million households in Florida. As with the rest of the nation, homeownership was at an all time high of 68.9 percent.
- The 1998 median statewide house hold income was $34,730.[1] In this year, there were 2.02 million low- and very low-income households in Florida. These are families with incomes between 0 and 80 percent of the median incomes in the areas where they live.
- Of the households falling in the 0-80 percent median income range, 1.35 million, or nearly 67 percent, spend more than 30 percent of their income on housing costs. Of those, almost 56 percent are renters, who consistently pay more of their incomes toward housing than homeowners.

Progress Report

Florida is experiencing a booming economy, and employment is at historically high levels. However, the significant number of service-related jobs in this state means that many working Floridians require housing that is affordable to those with lower wages.

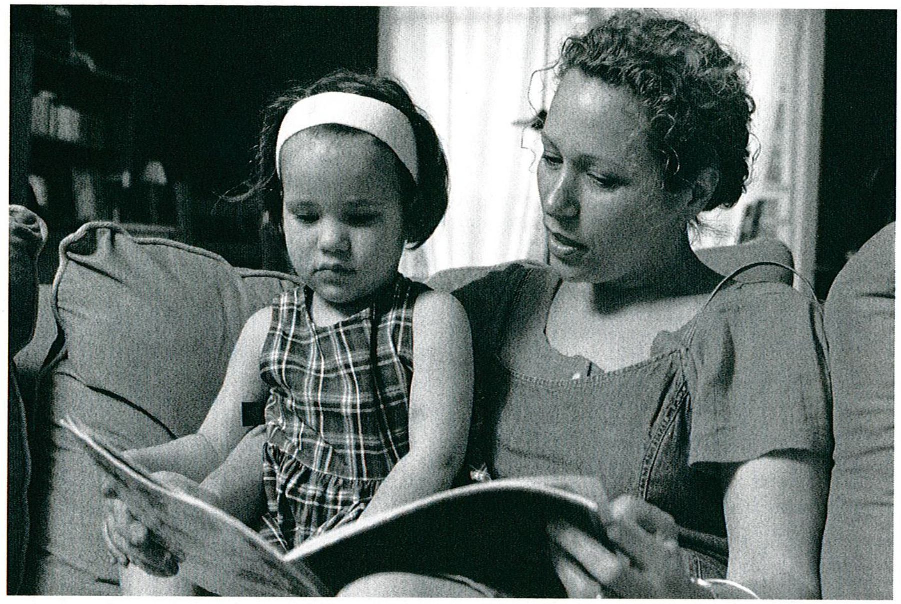
The National Low Income Housing Coalition's 1999 Out of Reach study shows that 37 percent of Florida's renters are unable to afford a one-bedroom unit and 43 percent are unable to afford a two-bedroom unit. Working 40 hours per week, the hourly wage needed to afford the fair market rent for a two-bedroom unit in Florida is $12.08, more than twice the minimum wage.[2] Even a two-income lower wage household has affordability problems with these housing costs.

The Commission examined how well Florida's housing needs were being met in 1998. As of April 1998, 29 percent of Florida households were estimated to be paying more than 30 percent of their income for housing.[3] Thirty percent of a household's income is the traditional number used to evaluate whether households are paying more than is easily affordable to them.

Some people choose to pay higher rent or mortgage payments and are able to afford this, so the Commission chose to limit its examination to households with incomes of 80 percent or less of area median income. These people are generally the least capable of paying higher prices for housing and keeping up with other family and household needs at the same time. Of these lower income households, almost 67 percent were estimated to be spending more than 30 percent of their income on housing. This does not even count the estimated 43,000 homeless families and individuals in Florida in 1998.[4]

The Commission took the cost burden experienced by lower income Floridians and compared it to 1998 housing construction/preservation data for local, state and federal programs to see what portion of the need was addressed. With the assistance of these programs in 1998, an additional 22,134 housing units were provided or preserved, including new housing vouchers made available to families. This meets only 1.6 percent of the 1998 need.

What about the ability of private sector builders and developers to fill this gap unassisted by public funds? Although the Commission was unable to measure how much the private sector on its own may have contributed to meeting this need, it is clear from past evaluations that this assistance remains minimal, especially for those households with the very lowest incomes.



Of concern to many is the expected loss of affordable housing stock from expiring contracts in a number of federal housing programs, particularly Section 8. These developments had twenty year contracts from the time they were built in the 1970s and early 1980s. Many of these property owners are choosing to renew annual contracts with HUD, and some are going through HUD's restructuring program, thus keeping these units affordable to lower income people. However, in 1998 2,307 units were lost due to prepayment or owners opting out of contract renewals.[7] These numbers will only increase in the coming years.

Another concern is the units built with assistance from the Florida Housing Finance Corporation, which have compliance periods ranging from ten years to up to 50 years in more recent agreements. Some units are now on the verge of being at the end of their compliance periods. Florida Housing contends that new contracts will be signed with most of these developments, but if this does not occur, up to 22,000 units could be lost in the next ten years.[8] Funds used in these renegotiations will mean fewer funds available to build or preserve other units.

- An estimated 43,000 households (including families and individuals) were homeless on any given day in 1998. About 32 percent of these households are chronically homeless. Forty-three percent are employed on a full or part-time basis. There are a number of reasons why people become homeless, including mental illness, substance abuse, and poor wages, but a lack of affordable housing is also an important cause of homelessness.[5]
- In 1998 there were 149 emergency shelters for the homeless, with 6,946 beds. Not all of Florida's 67 counties have shelters. Overall, Florida is only able to meet the emergency shelter needs of 13 percent of its homeless population.[6]

Conclusion

To summarize, in spite of the fact that Florida has one of the best affordable housing delivery programs in the nation, in 1998 only 1.6 percent of the gap was filled between available affordable housing and the housing needs of lower income Floridians. With the private and public sectors working together each year, there has been little progress toward meeting the housing need for lower income, working families.

In fact, the additional 22,134 housing units provided with 1998 program funds allowed Florida to keep up with only two-thirds of the growth of cost burdened households during that year, and did not provide for the backlog of 1.35 million cost burdened households.[9] Thus, Florida is advancing too slowly to meet its 2010 housing goal.

Florida's housing programs are excellent, and funding through the Sadowski Act is unmatched. However, even with the Commission's conservative assessment of only those families in the lowest income ranges, we find that Florida is meeting only a small percentage of its affordable housing need.

The question is, what can be done further to aid the private sector, both for profit and nonprofit, in meeting this housing need? What other money can be leveraged while maintaining the funding for these programs at current or higher levels?

The National Association of Home Builders has set a national goal of 10 million new affordable units in 10 years, calling on its membership of large and small builders to change the mix of new homes offered to include a small number of lower cost units. The 10-year action plan calls for small builders to begin offering 20 percent of their homes in affordable product, slowly in creasing this percentage over time. Big builders constructing over 100 units annually would also expand their offerings and begin talking with Native American governments to provide hous ing in these poverty stricken areas. The NAHB plan even includes a deep mid-decade recession as part of its scenario.

The Next Step

Earlier this year, the National Association of Home Builders called for a national goal of ten million affordable units to be built over the next ten years. The NAHB has developed an action plan to attain this goal, calling for all builders, big and small, to voluntarily take on this goal.[10]

A number of local governments across the nation and in Florida have taken a stronger approach to meet their affordable housing needs, adopting ordinances that require builders to offer a small percentage of affordable units in any mix of housing they build. Appendix III of this report provides tools local governments may find useful in promoting the construction and preservation of affordable housing. In addition, the Commission provides a series of recommendations later in this report that call for a more methodical approach to local planning to meet affordable housing needs.

This report also summarizes the Commission's examination of banking and insurance impacts on affordable housing. We found that educating financial institutions and housing advocates about the federal Community Reinvestment Act and community investment opportunities as a whole could provide Florida with millions of additional dollars to provide access to decent affordable housing.

But these disparate strategies alone will not guarantee that Florida meets its 2010 housing goal to ensure that every Floridian has access to decent, affordable housing. The state will have to work at the highest level to develop a comprehensive strategy to meet this goal. So, during the Year 2000, the Commission will prepare a plan to meet this goal.

The plan will estimate the types of assistance needed by Florida's households, such as home improvement loans, mortgage loans and rental rehabilitation loans. The plan will then estimate the total costs of providing these affordable products to Florida households. Finally, the plan will provide strategies to ensure that these products are available and used. These strategies will require a coordinated effort between the state, local governments, financial institutions and community groups.

This plan will be presented to the Governor for his use in coordinating a statewide effort to meet the 2010 goal.

How We Measured Florida's Progress

To measure Floridians' housing cost burden, the Commission used the 1990 PUMS (Public Use Microdata Sample) data from the U.S. Census.[11] PUMS data are available for 35 areas in Florida (several of the more rural counties are combined together). These data are based on small samples of actual housing unit costs compared to the household income of families living in the units, to provide us with an accurate percentage of each family's income being spent on its housing. So using PUMS data for each geographic area, the cost burden was calculated for households in each income range, using updated 1998 household data from the Affordable Housing Needs Assessment.[12]

To measure the number of units built or rehabilitated with the assistance of local, state and federal funds, the Commission requested data from all known programs. This information is provided in a table in Appendix I along with data sources. However, information problems abound. At the federal level, data on some programs administered by U.S. HUD are impossible to attain due to the way in which HUD collects and maintains this information.

As for federal funds that are passed on to entitlement communities in Florida, there is no central information source to collect data on the housing units built or preserved through these programs. In 1998, 59 entitlement communities in Florida received almost $200 million through the Community Development Block Grant, HOME, and Housing for People with AIDS programs.[13]

At the state level, the Florida Housing Finance Corporation is the primary program administrator. Program information is available, but not in a format that is easily accessible for reporting purposes.

At the local level, there is little consistency throughout the state as to how data on local bond programs are maintained.

Compounding these issues is the problem of duplication. In order to serve lower income populations, multiple funding sources are often necessary. Duplication occurs when multiple programs are used to fund one unit of housing, and that unit is counted by each program as one unit constructed. If the data for each program are simply added up, the total number of units is higher than the actual number of units built. This is a problem for federal, state and local programs and even across different state programs.

In addition, there is no known way to measure the number of affordable units built/preserved *without* public assistance by the private sector. While we know that very few units affordable to lower income people are built without some type of assistance, we do not currently have a way to measure exactly how many units this may be. Manufactured homes regulated by HUD (known as mobile homes by many) are an important source of affordable, single family housing for lower income households, with just over 19,000 units purchased by Floridians during 1998. This is 16.3 percent of total single family new construction and manufactured housing sales for that year.[14] However, sales of these homes do not go much further toward closing the gap between lower income households that are paying too much for homes and available affordable housing.

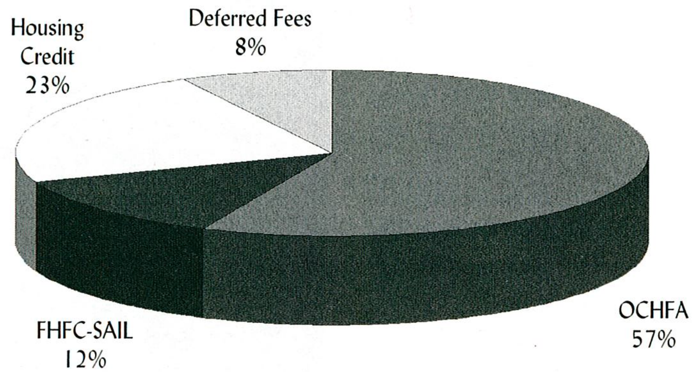
Data Issues

Inefficiencies of Collecting Data

In order to collect data to prepare this report, an extraordinary amount of staff time was required because of the data issues described above. Even after this time was spent, in some cases data were still unavailable or not useful. With the Affordable Housing Needs Assessment (AHNA), which is prepared and

FUNDING SOURCES FOR AN EXAMPLE SAIL DEVELOPMENT

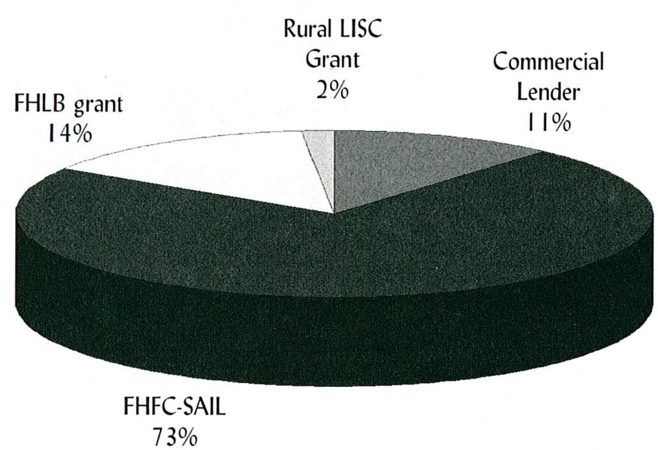
Park Avenue Villas
A 120-Unit development in Winter Garden, Orange County



The Orange County Housing Finance Agency (OCHFA) provided a 30 year, 6.33% first mortgage. The Florida Housing Finance Corporation provided a 30 year, 3.36% second mortgage; and Boston Financial Partnership purchased the tax credit equity.

FUNDING SOURCES FOR AN EXAMPLE SAIL DEVELOPMENT IN A RURAL AREA

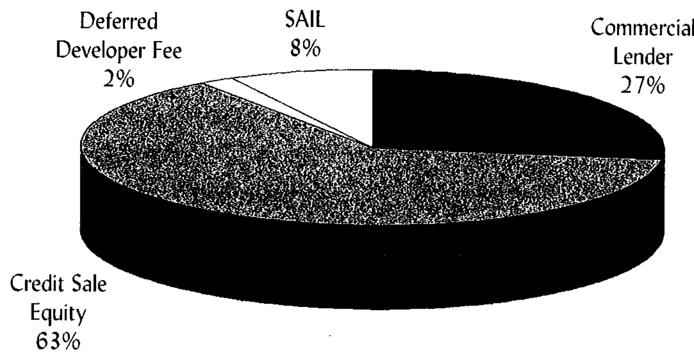
Lanier Oaks Apartments
A 22-unit Development in Gretna, Gadsden County



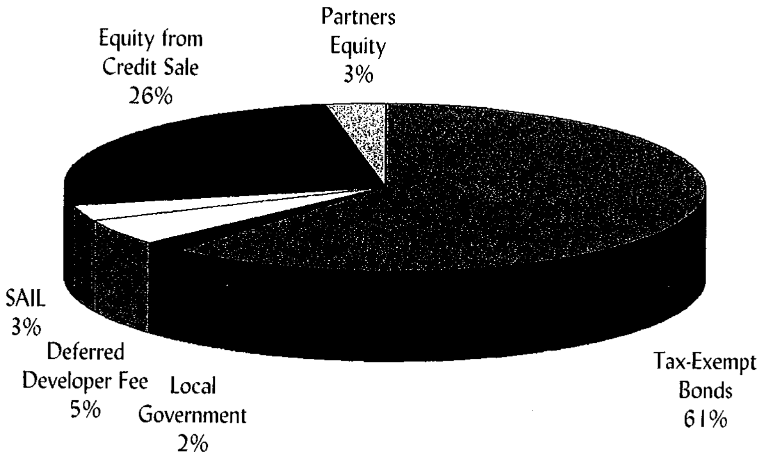
The Capital City Bank provided a 15 year, 9% first mortgage; the Florida Housing Finance Corporation provided a 15 year, 3.36% second mortgage; the Federal Home Loan Bank provided a grant; and Rural Local Initiatives Support Corporation (Rural LISC) also provided a grant.

Source: Florida Housing Finance Corporation

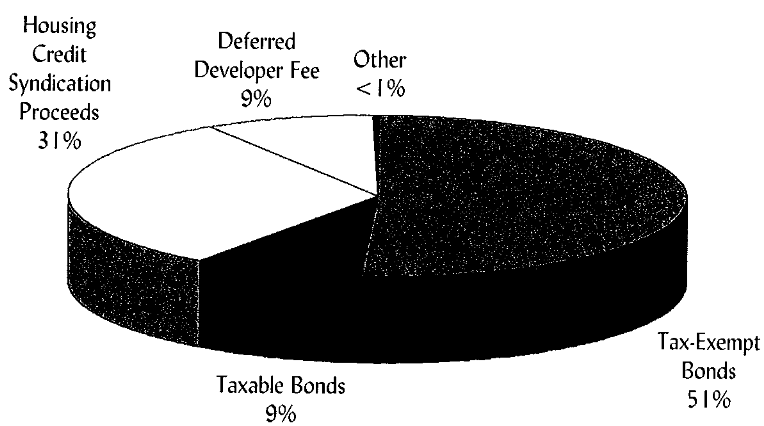
FUNDING SOURCES FOR A TYPICAL NINE PERCENT HOUSING CREDIT DEVELOPMENT



FUNDING SOURCES FOR A TYPICAL FOUR PERCENT HOUSING CREDIT DEVELOPMENT



FUNDING SOURCES FOR A TYPICAL MULTIFAMILY BOND DEVELOPMENT



Source: Florida Housing Finance Corporation

maintained by the Shimberg Center for Affordable Housing, Florida has the beginnings of a powerful housing data tool, but even this database requires further revision.

Recommendation:

The Department of Community Affairs should fund a _centralized data clearinghouse_ to be managed by either the Department or an external entity such as the Shimberg Center. This data system should include data from local governments, programs administered by the Florida Housing Finance Corporation and federal programs, and will require intensive effort to get up and running. To increase the value of the AHNA, the Department should work with the Shimberg Center to resolve concerns with the AHNA's affordability tables. Finally, as detailed below, continued research and work are needed to develop an effective way to measure the structural condition of housing in Florida.

Duplication

Commission analysis of Florida Housing Finance Corporation compliance data for multifamily programs reveals that over 30 percent of the units produced to date used multiple state funding sources. From 1980 through 1998, about 66,500 units were actually produced or rehabilitated. However, it is difficult to obtain this information from Florida Housing's current database.

This is also true for locally administered programs, and probably occurs across federal, state and local programs in such a way that we can only estimate the true number of assisted, affordable units built over any one period of time.

Recommendation:

The Florida Housing Finance Corporation program database should be restructured to allow reporting across all programs to recognize duplication and provide a true count of units built or rehabilitated in past and current years. Locally administered program data should also be available for all programs and in such a way that duplication concerns are eliminated. This is especially true for the SHIP program, local bond programs and federal programs administered by entitlement communities.

Measuring Structural Condition

Measuring the incidence of substandard housing in Florida is still problematic. Although some communities carry out local surveys of housing conditions, most rely on data from the U.S. Census. The Census data do not take into consideration the structural condition of Florida's housing stock. Instead, these measures consider whether housing units lack facilities such a plumbing, and evaluate overcrowding. We know that some portion of Florida households live in housing that lacks these facilities and is structurally unsound. Measuring this occurrence is even more important as Florida's housing stock ages. If the structural condition of Florida's housing is taken into consideration, there is most certainly a greater housing need than indicated in this report.

Recommendation:

The Department of Community of Affairs should fund the development of a statewide survey tool to measure the incidence of substandard housing in Florida. As recommended later in this report in the *Affordable Housing as Infrastructure* section, the Department should adopt a definition of substandard housing that realistically measures the condition of the housing stock, and can be used by local governments.

Measuring Affordability

For years, the nation and Florida have assessed whether a home is affordable by measuring the family's

cost burden, or how much of the family's income must be spent on that housing. Over the last ten years, anything over 30 percent has been the common measure of a cost burden on a family. The question is whether this number is reasonable for all groups. What about households in the middle and upper income ranges that choose to pay more to have the homes they desire? What about some lower income elders who have paid off their mortgages, and have few housing costs, but are still counted as having a cost burden when their incomes are compared to the value of their homes? These and other scenarios suggest that the 30 percent benchmark may not always be useful.

The Shimberg Center has tried to measure affordability another way – by matching up households with the housing units they can afford (based on local property appraisal data) and then counting up the units or households "left over" in each income category. These leftovers provide the deficit/surplus numbers in affordability tables constructed for local governments to measure local housing need. However, it is unclear whether this system works well enough to continue using it.

Recommendation:

Working with the Shimberg Center, the Department of Community Affairs should reconsider the use of the 30 percent cost burden and the Center's affordability tables to measure housing affordability across the state. These measurement systems should be improved.

HUD Data

These data are currently the most difficult to obtain. Multiple HUD programs require multiple information requests, many by formal letter. In addition, data for each program are maintained differently, and some program staff state that there is no information on program results available except for the current year unless HUD staff goes through each project file. Sometimes, data for one program must be requested from two different program offices in Florida.

Recommendation:

HUD should provide a centralized contact point to collect data for all programs. Some information is provided on HUD's website, but is so limited that calls to program staff are still required. HUD data for all programs funded in Florida should be provided for the last five years. Information should be available on the number of dollars expended and units built/preserved, by county and by income level. HUD might consider carrying out this charge by funding a pilot program with the Department of Community Affairs to support an expanded data clearinghouse for HUD programs.

Local Bond Program Data

Similar to the HUD problem above, data from local programs are difficult to obtain, or are simply unavailable from some communities. In addition, each local government maintains different information on its individual program.

Recommendation:

Ideally, each local program should collect and maintain data on its bond program(s) for the past five years, including information on the number of units produced and the number of households served by income range.

Data on Homelessness

Because of its survey methods, the 1990 Census did not adequately capture the incidence of homelessness across the nation. More recent efforts to count the number of homeless people have been problematic for a variety of reasons. For example, the determination of who is homeless varies across different levels of government and among service providers. Homeless people are isolated and disenfranchised from the community, making it more difficult to find them for any count. The most cost effective method of counting this group, at a particular point in time, means that the count misses the many individuals who are homeless for a short time or who cycle in and out of homelessness. The current homeless count serves as more of a placeholder than anything else.

Recommendation:

First, both state and local governments must recognize that accurate assessment of the extent of homelessness is an essential part of estimating housing need in a community. Second, to provide accuracy, the Florida Department of Children and Families should coordinate the development of a statewide uniform definition of homelessness, at least for the purposes of quantifying the problem, and a standardized survey to be used by all communities that survey homeless people.

Endnotes

1. U.S. Census. Table D. Median Income of Households by State. Accessed at http://www.census.gov/hhes/income98/in98med.html

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3. The Shimberg Center for Affordable Housing. Based on Data from the 1990 Public Use Microdata Sample from the U.S. Census and the Shimberg Center's 1998 Affordable Housing Needs Assessment data. Prepared by the Shimberg Center in 1999.

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7. The National Housing Trust. Data accessed from NHT website on 13 December 1999. These numbers are not confirmed, but they are the most current data that HUD has. http://www.nhtinc.org/prepayment/optoutdata.asp

8. The Florida Housing Finance Corporation. 1999. Compliance monitoring data for the HOME, Housing Credit, Multifamily Revenue Bond, and Predevelopment Loan rental programs.

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10. The National Association of Home Builders. Builder's 10-Year Action Plan. *Builder*, July, 1999. The NAHB's scenario includes a deep mid-decade recession to make the possibility of goal attainment more realistic.

11. As provided by the Shimberg Center.

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13. U.S. Department of Housing and Urban Development. Data accessed from HUD website on 2 December 1999. http://www.hud.gov/cpd/aloct981.html#Florida

14. Florida Manufactured Housing Association, 1999. Statewide Total: Single Family Housing: Site-Built vs. Manufactured Home Sales by Year, 1978 - 1998. Compiled from the Association's 1998 statistical package.


HARRIS MUSIC LOFT

The Impact of Banking and Insurance Company Practices on Affordable Housing

Communities rely heavily on the availability of financial services, including insurance and credit for homeownership and improvement, business development, and neighborhood revitalization. When financial institutions provide limited services or investment, refuse to lend or insure, or do so only on more stringent terms, the personal costs to families affected by such practices become social costs to the entire community as particular neighborhoods are threatened. This practice is generally known as *redlining.* Redlined areas are usually delineated on the basis of income and/or race. However, since the average incomes of minorities are much lower than average white incomes, redlining on the basis of income is effectively racial redlining.

This year the Commission examined how the business practices of lending institutions and insurance companies impact lower income neighborhoods in Florida. Because there has been more study of the roles lending institutions play in communities, the Commission's discussions focused more on these than insurance companies. However, more and more states and communities are beginning to understand the power and capacity that insurance companies can have in the community redevelopment process.

Lending Institutions

Along with other important legislation on equal credit access passed in the 1960s and '70s, Congress enacted the Community Reinvestment Act (CRA) in 1977.[1] The CRA is based on the premise that federally regulated financial institutions have a "continuing and affirmative obligation to meet the credit needs of the local communities in which they are chartered. . .consistent with the safe and sound operation of such institutions."[2] Generally, the CRA requires banks to identify the credit needs of low- and moderate-income areas and take action to meet these needs.

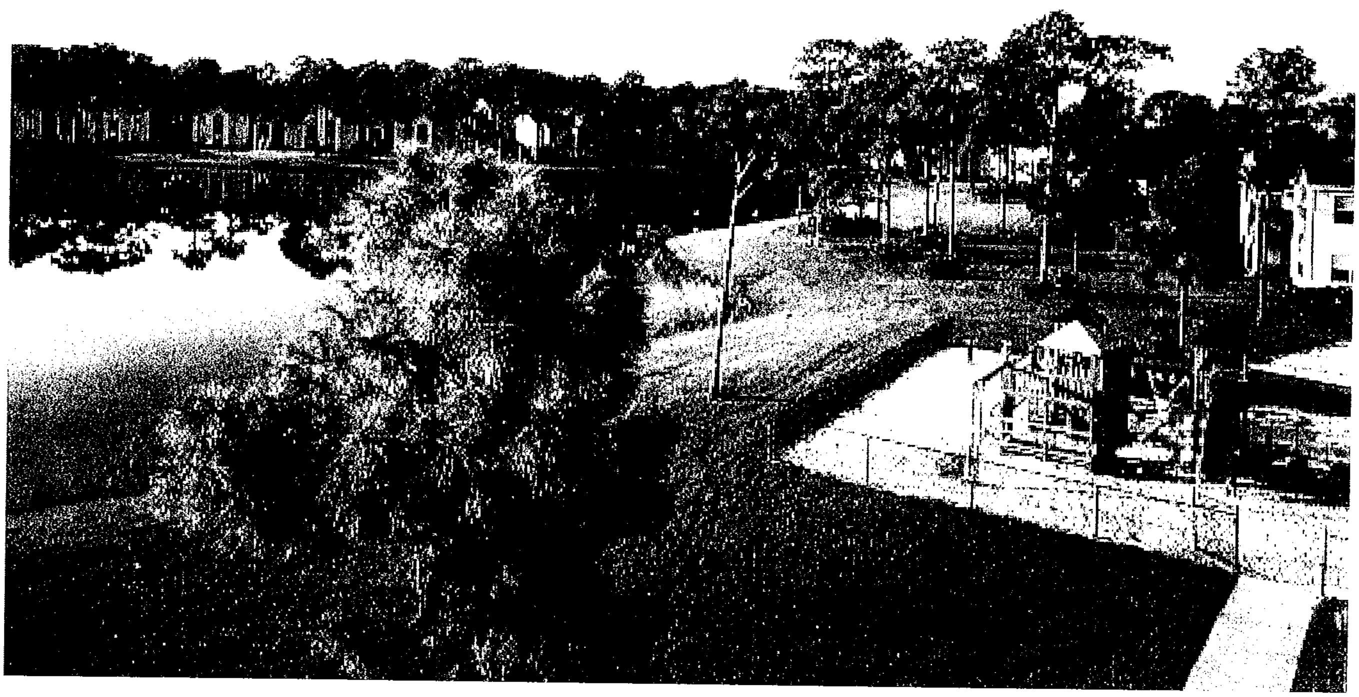
Federal regulatory agencies periodically examine the CRA performance of banks and are required to take their performance into account when considering bank applications for mergers, openings of new branch offices, or other related business transactions. Third parties may challenge a lender's application based on poor CRA performance. Such challenges delay consideration of applications, which can be costly for lenders. This gives community groups leverage in dealing with lenders and provides lenders an incentive to negotiate with organizations filing such challenges.

Despite federal legislation promoting equal credit access, studies of mortgage lending in the 1980s and the '90s have consistently found the presence of redlining across the nation. There are several reasons for this:

- Federal enforcement efforts to ensure fair housing have been limited, often using voluntary compliance as a strategy. Legal remedies against redlining have been utilized largely by community organizations.[3]

- Only federally insured banks are regulated by the CRA, leaving some banks, credit unions and thrifts unevaluated. In addition, non-banking financial institutions, such as insurance companies, which are unregulated by the CRA, are becoming significant players in the home mortgage industry.

Adverse CRA reports do not result in fines or sanctions against errant banks. This makes Florida a banking colony, along with about one third of the states in the nation.[5] As a result, there is a tendency to charge higher bank fees and be less willing to be part of local community reinvestment strategies on the part of banks doing business in Florida.[6] In fact, financial institutions in Florida have been among the worst in the nation in community reinvestment. In 1993, Florida was the worst of the 50 states in terms of bank loans to low- and



- Many mortgage lenders define lending areas in a way which excludes certain neighborhoods, and have marketing policies that result in few applications from low- income and minority neighborhoods.

- Redlining can also be perpetuated through discriminatory underwriting rules and selective location of branches.

banks. It is only when third parties use these reports to challenge banks' business plans that the full potential of the CRA is realized. However, CRA advocates perceive grade inflation to be a problem in bank performance evaluations. In recent years less than two percent of the evaluations have assigned the lowest grade to banks.[4]

In Florida, more than 80 percent of bank deposits are held by out-of-state moderate-income borrowers. Currently, it is the fifth worst in the nation.[7]

Increased Participation in Community Reinvestment

Overall the CRA has been an important tool for community reinvestment. Between 1990 and 1995, conventional home mortgage lending in the U.S. increased by 200 percent to African-Americans, 94 percent to Hispanics, and 172 percent to low- and moderate-income households. Between 1977 and 1996, challenges to banks under the CRA resulted in more than $30 billion in loans to minority neighborhoods nationwide.[8]

A growing number of lenders, drawn by the promise of tapping new markets, have voluntarily begun changing their practices by becoming more innovative and reinvesting in low- and moderate income neighborhoods. A 1996 survey of 600 lending institutions sponsored by the Federal Reserve Bank of Kansas City found that 98 percent of the institutions found CRA lending to be profitable.[9] Some banks have set up community development divisions and pledged billions of dollars to programs that impact low-income communities.

One example is the First National Bank of Chicago. Based on a 1989 study of the credit needs of low- and moderate-income areas served, this bank modified its services in areas which had significant unmet needs. The bank also has a tester program in which minority individuals act as test applicants to detect disparate treatment of applicants at its own branches. To market its products, First National has a marketing plan which includes mass advertising, direct mailings, special presentations and a touring "bankmobile" to reach areas where the bank does not have a branch. The bank also played a leading role in the formation of the Chicago Community Investment Corporation, a group of 39 area financial institutions which works to revitalize older neighborhoods through development of low- and moderate-income housing.[10]

Citibank is another example. In various markets across the country, the bank has Economic Development Banking Centers which specialize in community reinvestment financing in low- and moderate-income areas. Among other things, the centers review individual loans initially denied by other lending departments of Citibank. In the New York market, the bank has published a comprehensive CRA training manual for its staff members, commissioned numerous studies and surveys in low- and moderate-income areas, and created special marketing plans for the products it has for low- and moderate-income residents.

As important as these examples are, their overall impact in making more financial resources for home mortgage financing available has not been sufficient. In addition, monitoring financial commitments made by lenders to community reinvestment efforts can be problematic when no one organization has this responsibility. This is especially true in cases when a lending institution makes a large dollar commitment over a large geographic area over a multi-year time frame.

State and Local Responses to the Situation

Faced with the need for additional resources, some states and local governments have devised mechanisms to increase bank involvement. More than ten states have enacted their own CRA regulations, which apply to all banks operating or chartered within these states. State CRA examiners tend to be more familiar with the local context of bank performance, and for this reason, it is generally believed that state CRA exams increase lenders' reinvestment in these states. However, the Commission was unable to find data to substantiate the overall success of these regulations.

In some states and cities, advocacy groups have been formed to influence the community reinvestment decisions of banks and other finan-

The Pittsburgh Community Reinvestment Group

In 1987 when the Union National Bank of Pittsburgh (UNB) announced its intention to merge with another Pennsylvania company, 19 community groups came together to form the Pittsburgh Community Reinvestment Group (PCRG) to negotiate with UNB.

Based on a neighborhood reinvestment program developed by the PCRG to meet the credit needs of low- and moderate-income communities across the city, the UNB ultimately agreed to commit $109 million over five years. Within two and a half years, the bank made over $15 million in residential mortgages, nearly $8 million in home improvement loans, $11 million in commercial real estate loans, and $37 million in small business loans, totaling $71 million – about two-thirds of the aggregate lending target.

In December 1990, the PCRG and the UNB agreed to extend the agreement by two years to 1996, and increase the bank's financial commitment by $79 million. Representatives of the PCRG and the bank formed the Community Development Advisory Group which meets every month to review and monitor the implementation of the program.

The PCRG has used the UNB lending agreement to establish its legitimacy in CRA negotiations with other banks and financial institutions in the area. Since the early 1990s, the PCRG has also targeted savings and loan associations in the area. It also helps train bank personnel on CRA responsibilities and trains staff and board members of neighborhood organizations in securing and administering community investment commitments from banks and other financial institutions.

cial institutions. One example is the Pittsburgh Community Reinvestment Group, which was formed in 1987 to file a CRA challenge to the merger of the Union National Bank of Pittsburgh with another Pennsylvania company. Not only was the group able to get a commitment from the bank to fund a neighborhood reinvestment program, but within five years it evolved into a stable community reinvestment advocacy organization.

An example of a statewide community reinvestment advocacy organization is the Community Reinvestment Association of North Carolina. Formed in 1986, this organization works with banks in the state to increase community reinvestment.

Some cities have incorporated community reinvestment performance criteria in selecting depository institutions for municipal funds. In Cincinnati, Ohio, a reinvestment committee reviews lenders' performances in granting residential and business loans and annually reports the best performing lenders to the City Council. The Council uses these recommendations to choose lenders who will receive municipal funds. The City of Pittsburgh modified its point system to recommend banks with good community records to receive city deposits. In California, Oakland has a Community Reinvestment Commission and has a similar linked deposits program.

Chapter 280, Florida Statutes, delineates how Florida selects financial institutions to receive public deposits, but the qualification process does not examine the community lending records of financial institutions. A 1999 survey of several South Florida communities on their use of community reinvestment criteria in their RFP processes revealed that some indeed use community reinvestment criteria. However, the importance attached to these criteria varies.[11] Out of four communities surveyed, only the City of Hollywood's process stood out. Approximately 25 percent of the points in the selection process are assigned to applicants' community commitments, including community reinvestment performance. None of the local governments surveyed reported bank objections to the use of these criteria.

Predatory Lending

Subprime loans are high interest and high fee loans made to borrowers who are considered high risk customers because of a history of late payments on credit cards, sporadic employment, high personal debt ratios or previous bankruptcies. Subprime lending has increased from

The Community Reinvestment Association of North Carolina

In the early 1980s, North Carolina did not have a very good record of bank investment in local communities even though it was the headquarters for a number of major banks. In the last few years the state has emerged as a leader, where bank investment in community development is greater than the average state.[12] Between 1990 and 1996, mortgage lending to low-income and minority households within the state increased from $250 million a year to over $950 million a year.

The Community Reinvestment Association of North Carolina (CRA*NC) is the only nonprofit bank watchdog organization in the state. CRA*NC is dedicated to changing the philosophy, orientation and practices of financial institutions in North Carolina to fully meet the credit needs of low-income and minority communities. It creates and implements appropriate strategies for monitoring community reinvestment policies and the performance of banks throughout the state. Since 1994, CRA*NC has secured over $2 billion in lending commitments from banks. In the most recent commitment, First Union National Bank has agreed to invest $1 billion over three years in the following areas:

- $675 million in mortgages for low- and moderate-income families;
- $225 million in small business loans in low- and moderate-income areas;
- $75 million in community development loans;
- $23 million in small farm loans to low-income farmers; and
- $525,000 in grants and other investments.

San Diego City/County Community Reinvestment Task Force

In 1982, the city and county of San Diego established the Community Reinvestment Task Force.[13] The task force is supported by the Community Development Block Grant budgets of both jurisdictions and is comprised of community, government and lender representatives who meet periodically to review annual performance reports of area lending institutions and make recommendations to them to improve their community reinvestment performances.[14] The funding supports a staff whose responsibilities include:

- Annually evaluating lender residential loan performance in low-income and minority areas;
- Providing technical assistance to state legislative efforts to improve reinvestment policies; and
- Providing support to the activities of the California Reinvestment Committee, a statewide consortium of reinvestment advocates formed in 1986.

about $25 billion in 1994 to about $160 billion in 1998.[15] The number of brokers originating subprime mortgages has increased from about 6,000 in 1994 to about 18,000 in 1999.[16] Many conventional mortgage lenders have added subprime lending to their product menus.

Predatory lending is a type of subprime lending that strips homeowner equity through illegal and unethical practices. Such practices may be broadly classified into four categories:[17]

- Marketing practices such as home improvement scams, kickbacks to mortgage brokers and steering to high-rate lenders;
- Sale practices such as falsifying loan applications, making loans to mentally incapacitated homeowners, and shifting unsecured debt into mortgages;
- Loan practices such as high interest rates, padded closing costs, balloon payments, negative amortization, inflated appraisal costs, bogus broker fees, and unbundling (i.e., itemizing duplicative services and charging separately for them); and
- After-closing practices such as flipping (i.e., repeated refinancing), charging daily interest when loan payments are late, abusive collection practices, and excessive prepayment penalties.

Many community advocates fear that, along with the increase in subprime lending in recent years, predatory lending has simultaneously increased. Opportunities for predatory lending exist in part because regulatory oversight of mortgage brokers and non-HMDA reporting lenders is significantly weaker than that of banks.[18] There is a need to document predatory lending practices in Florida and the nation, and develop solutions to prevent this abuse.

Insurance Companies

One of the major hurdles in community redevelopment is the availability of affordable insurance. As with mortgage redlining, most insurance redlining is directed against minorities, low-income populations and new immigrant communities. In addition, insurance companies have millions of dollars to invest, and are becoming more actively involved in the home mortgage industry. In 1994 the life, health, property and casualty insurance industries controlled about $1.9 trillion and $704 billion, respectively, in financial assets.[19] The insurance industry ranks third behind commercial banking and pension funds in dollars controlled and invested. About 80 percent of industry assets are invested in corporate bonds and stocks, real estate and government securities.[20]

In 1968 the Hughes Presidential Commission identified insurance availability as a central obstacle to urban economic development. As a result, Congress enacted the Urban Property Protection Reinsurance Act of 1968 which provided for the creation of Fair Access to Insurance Requirements(FAIR) plans. These were subsequently developed in 29 states.[21] The Act states that any occupied property that is not in poor physical condition, is built in accordance with local codes, and is used in a lawful manner is eligible for basic property coverage through FAIR plans. Pricing of coverage is the same as the standard market, although some plans have surcharges to cover specific risk factors.

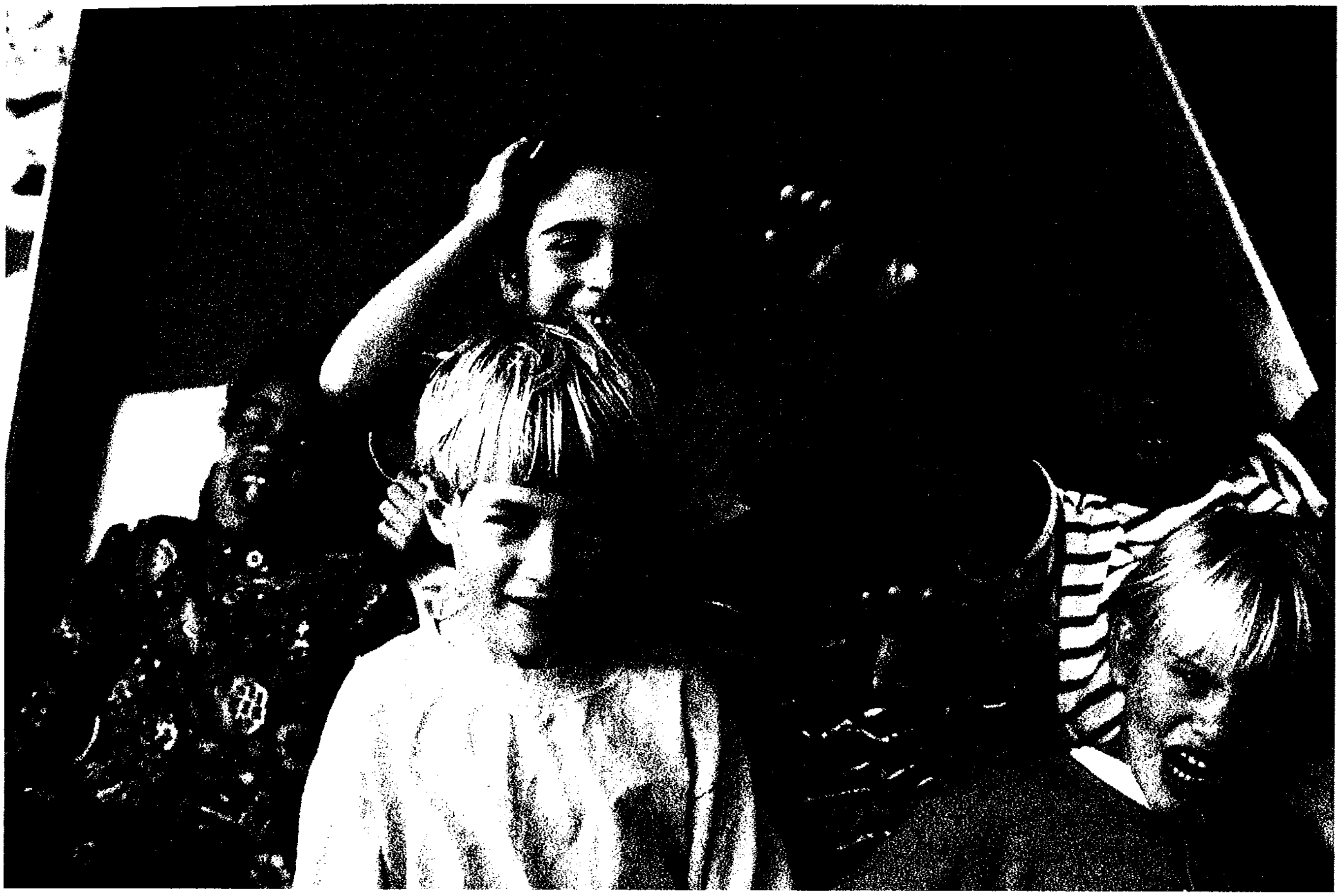
While the federal Fair Housing Act does not specifically mention insurance discrimination, federal courts have consistently viewed insurance as a service supplied in connection with the sale or rental of a house, and thus held that the Act prohibits insurance discrimination.[22] However, even now insurance redlining is still a problem in the nation's urban areas.

State and Local Efforts Against Insurance Redlining

A few states have anti-insurance redlining statutes. With the exception of states such as Michigan, these are usually ineffective and poorly enforced. In addition, most of the states exclude cancellations from the purview of the statutes. In spite of state regulations, insurance redlining persists. One reason for this may be that most state insurance departments are under-staffed for the sheer volume of work. Thus very few rate increase requests are reviewed properly. Another may be that less than 25 percent of the states have an elected official responsible to consumers. Finally, many state insurance commissioners work in the industry before and after serving a state.

To encourage community reinvestment, a few states have adopted regulations that encourage reinvestment by insurance companies. In 1998 Massachusetts enacted legislation directing the state's insurance industry to create two community investment initiatives of approximately $100 million each, thus becoming the first state in the nation to enact CRA-type legislation for the insurance industry.[23] However, rather than regulate the industry with exams and data collection requirements as the federal CRA requires for banks, the state simply offers strong incentives for insurance companies to participate in its initiatives.[24]

Texas law requires the Department of Insurance to report to the legislature on industry investments on an annual basis. Texas also requires the constitution of a community reinvestment group, com-



posed of various state agencies, to develop strategies for increasing community investments from insurance companies and banks.[25]

Three states, Louisiana, Missouri and New York have all passed capital companies tax credit programs (CAPCOs) which provide incentives for insurers to invest in local businesses through venture companies. In Louisiana and Missouri, the benefits may be used by insurance companies along with a few other types of companies, while in New York, the Legislature created a $100 million tax credit program for insurance company investments only. The Missouri and New York laws specifically require CAPCOs to invest in ventures and businesses which are unable to obtain conventional financing.

Florida's Efforts to Address Insurance Redlining

The state Fair Housing Act (Chapter 760, Part II, F.S.) prohibits discrimination by insurance companies. According to the Florida Commission on Human Relations, the administering agency for the state act, very few complaints relating to housing mortgages and insurance discrimination have been filed, and none have been filed in the last two years.[26] While this may be a sign that insurance redlining is not a major problem in Florida, it may also mean that people do not realize that they are being discriminated against or that such discrimination is against the law.

Although Florida does not have a FAIR plan, the Legislature did create the Florida Market Assistance Plan (FMAP) in 1985. The FMAP objective is to help consumers who are otherwise unable to find insurance coverage. All property and casualty insurers licensed in the state are required to be members of the FMAP.

The FMAP is funded by a flat assessment per year up to $450,000 per company. If operational funds above this amount are required, the FMAP assesses an additional amount based on market share of each insurance company. The FMAP assists consumers by advising those who have had difficulty in getting insurance about agents who are willing to write polices for them. In addition, the FMAP processes all applications submitted by property and casualty insurance agents for applicants unable to obtain insurance within the voluntary market.

California Organized Insurance Network (COIN)

Established as a quasi-government agency in 1995, COIN is a collaboration between the insurance industry, the California Insurance Commissioner and advocates for investment in low-income and rural communities. COIN's mission is to match entrepreneurs, nonprofit groups and local governments with insurance industry investment capital. The purpose is to increase the level of insurance investment in economic development and affordable housing benefitting low-income communities. Participation by insurance companies in COIN is voluntary.

COIN is guided by its Investment Policy, which balances the needs of policy holders and shareholders with COIN's mission. The three guiding principles of this policy are:

- Provide safe, sound, and solvent investments offering an acceptable financial return or its equivalent within the state and federal regulatory frameworks governing insurance company investments;
- Provide investments in or benefitting low-income and rural populations either directly or through intermediaries; and
- Add value to capital products and programs currently available.

COIN identifies investment prospects, helps package investments opportunities, and facilitates communications between investors and potential recipients. As of March 1998, COIN had identified opportunities totaling over $252 million, and in response, insurance companies had invested about $44 million.[27] Even so, this amount falls short of the goals envisioned by all of its promoters. In its work to date, COIN's primary lesson is that there is no one single solution to increasing insurance industry investments in lower income communities.

Another initiative to ensure access to property and casualty insurance is the Joint Underwriters Association (JUA), which works collaboratively with the FMAP.[28] The JUA was created in 1992 as a result of $16 billion in insured losses from Hurricane Andrew. These losses disrupted the state's private property insurance market, forcing eleven companies into insolvency. Many insurance companies stopped writing new policies and announced plans to cancel or not renew policies for about 700,000 existing customers. The legislature created the JUA as a mechanism to provide property insurance to people unable to obtain such coverage in the private market.

The JUA is a quasi-public entity to which all property insurance companies doing business in Florida must belong. The JUA operates with premium dollars, and its exposure is covered by a two-tiered assessment system, a regular assessment on member companies and an emergency assessment that can be imposed on all property owners in the state as necessary. To date no emergency assessment has been imposed.

In January 1999, the JUA had about 228,000 policies with an exposure of $34.5 billion. About 90 percent of these policies are for properties located in Broward, Miami-Dade and Palm Beach counties. Approximately 15 percent of the policies are for properties valued less than $60,000, 45 percent for properties in the $60,000-99,999 range, and 30 percent for properties in the $100,000-149,999 range.[29]

Conclusion

Because government agencies protect the assets and nurture the growth of financial institutions such as banks, these entities have an obligation to serve all segments of the population. This protection extends to insurance companies, credit unions and thrifts, all of which are not covered by the federal CRA. As a result these institutions are not held accountable for reinvesting in the communities where they do business.

In November a financial modernization bill was passed by Congress which allows cross ownership between banks, securities firms and insurance companies. In this bill, the CRA was weakened in several ways, most notably in how CRA requirements are not applied to banking affiliates of holding companies newly allowed in the legislation. Banks that do not have a CRA rating of satisfactory or better are prohibited from expanding across industry lines, but no penalties are imposed if these ratings slip after such an expansion. Otherwise, the CRA examination for banks with under $250 million in assets (most banks) will be carried out less frequently as long as their ratings are satisfactory or above. A new "sunset" provision requires community organizations that receive funds from banks which are merging to report annually on the use of these funds.

The community reinvestment movement, strengthened by the federal CRA, has played an important role not only in combating the neighborhood decline associated with redlining, but in many instances actually improving the economic status of low-income and minority populations. However, these successes have been confined to a few states and metropolitan areas, largely in the northeastern and midwestern parts of the nation, with California being the sole west coast representative. Florida has no significant reinvestment success story.

A crucial characteristic of these success stories is the formation of coalitions between financial institutions, community groups, local governments and regulatory agencies to create an atmosphere for funds to be reinvested in local communities. When either community groups or regulators are not sufficiently knowledgeable or committed to the cause of community reinvestment, many lenders do not reinvest. The Commission finds that many community organizations and local governments in Florida are unaware of the tremendous potential for leveraging reinvestment through further coordination with financial institutions and enforcement of the CRA. With this in mind, the Commission makes the following recommendations.

Recommendation 1

A nonprofit, statewide community organization should be created to provide education, training and advocacy on community reinvestment efforts in Florida.

Comments:

a. *Financial institutions* include lending institutions, insurance companies and their affiliates. *Lending institutions* include state

A Model Community Reinvestment Coalition for Florida

The Florida Community Reinvestment Coalition (CRC) would be a nonprofit membership corporation dedicated to changing the philosophy and practices of financial institutions in Florida to fully meet the credit needs of low-income and minority communities. Financial institutions include lending institutions, insurance companies and their affiliates. Lending institutions include state and federally chartered banks and their affiliates, credit unions, and thrifts.

The CRC would carry this mission out by:

Institutional Advocacy – working with financial institutions doing business in Florida to ensure that they are providing financial assistance and services to meet the credit needs of all Floridians;

Capacity Building – developing and supporting a statewide network of community lenders and community-based organizations to ensure that they have the skills needed to work with banks to implement effective community reinvestment strategies; and

Research – conducting data collection, analysis, and information dissemination activities to ensure that the public is aware of banks' community reinvestment obligations and has the information to evaluate bank efforts in fulfilling these obligations.

For the first two years, seed money for the CRC would come from the State of Florida. After that, the budget would come from foundations, memberships and fees for services.

The types of services for which fees might be charged are:

- Developing community reinvestment strategies for banks and insurance companies; and
- Analysis of HMDA data for community-based organizations to detect or document redlining in lending.

Based on the work of North Carolina's nonprofit community reinvestment organization, the most important measure of success will be an increased level of lending and credit commitments in Florida by financial institutions and actually getting these dollars into communities.

and federally chartered banks and their affiliates, credit unions, and thrifts.

b. A statewide, nonprofit organization could educate local governments, developers and others about the federal CRA and how it can be used to further involve lending institutions in community development. In addition, such an organization could work with lending institutions and insurance companies to involve them further in such efforts. CRA challenges based on poor bank performance would be carried out as a last resort.

c. Beyond the federal CRA, which only covers selected federally insured lending institutions, this organization could also work on strategies to encourage community reinvestment involvement from all lending institutions and insurance companies doing business in Florida.

d. In addition to education, training and advocacy, this organization could take on a number of activities related to community reinvestment, including tracking agreements between local governments and lending institutions or insurance companies, creating withthe aid of lending institutions a statewide "social compact" program (similar to an existing national program) to increase business leadership for and investment in very low-, low- and moderate- income communities, eliminating predatory lending, and possibly creating a state-wide banking consortium.

e. Other states and cities in the U.S. have such organizations to educate local governments andorganizations and work with banks to strengthen their community reinvestment involvement. Examples include Boston's Community Investment Coalition, The Woodstock Institute in Chicago, the Community Reinvestment Association of North Carolina, and the California Organized Investment Network.

f. Such an organization should be initially funded with a state grant.

Recommendation 2

The Department of Community Affairs should encourage local governments and housing providers, both nonprofit and for profit, to use the local comprehensive plan housing element as a tool to develop partnerships with financial institutions to meet the affordable housing needs of the community.

Comment:

At the local level, there is rarely a connection between local planners, local government housing program staffs, outside development groups and financial institutions in the preparation of an overall housing strategy for a community. Housing providers and financial institutions should be involved on the front end of the planning and evaluation process, as they will be the ones expected to implement the policies of the local comprehensive plan.

Recommendation 3

Lending institutions and insurance companies doing business with state and local governments must demonstrate that they are reinvesting in the communities they serve. The Florida Security for Public Deposits Act (Ch. 280, Florida Statutes) should be revised to require review of this information, in addition to financial soundness, as part of the process of decision making on public depositories.

Comments:

a. Proposals should contain information on the actions lending institutions are taking to ensure that the interests and needs of the government's residential and business communities are being addressed, including very low-, low- and moderate-income communities. This includes implementing CRA programs, promoting small business loan opportunities, facilitating economic development, providing home loan opportunities, educating consumers and homeowners, supporting charitable or nonprofit organizations which foster growth and community within the government, and entering into partnerships, where possible, with the government to accomplish these ends.

b. The rationale behind this recommendation is that lending institutions and insurance companies doing business with communities have an obligation to meet the credit and insurance needs of these communities.

c. Lending institutions include state and federally chartered banks and their affiliates, credit unions, and thrifts.

d. It is intended that this policy be implemented by all levels of government in the state, as well as

Use of Community Reinvestment Criteria in Selecting Public Depositories – Cincinnati, Ohio

The City of Cincinnati, Ohio has created a Committee on Reinvestment whose members represent city neighborhoods and the business community. The Committee is required to:

- Evaluate each lender's performance in granting residential and commercial loans; and
- Recommend annually to the city council those institutions whose performance best reflects the city's goals of encouraging lending within the community.

Lenders who wish to receive municipal deposits are required to submit information about performance to the Committee in the year prior to application. This includes residential and commercial lending information, background data on all applicants, and information on new community reinvestment initiatives and investments by the lender.

See Appendix II for a fuller description of Cincinnati's program. In addition, another example of a linked deposit program run by the City of Pittsburgh may be found in the appendix.

the state itself, as part of standards for reviewing responses to requests for proposals from lending institutions and insurance companies.

e. "Community reinvestment" for this recommendation means providing financial assistance and services to very low-, low- and moderate-income households and neighborhoods.

f. Requests for proposals should require lending institutions and insurance companies to provide numeric information on dollars spent and products provided.

g. The State should provide incentives, such as those provided under the Department of Education A+ plan, to those local governments that implement RFP processes which substantially address community reinvestment.

h. Local State Housing Initiatives Partnership program annual reports should include a summary of efforts to involve lending institutions and insurance companies in local affordable housing efforts.

Recommendation 4

The Florida Housing Finance Corporation and local housing finance authorities should take the lead and implement the above recommendation immediately by revising requests for proposals to include criteria pertaining to community reinvestment.

Recommendation 5

In the year 2000, the Commission will use its 1999 evaluation of the Chapter 420, F.S., 2010 goal that all Floridians will have access to decent, affordable housing, to quantify the need for affordable housing through the year 2010 and develop a plan to meet that need for presentation to the Governor.

Comments:

a. The plan should estimate the costs of meeting the 2010 goal, and evaluate the capability of Florida's affordable housing delivery system to meet this goal.

b. Using this plan as a starting point, the Governor could bring together financial institutions doing business in Florida, along with local governments, to determine how to finance the 2010 need.

c. The statewide community reinvestment coalition recommended above could monitor financial institution commitments made in these discussions with the Governor.

Using a Community Credit Needs Assessment to Link Deposits – Oakland, California

In 1991 the City of Oakland, California prepared a community credit needs assessment for use in a linked deposit program. The assessment quantified credit needs in the areas of affordable housing, local economic development and earthquake safety retrofit construction lending, and revealed the extent of housing and local economic development needs in Oakland's low-income and minority communities.

Based on the assessment, in 1992 the City Council established a Community Reinvestment Commission and a linked deposit scheme. The Commission is a forum in which lenders, credit users, community reinvestment advocates and city officials identify and resolve problems in meeting the city's community needs. The linked deposit scheme is based on a fair share standard of community lending which links a lending institution's fair share of the city's specified community lending needs to the institution's asset size or total lending volume. This scheme also has comprehensive commercial loan requirements. See Appendix II for a summary of the affordable housing credit needs in the City's assessment.

Endnotes

1. The Federal Community Reinvestment Act of 1977 applies to all banks which are federally insured, whether they are federally or state chartered. Federal legislation against lending discrimination passed in the 1960s and '70s includes: the federal Fair Housing Act of 1968; the Equal Credit Opportunity Act of 1973; and the Housing and Mortgage Disclosure Act (HMDA) of 1975.

2. Gregory Squires (edited). 1992. From Redlining to Reinvestment. Temple University Press, Philadelphia.

3. Ibid.

4. Kenneth Thomas. 1998. The CRA Handbook. McGraw-Hill Publishers. New York.

5. Ibid. According to Dr. Thomas, any state with more than 50 percent of its deposits held by out-of-state banks is a banking colony. After the purchase of Barnett Bank by NationsBank in the mid-1990s, the percentage of bank deposits in Florida controlled by out-of-state banks increased from 57 to 81 percent.

6. Ibid. For example, First Union National Bank charges about 25 percent more for all services in Florida compared to what it charges elsewhere, even after holding costs constant. Also, various studies have concluded that Florida is the second costliest state in the nation for consumers to maintain four of the most common bank accounts, and that Miami and Tampa are the most expensive metropolitan money markets in the country for checking accounts.

7. Kenneth Thomas, as reported in *Florida Trend*, July 1998. Dr. Thomas' conclusions about Florida's CRA performance are based on his comparisons of CRA exam reports of banks across a number of states.

8. Jonathan Brown and Charles Bennington. 1996. Racial redlining—a study of the lending practices of U.S. banks and mortgage companies. Essential Information Press. Chicago.

9. John Taylor, President and CEO of the National Community Reinvestment Coalition. Testimony before the House Committee on Banking and Financial Services of the U.S. House of Representatives. May 21, 1997.

10. Kenneth Thomas. 1993. Community Reinvestment Performance. Probus Publishing Company. Chicago.

11. Based on a recommendation by Anthony Riggio, Vice President, Community Development Lending, South Florida, First Union National Bank. The Commission received a list of nine South Florida communities which reportedly have some community reinvestment criteria in their RFP processes. All nine communities were contacted, but responses were received only from Broward County and the cities of Fort Lauderdale, Hollywood and Boca Raton.

12. The state also has a Coalition for Responsible Lending (CRL) which is a statewide coalition of credit unions, housing coalitions, banks, and community groups working to end predatory lending in North Carolina.

13. Gregory Squires, op. cit.

14. Linked deposit programs in San Diego were established based on the recommendations of the task force.

15. Coalition for Responsible Lending. The case against predatory lending. Report accessed November 1, 1999 at http://www.cra-nc.org/Pred_Research/issue4-12.htm

16. Ibid.

17. William J. Brennan, Jr. Statement to the U.S. Senate Special Committee on Aging. March 16, 1998.

18. In many states, this oversight is restricted to an annual registration requirement.

19. American Council of Life Insurance. 1995 Life Insurance Fact Book.

20. Ibid.

21. Florida was not one of those states.

22. Some of the cases in which federal courts have so decided are Laufman v. Oakley Building and Loan (Ohio 1976), Dunn v. Midwestern Indemnity (Ohio 1978) and McDiarmid v. Economy Fire and Casualty Co. (Ohio 1984).

23. Nathan Laxman. 1999. Insurance Industry Reinvestment: the Massachusetts Experience. *Communities and Banking*. Federal Reserve Bank of Boston.

24. These incentives are in the form of tax cuts, which are expected to save Massachusetts-based insurance companies approximately $48 million each year.

25. National Community Reinvestment Coalition. Unpublished summary descriptions of recent community reinvestment legislation.

26. Gwenn Durham, Housing Director, Florida Commission on Human Relations. Telephone conversation with Jerry Anthony, Commission staff. January 27, 1999.

27. The investments were in the following categories: a) Community Development Financial Institutions (CDFI)— equity, $3,755,000 (about 8.5 percent of all investments); b) CDFI deposits, $4.2 million (about 9.5 percent); c) Community Reinvestment Fund, $5 million (11.4 percent); d) HUD National Tax Credits, $2 million (about 4.5 percent); e) Mortgage Revenue Bonds, $23,580,000 (53.5 percent), f) Low Income Housing Tax Credits, $4 million (about 9.1 percent) and g) Loans, $1.5 million (about 3.4 percent of total investment).

28. In fact, both the FMAP and the JUA have the same Board of Governors.

29. Computed from January 1999 data made available to the Commission by the JUA.

Affordable Housing as Infrastructure

Local governments are required to prepare and update comprehensive plans, which include "elements" addressing a wide range of community concerns. These elements include housing that is affordable to families in all income ranges. While local governments are not required to develop such housing themselves, they are expected to create a climate that results in the development of all needed housing by the private sector.

Affordable housing funding for local governments has been steady since 1992, with the passage of the State Housing Initiatives Partnership (SHIP) program under the William E. Sadowski Act. The SHIP program provides a partial means for local governments to meet the affordable housing need outlined in their comprehensive plans. In addition, other state and federal housing programs can be used by the public and private sectors to build and rehabilitate affordable housing.

As part of an ongoing review of the state's housing delivery system to ensure that by the year 2010 each Floridian has access to decent and affordable housing,[1] the Commission reviewed the current affordable housing requirements in the local government comprehensive planning process and how these requirements affect the provision of affordable housing within the community.

The Growth Management Act

Chapter 163, Part II, Florida Statutes (F.S.), requires local comprehensive plans to provide specific information on the location, cost, and projected revenue sources for community infrastructure needs. These include roads and other transportation needs, and public facilities, such as sanitary sewers and potable water. The Act does not include affordable housing as infrastructure – it is handled in a separate element.

Unlike public facilities elements, the Growth Management Act does not require housing elements to provide specificity in terms of cost, revenue sources or a timeline for meeting the defined need. In other words, communities are required to identify the affordable housing deficit within their housing elements, but are not required to state with any specificity how this deficit will be addressed.

Requirements for the housing element call for the community to provide for adequate sites for affordable housing, but how this must be accomplished is unclear. Some communities respond to this requirement by indicating that appropriate land is "built out," that is, there is no vacant land available for any new housing. Others respond that there is no affordable housing need in their community, or that any need is taken care of in the community next door. The current result is a piecemeal approach to planning for affordable housing.

There is general agreement that local governments should not implement their housing element requirement by setting aside land specifically designated for the development of affordable housing. The result would probably be a concentration of affordable units in one location, which has been proven to be economically and socially unhealthy.

Most communities fulfill the requirement by including high density residential land uses on their future land use maps with the idea that the private market will step in and develop affordable apartments in these areas. However, this does not guarantee that enough sites will actually be available for this purpose, and may lead to an over-concentration of units available to lower income families in one area. Even if the high density land use is sufficient, this designation does not provide for affordable single family homes. In addition, land development regulations may substantially raise the costs of unit construction and infrastructure beyond what is affordable to these families. The ideal goal should be to encourage the distribution of affordable housing units by allowing a wide range of housing types throughout a variety of areas.

Currently, when making revisions to the future land use map, local governments are not required to consider how these changes may affect the ability to provide adequate sites for affordable housing, even in the formal Evaluation and Appraisal process which is completed every seven years.[2] Similarly, when a development of any size is approved for construction in a local area, its impact on the capacity of public facilities is evaluated carefully, but the development's impact on affordable housing capacity is not taken into consideration.

By requiring local governments to continually address public facility capacity, the comprehensive plan places a higher priority on the provision and availability of these

Portland, Oregon's Metropolitan Housing Rule

In response to the Land Conservation and Development Act, which was intended to control statewide growth while providing housing for all of Oregon's population, the Homebuilders Association of Metropolitan Portland and 1000 Friends of Oregon drafted the Metropolitan Housing Rule.

The rule mandates that each area must zone its buildable land for either six, eight, or ten units of housing per acre depending on the jurisdiction's location. Within each jurisdiction, new residential construction must consist of a housing mix of at least 50 percent multifamily or attached single family homes. The Metropolitan Rule is a way to combat resistance to affordable housing – it enforces higher densities and essentially takes the decision away from local policy makers by setting density targets and housing mix percentages at the state level.

facilities than it does on affordable housing. The Commission believes that affordable housing is integral to the operation of a healthy community and should be considered as a public facility in the capital improvements element of the Growth Management Act.

Assessing Affordable Housing Need and Setting Targets

Local housing elements must include data and analysis showing housing needs. Chapter 9J-5.010, Florida Administrative Code, outlines the specific analysis to be carried out. The state now provides each local government with an "affordable housing needs assessment" to assist with this analysis.

Determining housing need and supply is complicated, and different circumstances across jurisdictions ensure that there is no one best methodology to determine housing need. The affordable housing needs assessment is an excellent starting point for local governments, but providing some flexibility in the use of the assessment is important. Recognizing that the assessment can be improved, especially for smaller cities, the Department of Community Affairs is continuing to work with the Shimberg Center, the developer of the assessment, to ensure that the assessment becomes an increasingly valuable tool.

An additional data issue is how local governments define "substandard" housing. Currently Chapter 9J-5.010(5)(c), F.A.C., calls for jurisdictions to provide a locally defined definition, and base their estimated counts of this housing on this definition.

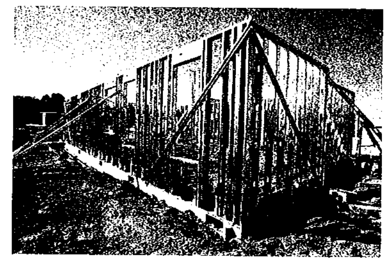
This means that in one community, counts of substandard housing may be relatively lower than counts in another area, simply because of the definitions adopted by each community. As a result, the lack of a consistent definition of substandard housing means that it is impossible to obtain a statewide perspective on the condition of housing in Florida.

Even with all of the data and analysis required in the housing element, Chapters 163, Part II, F.S., and 9J-5, F.A.C., do not require local governments to set measurable targets to meet current and future affordable housing needs. As a result, many local governments adopt vague goals, objectives and policies that do not provide accountability. In addition, local governments are not required to prepare capital plans to show how these targets will be met.

Some would argue that the SHIP program provides this plan and the funds to implement it. While this is true to some extent, in no jurisdiction do these funds completely address local housing needs. Furthermore, the SHIP program, by its own restrictions, only meets part of the need in a jurisdiction. While Florida has surpassed other states in funding resources to address affordable housing needs, communities still rely primarily on market forces to address the housing needs of low-income households.

The Location of Affordable Housing

Since the Growth Management Act was enacted in 1985, local governments have been required to develop programs to meet the housing need in their own communities, with little attention to market forces operating beyond their political jurisdictions. This is especially true for the relationship between employment centers and housing. Employment centers tend to be regional, often expanding beyond the political lines of one local government. Likewise, a job center may be located in one jurisdiction, with subsequent housing development occurring in a neighboring community.



The growth management process has attempted to address the transportation-land use concerns through a more regional approach and the development of intergovernmental coordination elements. However, with the exception of large developments of regional impact, or DRIs, the provision of housing related to employment needs for all income levels has not been considered.

While some communities have developed interlocal agreements with others as a way to provide affordable housing, Chapters 163, Part II, F.S., and 9J-5, F.A.C., do not encourage this or any other type of multi-jurisdictional approach to meeting this need. Yet Florida has acknowledged the importance of access to quality employment as part of ensuring that housing is affordable to all Floridians. Chapter 163, Part II, F.S., housing element requirements call for the use of job strategies and economic solutions to address a portion of a local government's affordable housing concerns. However, the state has never promoted a land use strategy to address this issue.

As indicated earlier, other local situations occur that also suggest a multi-jurisdictional approach to meeting housing needs. Communities that are built out or have extraordinarily high land prices have real impediments to meeting affordable housing needs by ensuring that adequate sites are available.

In some states, "fair share" housing programs have been adopted to address these kinds of concerns. These programs are intended to equitably distribute affordable housing for low-income people throughout a region or state. They aim primarily to increase the development of affordable housing in areas with greater economic opportunities. These programs generally operate with a state or regional agency assisting local governments in deciding where affordable housing will be located across a region, and what each local government's responsibility will be to ensure that such housing is available.

The Commission believes that each local government must be willing to assess its affordable housing need and take responsibility for how that need is met. However, a regional approach to meeting housing need may better ensure that such housing is ultimately made available, with an understanding that there may be different ways local governments can participate in meeting the regional need.

Connecticut's Fair Housing Compact Pilot Program

Connecticut runs a voluntary program, which uses incentives to stimulate municipalities to reach voluntary agreements on fair share allocations of affordable housing. The three primary incentives provided are:

- bonus points under several competitive housing programs,
- protection from the state land use appeals law, and
- infrastructure trust money for local governments.

The advantages of this approach are: state incentives provide motivation for communities to participate; the fair share affordable housing allocations can respond to regional housing market conditions; and the allocation mechanisms can be less cumbersome than the mandatory approach since the allocations are arrived at by negotiation. The disadvantage to this approach is that the state's total affordable housing need may not be adequately addressed.

Recommendation 1

The State Comprehensive Plan, Chapter 187, Florida Statutes (F.S.), should be amended to include very low income households in the Housing Goal and Policies.

Comment:

The legislative goal expressed in Chapter 420.0003(2), F.S., that "by the year 2010, this state will ensure that decent and affordable housing is available for all of its residents," cannot be achieved without meeting the needs of very low-income households. The State Comprehensive Plan should be revised to reflect this and to conform the state goal and policies with the local government planning requirements in Chapter 163, Part II, F.S.

Recommendation 2

The State Comprehensive Plan, Chapter 187, F.S., policies for the Housing Goal should be amended as follows: "Diminish the use of institutions to house persons by promoting deinstitutionalization to the maximum extent possible, <u>provided the result is not homelessness</u>."

Comment:

Many of Florida's homeless people are substance abusers and mentally ill, in need of medical attention and assistance with life skills. Independent living with support services should be encouraged, but deinstitutionalization without support services leads to a situation which Florida should avoid at all costs: homelessness.

Recommendation 3

The Growth Management Act, Chapter 163, Part II, F.S., should be amended to require that the goals and objectives related to the creation and preservation of affordable housing be numeric to be measurable, and that the numeric goals and objectives be consistent with the data and analysis in the plan.

Comments:

a. The Growth Management Act requires that goals and objectives be measurable but, for the most part, local governments have adopted housing elements and planning amendments resulting from their Evaluation and Appraisal Reports without numeric goals or objectives. It is impossible to measure whether a local government is meeting its housing goals and objectives if they are not numeric. This amendment clarifies that for a goal or objective to be measurable it must be numeric.

b. Conforming changes to Minimum Criteria for Review of Local Government Comprehensive Plans and Plan Amendments, Evaluation and Appraisal Reports, Land Development Regulations and Determinations of Compliance, Chapter 9J-5, F.A.C., will be required under the requirements for Housing Goals, Objectives, and Policies.

Recommendation 4

The Growth Management Act, Chapter 163, Part II, F.S., and Chapter 9J-5, F.A.C., should be amended to clarify that the data used for assessing housing need in the local government comprehensive plan is that which is provided by the affordable housing needs assessment, and that affordable housing needs assessment data may be supplemented by locally generated data which more accurately assesses housing need for very low- and low-income households.

Comment:

The current statute allows a local government to perform its own needs assessment provided it "uses the methodology established by the agency by rule." The Department of Community Affairs has never adopted a methodology by rule for use in the local comprehensive planning process. Local governments should be encouraged to use affordable housing needs assessment data, but because these data have been found to inaccurately reflect housing need in a number of jurisdictions in the state, local governments should be allowed to supplement the assessment with data which best reflect conditions at the local level.

Recommendation 5

The Housing Element Data Requirements in Chapter 9J-5.010, F.A.C., should be amended to require that the inventory of housing include a definition of substandard units as: "<u>those that fail to meet the applicable building code or the minimum local housing code; or that lack complete plumbing, lack complete kitchen facilities, lack central heating, lack air conditioning, or are overcrowded. Local governments may determine that units without heating or cooling are not substandard if they are located in areas where the temperature extremes do not indicate heating or cooling as a life safety factor</u>."

Comment:

Currently, the state allows local governments to determine the definition of "substandard" housing at the local level. However, substandard housing should be defined consistently throughout the state in order to measure its incidence across local jurisdictions. In addition, the Commission recommends that the rule further provide that local governments may determine that units without heating or cooling are not substandard if they are located in areas where the temperature extremes do not indicate heating or cooling as a life safety factor. This provision should give local governments flexibility while maintaining a uniform methodology for defining substandard housing.

Recommendation 6

The Housing Element Data Requirements in Chapter 9J-5.010, F.A.C., should be amended to require that the inventory of housing provided by local governments in their local government comprehensive plans includes the location of housing in relationship to employment centers.

Comment:

The affordable housing needs assessment data provided to local governments should be expanded to provide current employment data.

Recommendation 7

The Growth Management Act, Chapter 163, Part II, F.S., should be amended to require each local government to demonstrate in its housing element how its numeric goals and objectives will be met either within its jurisdiction or through a regional housing plan developed for this purpose.

Comments:

a. This provision calls for strategies to be incorporated within the local plan which would result in meeting the local government's housing goals and objectives. Moreover, it opens the door for local governments to meet their numeric goals as part of a regional plan, using the regional planning councils as umbrella planning organizations to ensure that the numeric goals of each local government are met within the region.

b. This revision is recommended in recognition that housing is a regional issue for a number of reasons, including that many people live in one jurisdiction and work in another, and that some jurisdictions are built out, or have prohibitively high land prices. A regional approach provides greater flexibility to local governments.

Recommendation 8

The Department of Community Affairs should convene a working group to make recommendations to amend Chapter 9J-5, F.A.C., to implement a regional approach to affordable housing.

Comments:

a. This working group would be responsible for developing administrative language to revise Chapter 9J-5, F.A.C., to allow local governments to meet their numeric affordable housing goals as part of a regional plan, using regional planning councils as umbrella planning organizations. The working group should address the need for housing for the working poor and the economic balance between jobs and housing within a region. In addition, this working group would also consider Recommendation 11 below.

b. The working group should include representatives from 1000 Friends of Florida, the Florida Chapter of the American Planning Association, the Florida Association of Counties, the Florida League of Cities, the Florida Home Builders Association, the Florida Association of Community Developers, the Shimberg Center for Affordable Housing, the Florida Regional Councils Association, and others as appropriate.

c. The Commission recognizes that using regional planning councils to implement a regional approach to affordable housing may necessitate technical assistance and additional funding to build the capacity of the regional planning councils. In addition, regional planning councils may need to work with each other to address the needs of counties which are not within their regions.

Recommendation 9

Affordable housing should be treated as infrastructure for purposes of planning and permitting within the Growth Management Act, subject to locally determined levels of service, flexibility in timing, and exemptions where appropriate. Appendix III provides recommended ~~strike-through~~ and underlined revisions to Sections 163.3177 and 163.3180, F.S., and Chapter 9J-5, F.A.C., to partially implement this recommendation.

Comments:

a. Currently, the only developments in Florida required to provide housing for the employees generated by the development are Developments of Regional Impact (DRIs). The majority of developments in the state are not DRIs. Every local government in Florida has a deficit of affordable housing. Even with the substantial infusion of housing dollars from federal and state sources, the Commission's most recent evaluation of progress toward the 2010 goal reveals that the state is still unable to meet the projected housing needs of Floridians. Treating affordable housing as infrastructure which, by definition, must be in place, or planned and funded to be in place within a reasonable time to develop non-residential properties, will enable local governments to meet the housing goals in their comprehensive plans.

b. Those public facilities and services which are integral to the operation of a healthy community are treated as infrastructure in the capital improvements element (Section 163.3177(3)(a), F.S., and Chapter 9J-5.016, F.A.C.) and are subject to concurrency requirements. Affordable housing should be similarly treated, because every community needs a workforce to function well, including police officers, firefighters, teachers, sanitation workers, construction workers, cashiers, clerks, retail employees, service industry employees, domestic employees, and others. The workforce is required for the benefit of every person living in the community, and this workforce must be housed. This recommendation applies to new developments which will generate employees who need housing.

c. The revisions to Section 163.3180, F.S., provide for levels of service to be determined at the local level. A local government may take into consideration factors such as high unemployment in setting its level of service for affordable housing.

d. The revisions to Section 163.3180, F.S., and Chapter 9J-5, F.A.C., should provide for a reasonable time period between the issuance of development permits and the availability of required units, and a methodology for determining the housing need generated by non-residential development.

Recommendation 10

The Department of Community Affairs should convene a working group to make recommendations to amend Chapter 9J-5, F.A.C., to develop a methodology for determining the housing need generated by non-residential development.

Comments:

a. The revisions to Section 163.3180, F.S., and Chapter 9J-5, F.A.C., should provide for a reasonable time period between the issuance of development permits and the availability of required units, and a methodology for determining the housing need generated by non-residential development. This task would be accomplished by the same working group convened for Recommendation 8 above.

b. The working group should include representatives from 1000 Friends of Florida, the Florida Chapter of the American Planning Association, the Florida Association of

Counties, the Florida League of Cities, the Florida Home Builders Association, the Florida Association of Community Developers, the Shimberg Center for Affordable Housing, the Florida Regional Councils Association, and others as appropriate.

Recommendation 11

Chapter 9J-5, F.A.C., should be revised to incorporate examples of strategies that local governments may use to formulate housing implementation programs including funding, incentives, and regulations such as inclusionary zoning, density incentives, and linkage fees.

Comment:

Local governments are not in the business of producing affordable housing. It is local government's role to create an environment in which the private sector can and will produce affordable housing. While the SHIP rule, Chapter 67-37, F.A.C., suggests strategies that local governments may employ to promote the development of affordable housing, this information should also be available to local planners via Chapter 9J-5, F.A.C. To this end, Appendix III includes a "tool box" of examples of inclusionary zoning and linkage fee ordinances which local governments may use as models.

Recommendation 12

The Growth Management Act, Chapter 163, Part II, F.S., and Chapter 9J-5, F.A.C., should be amended to include housing in the comprehensive plan evaluation and appraisal process. Appendix III provides recommended ~~strike-through~~ and underlined revisions to Section 163.3191, F.S., and Chapter 9J-5.0053, F.A.C., to implement this recommendation.

Comment:

Section 163.3191, F.S., should include housing as a major issue to be addressed in the evaluation and appraisal process, together with population projections and revised planning time frames. Chapter 9J-5, F.A.C., should include a requirement that in the Evaluation and Appraisal Report, local governments shall report on housing units that have been added to or deleted from the housing inventory.

Endnotes

1. Florida Statutes, Section 420.0003(1).
2. Florida Statutes, Section 163.3191(1), Part II.

The Commission's Year 2000 Agenda

Preparation of a 2010 Affordable Housing Plan

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 year 2000 agenda will focus on the preparation of a 2010 Affordable Housing Plan.

This 1999 report has provided information on Florida's progress in meeting its affordable housing needs. The report finds a gap between the need for affordable housing and availability of that housing for all people. Based on the evaluation of the goal found in Chapter 420, F.S., that all Floridians will have access to decent, affordable housing by the year 2010, during the year 2000 the Commission will prepare a plan to provide guidance on meeting this goal.

The plan will estimate the types of assistance needed by Florida's households, such as home improvement loans, mortgage loans and rental rehabilitation loans. The plan will then estimate the total costs of providing these affordable products to Florida households. Finally, the plan will provide strategies to ensure that these products are available and used. These strategies will require a coordinated effort between the state, local governments, financial institutions and community groups.

Appendix I – 2010 Information

Glossary of Housing Programs and Data Resources

Data from the programs below were collected to provide a snapshot of affordable housing development in Florida in 1998. The resource people listed provided all or most of the data for this report. In some cases the data was cross checked with other knowledgeable sources. Thanks to the Florida Housing Coalition for program information.

Section 202

This program provides capital advances to finance the construction and rehabilitation of supportive housing for very low-income elders and provides rent subsidies to make this housing affordable.

Program Contact:

HUD Multifamily Clearinghouse,
1-800-685-8470

Data Contact:

HUD Jacksonville, Susan Richardson,
Division of Multifamily Housing,
(904) 232-1777 x 2100

Section 8

Rental Vouchers and Certificates – This program allows very low-income families to choose privately owned rental housing. With rental *vouchers*, the public housing authority generally pays the difference between 30 percent of the households income and the fair market rent. Households may choose a unit with a higher rent than the fair market rent and pay the landlord the difference or choose a lower cost unit and keep the difference. With rental *certificates*, the public housing authority pays the landlord the difference between 30 percent of the household's adjusted income and the unit's rent.

Family Unification Program – This program provides Section 8 rental assistance to families whose lack of adequate housing is a primary cause of the separation or imminent separation of a child or children from their families. This program is funded and operated under the certificate program.

Program Contact:

HUD's Office of the Deputy Assistant Secretary for Public and Assisted Housing Operation, Office of Rental Assistance, (202) 401-0388 or the HUD web site: http://family.info.gov/cfda/p14857.htm

Data Contacts:

HUD Jacksonville: David Livingston,
Division of Housing, (904) 232-1777 x 2094
HUD Miami: Phil Aldridge,
Public Housing, (305) 536-4443 x 2291

Section 8 Programs with Expiring Contracts

Thousands of project-based Section 8 housing contracts between property owners and HUD are expiring. Over the past 20 years, these contracts have maintained affordable rental units for lower income households. Now Congress is reauthorizing most contracts one year at a time. As the old 20-year contracts expire, property owners must decide if they want to continue providing affordable units or "opt out," thus allowing the rents on their units to go to market rate. Some are choosing to opt out and some are choosing to work with HUD to restructure property debt and maintain unit affordability.

Program Contact:

The Florida Housing Coalition,
Melanie Greene, Technical Assistance
Specialist, 1-888-677-0575

Data Contact:

The National Housing Trust web site:
http://www.nhtinc.org/prepayment/optoutdata.asp

Section 811 Supportive Housing for Persons with Disabilities

This program provides grants to nonprofit organizations to construct or rehabilitate rental housing with supportive services for very low-income persons with disabilities. The companion Mainstream Program funds Section 8 rental vouchers and certificates to very low-income families whose head, spouse, or sole member is a person with a disability.

Program Contact:
Check *HUD Handbook #4571.2* at http://www.hudclips.org

Data Contact:
HUD Jacksonville, Susan Richardson, Division of Multifamily Housing, (904) 232-1777 x 2100

Public Housing

Through the public housing program, local public housing authorities (PHAs) provide public housing for low-income families. Housing is developed in one of three primary ways: 1) the PHA hires a contractor to construct housing units in accord with a HUD approved program on a site owned by the PHA; 2) the PHA selects a developer to develop a project on a developer-owned site that is sold to the PHA after completion; or 3) the PHA buys existing units. PHAs may also provide assistance to mixed-income developments. PHAs also receive federal funds for the operations and upkeep of public housing units. HUD has not provided funding for new public housing units since 1994. However, PHAs can use modernization and HOPE VI funding flexibly for development.

Program Contact:
HUD field offices and each local housing authority

HUD Jacksonville:
David Livingston, Division of Housing, (904) 232-1777 x 2094

HUD Miami:
Phil Aldridge, Public Housing, (305) 536-4443 x 2291

HOPE VI

HOPE VI funds flexible revitalization and demolition-only grants for the replacement of the most distressed public housing developments. The program encourages PHAs to seek partnerships with private entities to create mixed-finance and mixed-income affordable housing that is radically different from traditional public housing "projects." PHAs administer the program, and can use the grants in conjunction with modernization funds or other HUD funds, as well as municipal and state contributions, public and private loans, and low income tax credit equity. While most of the funds must be used for capital costs, a limited amount may be used for community and supportive services.

Program Contact:
The Office of Public Housing Investments, Urban Revitalization Division, (202) 708-2822

HUD Jacksonville:
David Livingston, Division of Housing, (904) 232-1777 x 2094

HUD Miami:
Phil Aldridge, Public Housing, (305) 536-4443 x 2291

Rural Housing

Section 515 Rural Cooperative Housing Program – Rural cooperative housing loans provide housing and related facilities for very low-, low- and moderate-income families, elders, and people with disabilities. The loan program is primarily a direct mortgage program, but its funds may also be used to buy and improve land and to provide necessary facilities such as water and waste disposal systems.

Section 504 Very Low-Income Repair Loans/Grants – For very low-income families who own homes in need of repair, this program offers loans and grants for renovation. The Home Repair Program also provides funds to make a home accessible to someone with disabilities. Homeowners aged 62 and older are eligible for home improvement grants. Other low-income families and individuals receive loans at a one percent interest rate directly from Rural Housing Services.

Section 502 Direct and Guaranteed Loans – The direct loan program allows individuals or families below 80 percent of the median income to receive a home loan directly from the Rural Housing Service at an affordable interest rate. Under the guaranteed loan program, loans provided by private sector lenders to low-income individuals are guaranteed by the Rural Housing Service. The household may borrow up to 100 percent of the appraised value of the home, eliminating the need for a downpayment.

Section 514/516 Farm Labor Housing Grants/Loans – Farm labor housing loans and grants enable farmers, public or private nonprofit organizations, and units of state and local government to build, buy, or repair farmworker housing, whether dormitories or multifamily units.

Section 523 Housing Preservation – This self-help program makes homes affordable by enabling future homeowners to work on homes themselves. With this investment in the home, or "sweat equity," each homeowner pays less for his or her home. Each qualified applicant is required to complete 65 percent of the work to build his or her home.

Section 521 Rental Assistance – This program provides rental assistance to individual residents of multifamily dwellings. Rent subsidies under the program ensure that elders, people with disabilities, and low-income residents of multifamily housing complexes financed by RHS are able to afford rent payments. With the help of the Rental Assistance Program, a qualified applicant pays no more than 30 percent of his or her income for housing.

Program Contacts:
Rural Housing Services,
Office of the Administrator,
Eileen Fitzgerald, Administrator,
(202) 690-1533

Data Contact:
U.S. Department of Agriculture,
Joe Fritz, Department of Rural Development,
(352) 338-3465

HOPWA

The Housing Opportunities for Persons With AIDS program provides housing assistance and supportive services for low-income persons with HIV/AIDS and their families, through both formulas and competitive grants. These federal funds are funneled through the State of Florida and entitlement communities.

Program and Data Contact:
Florida Department of Health,
Theresa Rush, Bureau of HIV/AIDS,
(850) 245-4335

HOME

The federal Home Investment Partnership program is used to assist very low- and low-income people in accordance with the adopted Consolidated Plan. The Florida Housing Finance Corporation administers the State's annual allocation of HOME funds as two separate competitive programs. These programs include a multifamily rental development loan program and a second mortgage loan program for single family developments and first time home buyers in conjunction with the FHFC's Single Family Mortgage Revenue Bond program. The federal program allocates funds to HOME entitlement communities as well.

Program Contact:
Florida Housing Finance Corporation,
HOME Rental Program Administrator or
HOME Ownership Program Manager,
Robin Grantham, (850) 488-4197

Data Contact:
HOME Ownership:
Florida Housing Finance Corporation,
Robin Grantham, (850) 488-4197
HOME Rental:
Florida Housing Finance Corporation,
Carolyn Hayes, (850) 488-4197

Low Income Housing Tax Credit Program

Under this program, successful applicants are provided with a dollar-for-dollar reduction in federal tax liability in exchange for the development or rehabilitation of units to be occupied by very low- and low-income households.

Program Contact:
Florida Housing Finance Corporation,
Chris Buswell, Housing Credit Program
Administrator, (850) 488-4197

Data Contact:
Florida Housing Finance Corporation,
Rashondra Jones, (850) 488-4197

SAIL Program

The State Apartment Incentive Loan program provides low-interest mortgage loans to developers who build or substantially rehabilitate rental developments for very low-income households. The SAIL loan bridges the gap between a development's primary financing and total development costs.

Program and Data Contact:
Florida Housing Finance Corporation,
Tammy Bearden, (850) 488-4197

Community Development Block Grant Program

Community development block grants are used to revitalize neighborhoods, expand affordable housing and economic opportunities, and/or improve community facilities and services, principally to benefit low- and moderate-income people. The awards are granted by HUD in one of two ways: directly to entitlement communities or directly to Florida, which then awards grants to smaller communities and rural areas on a competitive basis. Larger cities and counties that receive grants through the entitlement program are not eligible to receive state CDBG funds.

Program and Data Contact:

Florida Department of Community Affairs,
Susan Cook, Division of Housing and
Community Development, (850) 487-3644

Multifamily Revenue Bond Program

The Multifamily Bond program utilizes funds generated from the sale of both taxable and taxexempt bonds to make below-market interest rate loans to the developers of rental housing. Developers must agree to set aside a minimum of 20 percent of the development's units for persons with incomes at 50 percent or less of the area median, or 40 percent of the units for persons with incomes at 60 percent or less of the area median.

Program Contact:

Florida Housing Finance Corporation,
Bryan Hartnett, Multifamily Bond Program
Administrator, (850) 488-4197

Data Contact:

Florida Housing Finance Corporation,
Jean Amison, (850) 488-4197

HAP Construction Loan Program

The HAP Construction Loan program provides low interest rate construction loans to eligible nonprofit developers and sponsors to reduce the rate of construction financing for single family developments and pass the savings on to home buyers.

Program and Data Contact:

Florida Housing Finance Corporation,
Bridget Warren, (850) 488-4197

Single Family Revenue Bond Program

The Single Family Bond program uses proceeds from both taxable and tax-exempt mortgage revenue bonds to finance below market interest rate mortgage loans for first time home buyers with very low- to moderate incomes.

Program and Data Contact:

Florida Housing Finance Corporation,
Walisa Cobb, (850) 488-4197

Affordable Housing Guarantee Program

This is a single- and multifamily program that serves very low-, low- and moderate-income households. The program provides guarantees on loans to allow lenders to sell affordable housing loans in the secondary market, and to encourage affordable housing lending activities that would not have taken place or that serve persons who would not have been served but for these guarantees.

Program and Data Contact:

Florida Housing Finance Corporation,
Sherry Pender, (850) 488-4197

SHIP Program

The State Housing Initiatives Partnership program provides funds to local governments to meet local housing needs for households with very low-, low-, and moderate incomes. Nonprofit or for profit agencies may apply on behalf of the targeted population. Local governments must prepare a plan that shows how the funds will be targeted over a period of time.

Program Contact:

Florida Housing Finance Corporation,
Tom Burt, SHIP Administrator,
(850) 488-4197

Data Contact:

Florida Housing Finance Corporation,
Darlene Raker, (850) 488-4197

Local Bond Issues

Local governments use the proceeds from the sale of taxable and nontaxable mortgage revenue bonds to finance below market interest rate loans for developers of rental housing and mortgage loans for first time home buyers with lower incomes.

Program and data contacts:

Local government housing finance authorities

HOUSEHOLDS WITH HOUSING COST BURDENS IN 1998*
BY TENURE AND HOUSEHOLD INCOME CATEGORY**

COUNTY	INCOME CATEGORY						OWNERS		RENTERS	
	0-30% of median income		31-50% of median income		51-80% median income		Total in of the 0-80% median inc. range	Overall % of cost-burdened households	Total in the 0-80% median inc. range	Overall % of cost-burdened households
	Owner	Renter	Owner	Renter	Owner	Renter				
Alachua County	1,720	8,657	1,425	5,818	1,958	3,992	10,740	47.5	23,928	77.2
Baker County	191	148	137	136	207	165	1,687	31.7	921	48.8
Bay County	2,449	3,188	1,567	2,133	1,409	1,049	12,393	43.8	10,243	62.2
Bradford County	572	484	257	165	239	99	2,420	44.1	937	79.8
Brevard County	7,365	8,771	6,190	6,554	6,697	5,558	44,045	46.0	31,079	67.2
Broward County	32,086	25,676	20,703	24,638	25,553	27,910	138,358	56.6	95,313	82.1
Calhoun County	267	192	128	103	114	70	1,444	35.3	510	71.7
Charlotte County	1,782	1,007	1,919	1,152	2,244	1,776	16,083	37.0	5,430	72.5
Citrus County	2,302	1,051	1,549	938	2,052	1,041	15,285	38.6	4,137	73.2
Clay County	1,713	1,958	1,341	1,549	1,716	731	11,141	42.8	7,053	60.1
Collier County	3,390	3,203	2,147	2,756	3,226	2,818	20,516	42.7	13,102	67.0
Columbia County	1,151	1,160	645	511	563	328	5,226	45.1	2,898	69.0
De Soto County	347	344	284	264	268	269	2,577	34.9	1,212	72.4
Dixie County	224	125	178	123	163	74	1,681	33.6	462	69.6
Duval County	10,016	15,990	5,234	12,828	7,953	9,823	53,119	43.7	62,419	61.9
Escambia County	3,996	7,289	2,443	4,815	3,023	3,202	22,802	41.5	22,151	69.1
Flagler County	911	570	564	532	564	347	5,151	39.6	2,058	70.4
Franklin County	248	151	123	89	116	66	1,415	34.4	443	68.8
Gadsden County	919	831	441	424	388	301	4,284	40.8	2,367	65.7
Gilchrist County	282	141	158	72	152	47	1,423	41.6	390	66.6
Glades County	132	106	108	79	101	85	1,014	33.6	387	69.7
Gulf County	334	253	106	112	134	59	1,433	40.1	542	78.2
Hamilton County	226	202	143	126	137	89	1,252	40.4	690	60.4
Hardee County	273	240	203	195	208	171	1,956	35.0	963	62.9
Hendry County	431	467	277	366	248	258	2,406	39.8	1,543	70.7
Hernando County	1,794	1,025	1,304	1,067	2,751	1,331	16,157	36.2	4,103	83.4
Highlands County	1,356	1,009	1,112	800	1,055	761	10,012	35.2	3,824	67.2
Hillsborough County	13,307	20,888	8,544	16,542	11,503	12,679	74,261	44.9	73,219	68.4
Holmes County	253	132	159	112	208	135	1,987	31.2	698	54.2
Indian River County	2,320	1,588	1,392	1,227	1,411	1,150	12,487	41.0	5,684	69.8
Jackson County	958	810	408	420	446	289	4,644	39.0	2,329	65.2
Jefferson County	161	206	101	142	127	128	1,194	32.6	685	69.4
Lafayette County	136	99	78	47	72	32	703	40.7	256	69.4
Lake County	3,242	2,396	2,630	1,617	2,736	1,609	23,165	37.2	8,527	65.9
Lee County	6,426	4,571	4,621	5,457	6,168	5,781	42,929	40.1	22,567	70.0
Leon County	2,756	9,066	1,401	4,840	2,515	3,700	12,390	53.9	24,501	71.9
Levy County	538	245	364	240	488	296	4,233	32.8	1,311	59.5

HOUSEHOLDS WITH HOUSING COST BURDENS IN 1998* (continued)
BY TENURE AND HOUSEHOLD INCOME CATEGORY**

COUNTY	INCOME CATEGORY						OWNERS		RENTERS	
	0-30% of median income		31-50% of median income		51-80% median income		Total in of the 0-80% median inc. range	Overall % of cost-burdened households	Total in the 0-80% median inc. range	Overall % of cost-burdened households
	Owner	Renter	Owner	Renter	Owner	Renter				
Liberty County	164	108	57	52	62	22	687	41.1	282	64.2
Madison County	298	279	204	182	182	128	1,632	41.9	889	66.3
Manatee County	4,296	3,427	3,027	3,663	3,254	4,820	26,259	40.3	14,952	79.7
Marion County	4,051	2,980	3,376	2,721	3,235	2,656	28,216	37.8	11,477	72.8
Martin County	2,747	1,514	954	1,629	1,589	1,467	13,977	37.8	6,070	75.9
Miami-Dade County	23,987	64,113	18,269	41,773	24,713	42,622	106,511	62.9	192,905	77.0
Monroe County	1,045	1,319	747	1,462	1,029	1,782	7,544	37.4	6,822	66.9
Nassau County	700	552	471	621	665	285	5,883	31.2	2,455	59.4
Okaloosa County	1,978	3,224	1,085	3,156	2,237	2,530	11,132	47.6	13,671	65.2
Okeechobee County	395	308	335	230	350	372	3,499	30.9	1,414	64.4
Orange County	8,724	15,230	8,080	18,012	10,314	16,765	54,013	50.2	67,602	74.0
Osceola County	1,592	1,909	1,533	2,358	2,582	2,682	11,713	48.7	8,616	80.7
Palm Beach County	21,419	16,759	13,750	15,468	16,566	14,382	106,110	48.8	62,172	75.0
Pasco County	4,908	3,168	4,397	3,218	5,140	4,535	41,320	35.0	13,620	80.2
Pinellas County	15,168	16,478	11,943	14,894	12,242	15,452	91,141	43.2	63,665	73.5
Polk County	6,709	8,139	4,923	6,823	5,551	4,624	45,363	37.9	28,065	69.8
Putnam County	960	531	671	453	877	658	8,193	30.6	3,232	50.8
St. Johns County	2,096	1,859	1,330	1,652	1,228	1,081	10,760	43.2	6,802	67.5
St. Lucie County	2,812	3,110	2,159	1,892	2,662	2,071	18,269	41.8	9,442	74.9
Santa Rosa County	1,845	1,946	1,038	1,112	1,319	722	10,655	39.4	5,413	69.8
Sarasota County	5,578	3,565	4,806	4,368	5,612	4,530	39,375	40.6	16,622	75.0
Seminole County	4,212	5,186	3,686	5,483	5,321	4,691	26,442	50.0	23,371	65.7
Sumter County	727	364	476	370	633	424	5,290	34.7	1,807	64.1
Suwanee County	698	505	451	298	401	221	3,583	43.2	1,585	64.6
Taylor County	414	338	241	159	219	99	2,148	40.7	830	71.9
Union County	205	247	111	99	92	67	832	49.0	490	84.4
Volusia County	6,802	7,217	5,732	5,726	6,544	6,312	42,606	44.8	25,700	74.9
Wakulla County	296	248	156	146	265	118	2,199	32.6	746	68.5
Walton County	472	273	193	329	515	408	4,734	24.9	1,700	59.4
Washington County	301	164	202	143	226	152	2,353	31.0	877	52.4
Florida State Total	**232,169**	**289,301**	**164,786**	**237,476**	**204,539**	**224,894**	**1,316,452**	**45.7**	**1,032,176**	**72.8**

Source: Based on data from the Shimberg Center for Affordable Housing, Gainesville, Florida.

* Households paying more than 30 percent of their household income for housing are assumed to be cost burdened.

** Household income as a percentage of 1998 area median household income.

THE GAP IN MEETING FLORIDA'S 1998 AFFORDABLE HOUSING NEED

Considering the needs of households making 0-80% of their area's median income

FEDERAL, STATE AND LOCAL PROGRAMS	$ AMOUNT	Number of Units Produced by Median Income Level: 0 – 30 %		31-50%		51-80%		TOTAL	
		Owner	Renter	Owner	Renter	Owner	Renter	Owner	Renter
Federal housing programs									
Section 202 New Construction (elder program)*	24,636,700	—	119	—	120	—	119	—	358
Section 8 Certificates/Vouchers	1,068,685	—	432	—	432	—	431	—	1,295
Section 8 programs with expiring contracts	——	—	(769)	—	(769)	—	(769)	—	(2,307)
Section 811 Assisted Housing (for people w/ disabilities)*	6,768,000	—	35	—	35	—	37	—	107
Public Housing	no new funds	—	(52)	—	(52)	—	0	—	(104)
HOPE VI	0	—	0	—	0	—	0	—	0
Section 515 Rural Housing	3,728,435	—	32	—	32	—	33	—	97
Section 504 Rural Very Low-Income Repair Loans/Grants	1,449,100	83	—	83	—	83	—	249	—
Section 502 Rural Direct and Guaranteed Loans	32,115,010	209	—	209	—	209	—	627	—
Section 514/516 Farm Labor Housing Grants/Loans	2,900,875	—	11	—	11	—	13	—	35
Section 523 Rural Housing Preservation	339,823	48	—	48	—	0	—	96	—
Section 521 Rural Rental Assistance	0	—	0	—	0	—	0	—	0
State administered programs									
Home Investment Partnership (HOME) program									
a) Homeowner (includes $ transferred to SFRB program)	7,513,160	0	—	118	—	457	—	575	—
b) Rental	4,577,250	—	0	—	0	—	467	—	467
Low Income Housing Tax Credit program (includes 4% & 9%)	376,946,697	—	0	—	953	—	8,741	—	9,694
State Apartment Incentives Loan (SAIL) program	28,245,588	—	0	—	2,595	—	0	—	2,595
Multifamily Revenue Bond program	195,920,000	—	0	—	60	—	2,215	—	2,275
Housing Assistance program	1,257,326	29	—	29	—	29	—	87	—
Single Family Revenue Bond program	83,870,753	400	—	400	—	402	—	1,202	—
Pre-development Loan program	0	0	0	0	0	0	0	0	0
Affordable Housing Guarantee program	71,350,000	0	0	0	732	0	733	0	1,465
CDBG program (state administered to small cities)	10,128,143	0	102	—	102	0	102	0	306
HOPWA	no new funds	0	0	0	0	0	0	0	0
Locally administered programs									
State Housing Incentives Partnership (SHIP) program									
a) Purchase/rental deposit assistance	36,411,993	0	0	1,807	171	3,654	0	5,461	171
b) Rehabilitation	9,281,672	0	0	1,293	1,599	352	106	1,645	1,705
c) Construction	16,752,320	0	0	347	476	547	474	894	950
d) Infrastructure	1,339,450	0	0	115	75	103	23	218	98
Local bond issues									
a) Single Family	305,115,421	0	—	1,309	—	2,658	—	3,967	—
b) Multifamily	182,374,333	—	0	—	1,963	—	3,984	—	5,947
Entitlement programs	199,842,000	unknown	unknown	unknown	unknown	unknown	unknown	unknown	unknown
Duplication: units supported through two or more programs		0	0	(1,881)	(3,201)	(2,709)	(8,183)	(4,590)	(11,384)
Total affordable units provided in 1998 (w/ public assistance)	$1,603,932,734	769	(90)	3,877	5,334	5,785	8,526	10,431	13,770
Total housing need statewide as of April, 1998		232,169	332,307	164,786	237,476	204,539	224,894	601,494	794,677
Shortfall of affordable units at the end of 1998		231,400	332,397	160,909	232,142	198,754	216,368	591,063	780,907

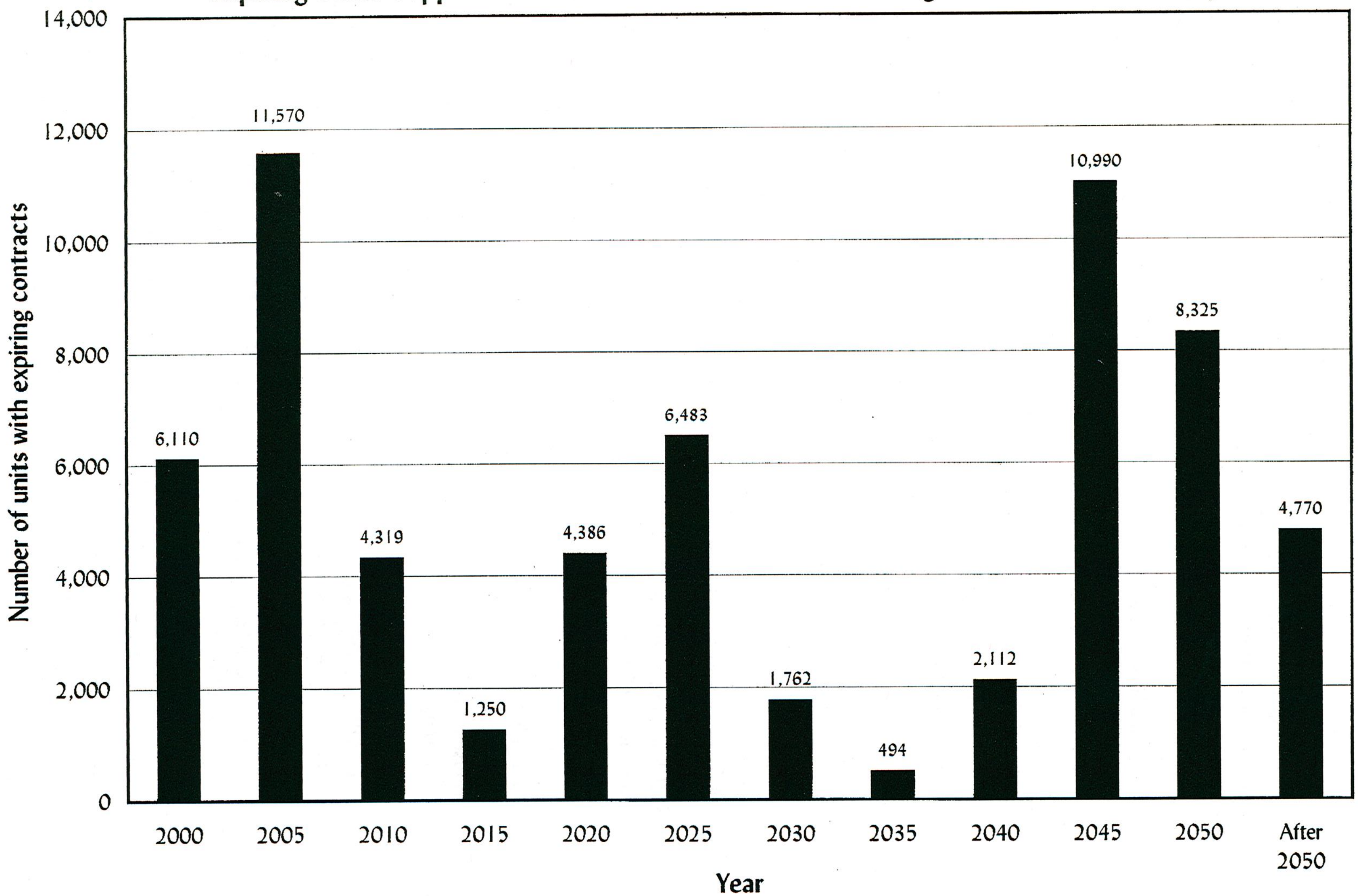
THE GAP IN MEETING FLORIDA'S 1998 AFFORDABLE HOUSING NEED

Considering the needs of households making 0-80% of area median income

NOTES:

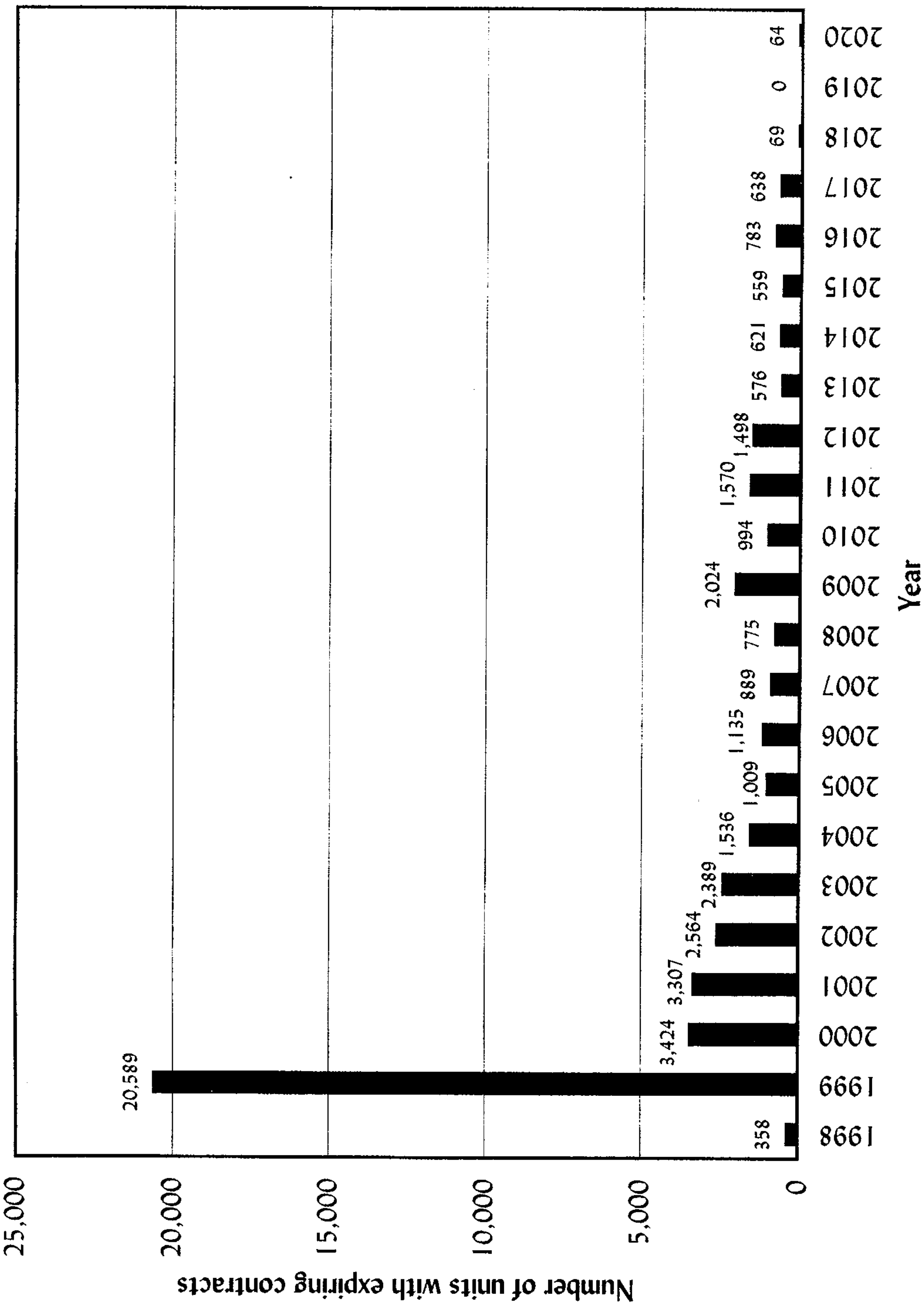
1. This table provides a snapshot of one year in time, and shows only those additional units built or preserved with funding in 1998. It does not include assisted units built or preserved in earlier years that are still available as affordable housing.
2. Housing need is estimated by counting households which spend more than 30 percent of their income on housing. The 0-30 percent renter income category includes an estimated 43,006 homeless households.
3. The "$ Amount" column reflects new program dollars used in 1998 to fund new construction, rehabilitation or rental assistance IN ADDITION to that which already exists. These amounts do not reflect current operating dollars or other assistance used to keep existing units affordable to lower income households.
4. Program funds and units are reported only for those going to households with incomes in the 0-80 percent area median income range. For example, the SHIP program funds and units aimed at moderate income households (81-120 percent of area median income) are not reported on this table.
5. The Commission made the assumption that the private sector meets very little or none of the house need for households in the 0-80 percent area median income range.
6. Data collected are based either on actual units produced/preserved OR on units committed to be produced/preserved in 1998 or fiscal year 97/98.
7. In the case of public housing, negative numbers reflect demolitions. Under Section 8 programs with expiring contracts, negative numbers reflect the numbers of units that were removed from the affordable housing stock due to these property owners opting out of the Section 8 program.
8. The budget figures for programs marked with an asterisk (*) include rental subsidies which are not counted for purposes of this report.
9. The funds committed through the state administered CDBG program were higher than usual in 1998. About $6 million over the usual amount was committed to the buyout of 81 properties flooded by El Nino.
10. In 1998, 59 entitlement communities received over $204 million from the federal CDBG, HOPWA, and HOME programs. These programs fund a variety of strategies to support poor people, including the construction of homes. However, there are no readily available data to measure the number of units built or preserved with these funds.
11. In order not to double count housing units that are funded through two or more programs, a duplication formula was developed to back out these units. This formula is a starting point only, and does not consider federal program duplication or other programs that duplicate units. The formula subtracts units from the totals based on the following estimates: a) 30.7 percent of FHFC unit totals for the HOME rental, SAIL, LIHTC, (9%) and MFMRB programs (based on compliance records); b) 100 percent of the units funded by the LIHTC (4%); c) 100 percent of the units funded by the state's Affordable Housing Guarantee program; and d) 50 percent of the units funded by the local SHIP programs.

Expiring State Support for Low Income Affordable Housing Units – 2000 and Beyond



Source: Program data from the Florida Housing Finance Corporation

Expiring Federal Support for Low Income Affordable Housing Units – 1998-2020



Source: Data on federal programs from the Florida Housing Finance Corporation

Appendix II
Banking and Insurance Information

Use of Community Reinvestment Criteria in Selecting Public Depositories

Cincinnati

The City of Cincinnati, Ohio has created a Committee on Reinvestment whose members represent city neighborhoods and the business community. The Committee is required to:

- Review information submitted by competing lenders and evaluate each lender's performance in granting residential and commercial loans; and
- Recommend annually to the city council those institutions whose performance best reflects the city's goals of encouraging lending within the community.

Lenders who wish to receive municipal deposits are required to submit information about performance to the Committee in the year prior to application. This includes:

- Residential lending information – the number of applications for home mortgage and home improvement loans formally submitted and considered, the total number and dollar amount of the loans made within the city and the county;
- Commercial lending information – the number of applicants for commercial loans formally submitted and considered, and the total number and dollar amount of the loans made in the city and county;
- Data on race, sex and statistical neighborhood area of all applicants; and
- A statement by an authorized officer of the lending institution documenting new initiatives and investments by the institution in housing and commercial developments.

In evaluating lender performance, the Committee also considers the following:

- The lender's current activity in low- and moderate-income neighborhoods, including location of branch offices, the availability of bank personnel to service low-income loans, and the effect of branch closings in the previous year;
- New initiatives undertaken by the lender during the previous year in areas such as small business lending and low-income housing; and
- Lender compliance with the requirements of the federal CRA, including duties to educate the public about CRA requirements.

Pittsburgh

In 1989, the City of Pittsburgh's Department of Finance set up a program to link the deposit of city funds with the community reinvestment performance of bank depositories. The point system that the City uses to recommend banks that may receive city deposits was modified to reward banks with good community lending records, as seen below.[1] Prior to the modification, bank performances were rated largely by the cost and quality of service. Based on the updated criteria, the City moved public funds out of two larger banks in 1990.

Using a Community Credit Needs Assessment to Link Deposits

Oakland

The City of Oakland, California differs from most other cities that have community reinvestment public deposit programs. Rather than evaluating lender performance first, Oakland's Offices of Community Development and Economic Development prepared a community credit needs assessment. This assessment quantified credit needs in the areas of affordable housing, local economic development and earthquake safety retrofit construction lending, and revealed the extent of housing and local economic development needs in Oakland's low-income and minority communities.

In estimating commercial lending needs, the assessment methodology used standard bank underwriting debt ratios on sales of Oakland businesses to arrive at small business commercial credit needs. Using minority census data, the methodology estimated the short- and long-term debt requirements of African-American-owned and women-owned small businesses. It also made detailed estimates of the annual affordable housing credit needs as summarized in the table below.[2]

Based on these studies, in 1992 the City Council established a Community Reinvestment Commission and a linked deposit scheme. The Commission is a forum in which lenders, credit users, community reinvestment advocates and city officials identify and resolve problems in meeting the city's community needs. The linked deposit scheme is based on a fair share standard of community lending which links a lending institution's fair share of the city's specified community lending needs to the institution's asset size or total lending volume. This scheme also has comprehensive commercial loan requirements.

Point System used by the City of Pittsburgh to select Bank Depositories

Points (total of 100)	Criteria
30	Cost of service
20	Quality of service
5	Special programs for servicing the credit needs of low- and moderate-income home buyers
5	Dollar volume of commercial loans made in low- and moderate-income neighborhoods
5	Number and dollar volume of loans made to women- and minority-owned businesses
5	Number and dollar volume of loans made to nonprofit community development corporations
5	Contributions to nonprofit community development corporations
5	Support of public housing development
5	Number and dollar volume of mortgage and home repair loans made to residents of low- and moderate-income neighborhoods during the previous five years
5	Contributions to municipal activities and community events
4	Dollar volume of Pittsburgh municipal bonds purchased by the bank
4	Participation in high-risk development projects
3	Pro-bono technical assistance to nonprofit community development corporations
3	Willingness to meet community groups or tour neighborhoods in order to better assess community banking and lending needs

A Summary of The Affordable Housing Credit Needs in the City of Oakland in 1991

Loan Type	Number of Housing Units Needed	Average Loan Size	Total $ Need (Millions)
Single family unit mortgage purchase loans	1,000	$90,000	90.0
Home improvement loans	967 (12% of 8,058 units in need)	$20,000	19.3
Rental rehabilitation loans	570 occupied (12% of 4,751 in need); 93 vacant (25% of 374 in need)	$25,000 $35,000	14.2 3.2
Rental housing construction loans ($112,000/unit)	103 that are affordable below 80 percent median income	Construction loans @ 40% of development cost of all units Permanent loans @ 30% & 50% of development costs for very low- and low-income units respectively	4.6 4.5
Bridge loans	To the Oakland Housing Partnership	------	2.5
Acquisition/ rehab of at-risk federally subsidized projects	1,231	Acquisition	10.0
Rehabilitation of earthquake damage single room only (SRO) units	1,100 @ $50,000/unit rehabilitation cost	Construction loans @ 40 % rehabilitation cost; Permanent loans @ 30 % rehabilitation cost	22.0 16.5
TOTAL			**197.0 approx.**

Endnotes

1. John T. Merger. 1992. The Community Reinvestment Act and Neighborhood Revitalization in Pittsburgh. In Gregory Squires (edited), From Redlining to Reinvestment. 1992. Temple University Press. Philadelphia.

2. Adapted from David Paul Rosen. 1991. Oakland Community Credit Needs: Commercial, Affordable Housing and Seismic Safety. Technical Report, City of Oakland, CA.

Appendix III
Affordable Housing as Infrastructure

Recommended Changes to Statutes and Rules

Chapter 187.201, F.S. – State Comprehensive Plan

(5) Housing. –

(a) Goal. – The public and private sectors shall increase the affordability and availability of housing for very low-income, low-income and moderate-income persons, including citizens in rural areas, while at the same time, encouraging self-sufficiency of the individual and assuring environmental and structural quality and cost-effective operations.

(b) Policies. –

1. Eliminate public policies which result in housing discrimination and develop policies which encourage housing opportunities for all Florida's citizens.

2. Diminish the use of institutions to house persons by promoting deinstitutionalization to the maximum extent possible, provided the result is not homelessness.

3. Increase the supply of safe, affordable and sanitary housing for very low-income, low-income, and moderate-income persons and elderly persons by alleviating housing shortages, recycling older houses and redeveloping residential neighborhoods, identifying housing needs, providing incentives to the private sector to build affordable housing, encouraging public-private partnerships to maximize the creation of affordable housing, and encouraging research into low-cost construction techniques, considering life-cycle operating costs.

4. Reduce the cost of housing construction by eliminating unnecessary regulatory practices which add to the cost of housing.

Chapter 163.3177(6)(f), F.S. – Required and optional elements of comprehensive plan; studies and surveys – Housing Element.

1. A housing element consisting of standards, plans, and principles to be followed in:

a. The provision of housing for all current and anticipated future residents of the jurisdiction.

b. The elimination of substandard dwelling conditions.

c. The structural and aesthetic improvement of existing housing.

d. The provision of adequate sites for future housing, including housing for low-income, very low-income, and moderate-income families, mobile homes, and group home facilities and foster care facilities, with supporting infrastructure and public facilities.

e. Provision for relocation housing and identification of historically significant and other housing for purposes of conservation, rehabilitation, or replacement.

f. The formulation of housing implementation programs.

g. The creation or preservation of affordable housing to minimize the need for additional local services and avoid the concentration of affordable housing units only in specific areas of the jurisdiction.

The goals, objectives, and policies of the housing element must be based on the data and analysis prepared on housing needs, including the affordable housing needs assessment. *The goals or objectives related to the creation or preservation of affordable housing must be numeric to be measurable, and the numeric goals or objectives must be consistent with the data and analysis.* State and federal housing plans prepared on behalf of the local government must ~~be consistent~~ *conform* with the goals, objectives, and policies of the housing element. Local governments are encouraged to utilize job training, job creation, and economic solutions to address a portion of their affordable housing concerns.

2. To assist local governments in housing data collection and analysis and assure uniform and consistent infor-

mation regarding the state's housing needs, the state land planning agency shall conduct an affordable housing needs assessment for all local jurisdictions on a schedule that coordinates the implementation of the needs assessment with the evaluation and appraisal reports required by s. 163.3191. Each local government shall utilize the data and analysis from the needs assessment as one basis for the housing element of its local comprehensive plan. The agency shall allow a local government *to supplement the affordable housing needs assessment with locally generated data which more accurately assesses housing need for very low- or low-income households* ~~the option to perform its own needs assessment if it uses the methodology established by the agency by rule~~.

3. *Each local government shall demonstrate in its housing element how its numeric goals and objectives will be met either within its jurisdiction or pursuant to a regional housing plan.*

Chapter 163.3177(10), F.S. – Required and optional elements of comprehensive plan; studies and surveys – Public Facilities Concurrency.

(h) It is the intent of the Legislature that *housing,* public facilities and services needed to support development shall be available concurrent with the impacts of such development in accordance with s. 163.3180. In meeting this intent, *housing,* public facility and service availability shall be deemed sufficient if the *housing,* public facilities and services for a development are phased, or the development is phased, so that the *housing,* public facilities and those related services which are deemed necessary by the local government to operate the facilities necessitated by that development are available concurrent with the impacts of the development. The *housing,* public facilities and services, unless already available, are to be consistent with the capital improvements element of the local comprehensive plan as required by paragraph (3)(a) or guaranteed in an enforceable development agreement. This shall include development agreements pursuant to this chapter or in an agreement or a development order issued pursuant to Chapter 380. Nothing herein shall be construed to require a local government to address services in its capital improvements plan or to limit a local government's ability to address any service in its capital improvements plan that it deems necessary.

Chapter 163.3180, F.S. – Concurrency.

(1) (a) Sanitary sewer, solid waste, drainage, potable water, *housing,* parks and recreation, and transportation facilities, including mass transit, where applicable, are the only *housing,* public facilities and services subject to the concurrency requirement on a statewide basis. Additional public facilities and services may not be made subject to concurrency on a statewide basis without appropriate study and approval by the Legislature; however, any local government may extend the concurrency requirement so that it applies to additional public facilities within its jurisdiction.

(2)*(d) Consistent with the public welfare, and except as otherwise provided in this section, housing units needed to serve new development shall be in place or under actual construction no more than 3 years after issuance by the local government of a certificate of occupancy or its functional equivalent.*

Chapter 163.3191, F.S. – Evaluation and Appraisal of Comprehensive Plan.

(2) The report shall present an evaluation and assessment of the comprehensive plan and shall contain appropriate statements to update the comprehensive plan, including, but not limited to, words, maps, illustrations, or other media, related to:

(c) The financial feasibility of implementing the comprehensive plan and of providing needed infrastructure to achieve and maintain adopted level-of-service standards and sustain concurrency management systems through the capital improvements element, as well as the ability to address infrastructure backlogs and meet the demands of growth on *housing,* public services and facilities.

(i) The identification of any actions or corrective measures, including whether plan amendments are anticipated to address the major issues identified and analyzed in the report. Such identification shall include, as appropriate, new population *and housing need* projections, new revised planning timeframes, a revised future conditions map or map series, an updated capital improvements element, and any new and revised goals, objectives, and policies for major issues identified within each element. This paragraph shall not require the submittal of the plan amendments with the evaluation and appraisal report.

Florida Administrative Code Rule 9J-5.003 – Definitions.

(25) "Concurrency" means that the necessary *housing,* public facilities and services to maintain the adopted level of service standards are available when the impacts of development occur.

(99)"*Housing,* public facilities and services" which must be made available concurrent with the impacts of development means those covered by comprehensive plan elements required by Section 163.3177, F.S., and for which level of service standards must be adopted under Chapter 9J-5, F.A.C. The *housing,* public facilities and services are ; roads,
Rule 9J-5.0071(3)(c)1; sanitary sewer,
Rule 9J-5.011(2)(c)2.a.; solid waste,
Rule 9J-5.011(2)(c)2.b.; stormwater,
Rule 9J-5.011(2)(c)2.c.; potable water,
Rule 9J-5.011(2)(c)2.d.; parks and recreation, Rule 9J-5.014(3)(c)4.; *housing,*
Rule 9J-5.010(7)(c)12.; and mass transit,
Rule 9J-5.0071(3)(c)1., if applicable.

Florida Administrative Code Rule 9J-5.0053(2)(a) – Evaluation and Appraisal Reports and Evaluation and Appraisal Amendments.

1. Condition of Each Element at the Time of Adoption, which shall include summaries of data and analysis from each element of the existing adopted plan.

2. Condition of each element at the Date of Report:

a. Summaries of each element describing current conditions;

b. A summary of all land use text and map amendments and all other major text amendments made to the plan;

c. A new existing land use map and table of existing land uses for current conditions as of the date of the report;

d. A new existing traffic circulation map; ~~and~~

e. A summary of the condition and quality of all natural resources~~.~~*; and*

f. An inventory of all housing units added and deleted.

3. Comparison of the Plan's Adopted Objectives with Actual Results, which shall include comparison of the objectives, including specific and measurable targets, to the actual results and conditions. Determine whether the objective was achieved.

4. Major Problems of Development, Physical Deterioration, Location of Land Uses and the Social and Economic Effects of the Major Problems Identified:

a. The accuracy and use of the population projections;

b. Actual vs. anticipated rate of development;

c. The effect of concurrency requirements;

d. The maintenance and/or achievement of adequate Level of Service Standards;

e. Coordinating with development of the provision of *housing,* public facilities and services;

f. The actual vs. projected revenues and expenditures regarding capital improvements;

g. The generation and status of new revenue sources;

h. Physical deterioration of public buildings, utilities, infrastructure, recreation facilities, and parks, and the need for replacement or rehabilitation;

i. Physical deterioration of buildings and structures in the commercial, and industrial land use categories;

j. Physical deterioration of the housing stock, including mobile homes;

k. The supply of adequate affordable housing relative to the need of very low-, low- and moderate-*income households;*

~~k.~~ *l.* The location of development with regard to existing infrastructure;

~~l.~~ *m.*The location of development in relation to where development was anticipated in the adopted plan, such as within areas designated for urban growth;

~~m.~~ *n.* The location of development in relation to its compatibility with safety and evacuation in coastal high hazard areas;

~~n.~~ *o.* The location of development in relation to the maintenance of environmentally sensitive areas; and

~~o.~~ *p.* The social and economic effects of the major problems previously identified by providing a description of the effects.

5. Unanticipated and Unforeseen Problems and Opportunities Which Occurred Since Adoption which shall include a description of the unforeseen problems and/or opportunities and their impact on the comprehensive plan.

6. Effect on the Local Comprehensive Plan. The report

shall assess the consistency of the comprehensive plan with:

a. Changes to State Comprehensive Plan since 1985;

b. Changes to appropriate strategic regional policy plan;

c. Changes to Rule 9J-5, F.A.C.; and

d. Changes to Chapter 163, Part II, Florida Statutes.

7. Identification of any Needed Actions to Address the Planning Issues Raised in the Report

a. New, revised, minimum 5-year and minimum 10-year timeframes, population _and housing unit_ projections;

b. New and revised goals, objectives and policies;

c. Revised future conditions maps;

d. New capital improvements element;

e. Other actions, such as monitoring and evaluation procedures; and

f. Studies to be completed.

8. Identification of Proposed or Anticipated Plan Amendments to Address or Implement the Identified Changes

a. Identify proposed or anticipated plan amendments; and

b. Provide a schedule for transmittal and adoption of the plan amendments identified in the previous section.

9. The Public Participation Process, which shall include a description of the public participation process used in the preparation of the report.

Florida Administrative Code Rule 9J-5.0055 Concurrency Management System.

The purpose of the concurrency management system is to establish an ongoing mechanism which ensures that _housing,_ public facilities and services needed to support development are available concurrent with the impacts of such development.

(1) GENERAL REQUIREMENTS. Each local government shall adopt, as a component of the comprehensive plan, objectives, policies and standards for the establishment of a concurrency management system. The concurrency management system will ensure that issuance of a development order or development permit is conditioned upon the availability of _housing,_ public facilities and services necessary to serve new development, consistent with the provisions of Chapter 163, Part II, Florida Statutes, and this Rule. The concurrency management system shall include:

(a) A requirement that the local government shall maintain the adopted level of service standards for roads, sanitary sewer, solid waste, drainage, potable water, parks and recreation, _housing,_ and mass transit, if applicable.

(2) LEVEL OF SERVICE STANDARDS

(a) For the purpose of the issuance of development orders and development permits, local governments must adopt level of service standards for _housing,_ public facilities and services located within the area for which such local government has authority to issue development orders and development permits. For the purposes of concurrency, _housing,_ public facilities and services including the following for which level of service standards must be adopted under Chapter 9J-5, F.A.C.:

1. Roads, Rule 9J-5.0071(4)(c)1.

2. Sanitary Sewer, Rule 9J-5.011(2)(c)2.a.

3. Solid Waste, Rule 9J-5.011(2)(c)2.b.

4. Drainage, Rule 9J-5.011(2)(c)2.c.

5. Potable Water, Rule 9J-5.011(2)(c)2.d.

6. Parks and Recreation, Rule 9J-5.014(3)(c)4.

7. Mass Transit, Rule 9J-5.0071(4)(c)1., if applicable.

8. Roads and Public Transit, Rule 9J-5.0071(4)(c)1.

9. Housing, Rule 9J-5.010(7)(c)12.

(b)A local government, at its option, may make additional _housing,_ public facilities and services subject to the concurrency management system. Level of service standards of such additional facilities must be adopted in the local government comprehensive plan. If a local government desires to extend the concurrency requirement to public schools, it should first complete a study to determine how the concurrency requirement is to be addressed and implemented by the local government, school board and all other parties responsible for school facilities. [Section 163.3180(1), Florida Statutes]

(2) MINIMUM REQUIREMENTS FOR CONCURRENCY. Every jurisdiction shall maintain a concurrency management system to ensure that _housing,_

public facilities and services to support development are available concurrent with the impact of development, consistent with the provisions of this chapter.

(b)For *housing*, parks and recreation facilities, at a minimum, a local government shall meet the following standards to satisfy the concurrency requirement:

1. At the time the development order or permit is issued, the necessary *housing*, facilities and services are in place or under actual construction; or

2. A development order or permit is issued subject to the condition that, at the time of the issuance of a certificate of occupancy or its functional equivalent, the acreage for the necessary *housing*, facilities and services to serve the new development is dedicated or acquired by the local government, or funds in the amount of the developer's fair share are committed; and

a. A development order or permit is issued subject to the conditions that the necessary *housing*, facilities and services needed to serve the new development are scheduled to be in place or under actual construction not more than one year after issuance of a certificate of occupancy or its functional equivalent as provided in the adopted local government 5-year schedule of capital improvements; or

b. At the time the development order or permit is issued, the necessary *housing*, facilities and services are the subject of a binding executed agreement which requires the necessary *housing*, facilities and services to serve the new development to be in place or under actualconstruction not more than one year after issuance of a certificate of occupancy or its functional equivalent; or

c. At the time the development order or permit is issued, the necessary *housing*, facilities and services are guaranteed in an enforceable development agreement, pursuant to Section 163.3220, Florida Statutes, or an agreement or development order issued pursuant to Chapter 380, Florida Statutes, to be in place or under actual construction not more than one year after issuance of a certificate of occupancy or its functional equivalent. [Section 163.3180(2)(b), Florida Statutes]

9J-5.010 Housing Element

The purpose of this element is to provide guidance to local governments to develop appropriate plans and policies to meet identified or projected deficits in the supply of housing for moderate income, low income, and very low income households, group homes, foster care facilities, and households with special housing needs, including rural and farmworker housing. These plans and policies shall address government activities as well as provide direction and assistance to the efforts of the private sector.

(1) Housing Element Data Requirements. The element shall be based upon the following data requirements pursuant to Subsection 9J-5.005(2).

(a) An inventory taken from the latest decennial United States Census or more recent estimates, including the affordable housing needs assessment~~, when available~~ which shall include the number and distribution of dwelling units by type, tenure, age, rent, value, monthly cost of owner-occupied units, ~~and~~ rent or cost to income ratio*, and location in relationship to employment centers*.

(b) Each municipality shall compare those housing characteristics in Paragraph (a) deemed significant by the municipality with those housing characteristics of its county.

(c) An inventory using data from the latest decennial United States Census, or more recent estimates, including the affordable housing needs assessment, ~~when available,~~ showing the number of dwelling units *that are substandard* in each of the following categories~~:~~*. Substandard units are those that fail to meet the applicable building code, the minimum local housing code, or that* lack~~ing~~ complete plumbing; lack~~ing~~ complete kitchen facilities; lack~~ing~~ central heating; *lack air conditioning;* or *are* overcrowded. *Local governments may determine that units without heating or cooling are not substandard if they are located in areas where the temperature extremes do not indicate heating or cooling as a life safety factor.* The inventory shall include ~~locally determined definitions of "standard" and of "substandard housing conditions and shall include~~ an estimate of the structural condition of housing within the local government's jurisdiction, by the number and generalized location of dwelling units in standard and substandard condition. The inventory shall also include the methodology used to estimate the condition of housing.

(d) An inventory of renter-occupied housing developments currently using federal, state or local subsidies. For each development listed, show the subsidy program, and number of units.

(e) An inventory of group homes licensed by the Florida Department of ~~Health andRehabilitative~~

Children and Families, including the type, number, generalized location and capacity.

(f) An inventory of existing mobile home parks licensed by the Florida Department of ~~Health and Rehabilitative~~ Children and Families and mobile home condominiums, cooperatives and subdivisions including the generalized location and capacity.

(g) An inventory of historically significant housing listed on the Florida Master Site File, National Register of Historic Places or designated as historically significant by or in accordance with a local ordinance, and shall include their generalized locations.

(h) An inventory of the amount of housing construction activity affecting changes in the number of housing units within the local government's jurisdiction based on new construction, conversions, mobile home placements, and removals, in number of units for the years since the latest decennial United States Census.

(2) Housing Analysis Requirements. The element shall be based upon the following analyses which support the comprehensive plan pursuant to Subsection 9J-5.005(2).

(a) A projection of the anticipated number of households by size and income range derived from the population projections in Paragraph 9J-5.005(2)(e);

(b) The housing need of the current and anticipated future residents of the jurisdiction, including an affordable housing needs assessment, ~~when available,~~ and including separate estimates of need for rural and farmworker households, by number, type cost or rent, tenure, and any other special housing needs, and ~~shall~~ includ~~e~~ing estimates for the replacement of housing units removed and for the maintenance of an adequate vacancy rate. Each local government shall utilize the data and the analysis from the state land planning agency's affordable housing needs assessment as one basis for the housing element. The local government, at its option, may *supplement the affordable housing needs assessment with locally generated data which more accurately assesses housing need for very low- or low-income households* ~~conduct its own needs assessment, provided that it uses the methodology established by DCA in its rules~~;

(c) The land requirements for the total estimated housing need;

(d) The portion of the housing need which can be projected to be met by the private sector within current market conditions. The housing expected to be supplied shall be shown by type, tenure, cost or rent, and income range of households served;

(e) The existing housing delivery system, including the private sector housing delivery process, with regard to land, services, financing, regulations and administrative roles of government agencies to identify problems and opportunities affecting the capacity of such housing delivery system, with the objective of effecting improvements to that system to increase its efficiency in meeting the goals of this element; and

(f) Means for accomplishment of each of the following:

1. The provision of housing with supporting infrastructure for all current and anticipated future residents of the jurisdiction with particular emphasis on the creation or preservation of affordable housing to minimize the need for additional local services and avoid the concentration of affordable housing units only in specific areas of the jurisdiction;

2. The elimination of substandard housing conditions, and ~~for~~ the structural and aesthetic improvement of housing;

3. The provision of adequate sites for housing for very low-income, low-income and moderate-income households, and for mobile homes;

4. The provision of adequate sites in residential areas or areas of residential character for group homes and foster care facilities licensed or funded by the Florida Department of ~~Health and Rehabilitative~~ Children and Families; and

5. The identification of conservation, rehabilitation or demolition activities, and historically significant housing or neighborhoods.

(3) Requirements for Housing Goals, Objectives and Policies.

(a) The element shall contain one or more goal statements which establish the long-term end toward which housing programs and activities are ultimately directed.

(b) The element shall contain one or more specific *numeric* objectives for each goal statement which address the requirements of Paragraph 163.3177(6)(f), Florida Statutes, and which provide for:

1. The creation and/or preservation of affordable housing for all current and anticipated future residents of the jurisdiction, and households with special housing

needs including rural and farmworker housing;

2. The elimination of substandard housing conditions, and ~~for~~ the structural and aesthetic improvement of existing housing;

3. Adequate sites and distribution of housing for very low-income, low-income and moderate-income households, and adequate sites for mobile and manufactured homes;

4. Adequate sites in residential areas or areas of residential character for group homes and foster care facilities licensed or funded by the Florida Department of ~~Health and Rehabilitative~~ *Children and Families*;

5. The conservation, rehabilitation or demolition of housing, including the identification of historically significant housing;

6. Relocation housing; and

7. The formulation of housing implementation programs, *including funding, incentives and regulations such as inclusionary zoning, density incentives, and linkage fees.*

(c) The element shall contain one or more policies for each objective which address implementation activities for the:

1. Involvement, including partnerships, of local government with the private and non-profit sectors to improve coordination among participants involved in housing production;

2. Specific programs and actions to streamline the permitting process and minimize costs and delays for housing; especially affordable housing;

3. Establishment of standards addressing the quality of housing, stabilization of neighborhoods and identification and improvement of historically significant housing;

4. Establishment of principles to guide conservation, rehabilitation, *relocation*, and demolition program techniques and strategies;

5. Establishment of principles and criteria guiding the location of housing for very low-income, low-income and moderate-income households, mobile homes, manufactured homes, and households with special housing needs including rural and farmworker households, and including supporting infrastructure and public facilities;

6. Establishment of principles and criteria consistent with Chapter 419, F.S., guiding the location of group homes and foster care facilities licensed or funded by the Florida Department of ~~Health and Rehabilitative~~ *Children and Families* that foster non-discrimination, and encourage the development of community residential alternatives to institutionalization including supporting infrastructure and public facilities;

7. Utilization of *all available* federal, state and local subsidy programs;

8. The utilization of job training, job creation and economic solutions to address a portion of their affordable housing concerns is an optional policy encouraged by s. 163.3177(6)(f)1.g.;

9. Provision of relocation housing;

10. Confirming current arrangements with other local governments concerning affordable housing. If it is not economically feasible to meet affordable housing needs within its jurisdiction because of unusually high property values within its jurisdiction, or if meeting that demand within its jurisdiction would require the direction of populations toward coastal high hazard areas, and local governments may satisfy this criterion by having entered into an interlocal agreement with a nearby local government; and

11. Designating within its jurisdiction sufficient sites at sufficient densities to accommodate the need for affordable housing over the planning time frame.

12. Establishing and utilizing level of service standards provided by facilities as provided by Subsection 9J-5.005(3) and Subparagraph 9J-5.015(3)(b)3. of this Chapter. The local government will create a plan to determine and meet the level of service.

9J-5.016 Capital Improvements Element.

The purpose of the capital improvements element is to evaluate the need for *housing and* public facilities as identified in the other comprehensive plan elements and as defined in the applicable definitions for each type of public facility, to estimate the cost of improvements for which the local government has fiscal responsibility, to analyze the fiscal capability of the local government to finance and construct improvements, to adopt financial policies to guide the funding of improvements and to schedule the funding and construction of improvements in a manner necessary to ensure that capital improvements are provided when required based on needs identified in other comprehensive plan elements. The element shall also include the requirements to ensure that an adequate concurrency management system will be implemented by local governments pursuant to Rule 9J-5.0055 of this Chapter.

(3) Requirements for Capital Improvements Goals, Objectives, and Policies.

(a) The element shall contain one or more goal statements which establish the long-term end for the timely and efficient provision of public facilities through the use of sound fiscal policies.

(b) The element shall contain one or more objectives for each goal and shall address:

1. The use of the capital improvements element as a means to meet the needs of the local government for the construction of capital facilities necessary to meet existing deficiencies, to accommodate desired future growth and to replace obsolete or worn-out facilities;

2. The limitation of public expenditures that subsidize development in high hazard coastal areas *or promote urban sprawl*;

3. The coordination of land use decisions and available projected fiscal resources with a schedule of capital improvements which maintains adopted level of service standards and meets the existing and future facility needs;

6. Provisions for the availability of *housing,* public facilities and services needed to support development concurrent with the impacts of such development subsequent to the adoption of the local comprehensive plan. *Housing,* public facilities and service availability shall be deemed sufficient if the *housing,* public facilities and services for a development are phased, or the development is phased, so that the *housing*, public facilities and those related services which are deemed necessary by the local government to operate the facilities necessitated by that development, are available concurrent with the impacts of the development;

(4) Requirements for Capital Improvements Implementation.

(a) The comprehensive plan shall contain:

1. The schedule of capital improvements, for which the local government has fiscal responsibility, selected for the first five fiscal years, by year, after the adoption of the comprehensive plan, which shall reflect the need to reduce existing deficiencies, remain abreast of replacements, and to meed future demand including:

a. Project description and general location; and

b. Determination of consistency with individual comprehensive plan elements.

2. A list of projected costs and revenue sources by type of *housing and* public facility for the five year period. Only for the purpose of determining the financial feasibility of the capital improvements element, projected revenue sources may include a local government's present intent to increase the level or amount of a revenue source which is contingent on ratification by public referendum. If the local government utilizes these projected revenue sources for planning purposes, the local government is encouraged to include in the plan policies which identify alternatives and actions to be undertaken should the referendum fail. If a local government utilizes projected revenue sources which require a referendum and the plan does not include policies to identify alternatives and actions to be taken if the referendum fails, the plan must include a policy that the local government will amend the plan to include policies to identify alternative funding sources or other actions should the referendum fail. However, for the purposes of issuing development orders and permits, the local government must have a concurrency management system which meets the requirements of Rule 9J-5.0055(2) of this Chapter.

(b) The plan shall identify those programs to be adopted which will ensure that the goals, objectives and policies established in the capital improvements element are met or exceeded. These programs shall include provisions that *housing,* facilities, and services at least meet the standards established and are available concurrent with the impacts of development. At a minimum the programs related to concurrency shall meet the requirements of Rule 9J-5.0055 of this Chapter.

Examples of Affordable Housing Programs

These examples are tools that can be used to increase affordable housing in our communities. Each tool is defined and examples used by states and/or municipalities are included.

Tools

- Portland, Oregon's Increased Density Method and its list of potential strategies and tools to increase housing affordability
- Winter Park, Florida's Affordable Housing Linkage Fee Ordinance
- Montgomery County, Maryland's Moderately Priced Dwelling Unit Program
- Cambridge, Massachusetts' Inclusionary Housing Incentive Zoning Ordinance
- Tallahassee, Florida's Inclusionary Zoning Ordinance
- Santa Monica, California's In-Lieu Fees for Inclusionary Housing Ordinance

INCREASED DENSITY

Portland, Oregon

Increasing allowable density is a growth management tool used by many governments to combat sprawl and its associated effects. Induced by low density development, sprawl leads to increased driving distances and traffic congestion, increased need for parking lots, loss of open space and agricultural land, and increased infrastructure costs. In short, low density development results in excess consumption of resources and land.[1] By increasing allowable densities, more compact and close-knit communities can be developed. In theory, compact development provides a better opportunity for a mixture of housing due to an increase in availability of affordable housing units.[2]

In 1973, the Oregon Legislature passed the Land Conservation and Development Act, which was intended to control statewide growth while simultaneously providing housing for all of Oregon's population.[3] However, the goal for housing fell short in setting specific targets for housing density and affordability. In response, the Homebuilders Association of Metropolitan Portland and 1000 Friends of Oregon collaborated to draft the Metropolitan Housing Rule. The rule was adopted in 1981 and applies to every local jurisdiction within the Portland Metropolitan Area.[4]

The Policy

The rule mandates that each area must zone its buildable land for either six, eight, or ten units of housing per acre depending on the jurisdiction's location. Within each jurisdiction, new residential construction must consist of a housing mix of at least 50 percent multifamily or attached single family homes.

The reasoning behind this rule is that without regulation, local zoning codes favor large, single family lots and provide only token sites to allow the construction of multifamily units. The Metropolitan Rule is a way to combat this resistance to affordable housing. It enforces higher densities and essentially takes the decision away from local policy makers by setting density targets and housing mix percentages at the state level. By requiring all metropolitan jurisdictions to comply with the same standards, it lessens the "political pains" regarding the approval of such development.[5]

While the Metropolitan Housing Rule has had a positive impact, the rule itself is not sufficient. Simply requiring the provision of opportunity for affordable housing does not necessarily create or produce affordable units. Key statutes and policies that complement the rule and further encourage the construction of more affordable housing units have also been implemented. The central statutes and policies are as follows:

- Increased density policies so that developers do not need to seek zoning changes;
- A 120-day rule which requires all local activity on discretionary permits to be completed within 120 days. This saves both time and money for builders;
- Appeals heard by the Board of Appeals must be decided upon within 120 days;
- An anti-moratorium law which sets tough standards for a declaration of a moratorium on development constructions; and
- Limits on local government's use of impact fees (if urban growth boundaries and increased densities promote compact, more efficient development, the need for expanding infrastructure will remain low. Therefore, the cost of providing infrastructure remains low and the need for impact fees is decreased).[6]

LINKAGE FEES

Winter Park, Florida

A linkage fee is a fee that local governments charge developers of certain-sized, non-residential developments to mitigate the housing impacts that the development will cause in the community. This is achieved through direct or indirect contributions toward affordable housing/services in return for development approval. In essence, it creates a "link" between non-residential development and the need for housing generated by the development in the community.[7]

Winter Park is a small, affluent community just north of Orlando. Due to its convenient location and attractive amenities, property values have increased significantly. In the 1980s, construction was booming on large, expensive homes, while construction on affordable housing was all but nonexistent.[8] However, in the early 1990s, the City decided it had a social obligation to provide affordable housing. In response to the state comprehensive plan requiring all localities to address affordable housing concerns, in August of 1990, the City adopted a mandatory linkage fee on all new construction.

The Policy

In Winter Park's linkage fee policy, a fee is placed on all new residential and non-residential construction as well as on substantial renovation projects (nonprofit organizations are exempt). This fee is collected when building permits are issued, and is deposited in a housing trust fund. This money will then be used to develop affordable housing. [9]

INCLUSIONARY ZONING

Montgomery County, Maryland

Inclusionary zoning or inclusionary housing policies require and/or provide incentives for private developers to set aside a certain percentage of units as low- or moderate-income housing units. Inclusionary zoning can be implemented through a local land use policy or program, a zoning ordinance, or a local comprehensive plan.

While the main objective of inclusionary zoning is to increase the availability of affordable housing, it may also promote an increase in economic and racial residential integration.

The incentive most often provided under inclusionary zoning/housing programs is a density bonus. When a developer must include low-income units in place of middle- or high-income units, he or she will not accrue as large a profit. A density bonus helps recover those costs (e.g., a developer may be allowed to use smaller lot sizes, increasing the number of units that can fit on site). In return, little or no economic impact is felt from the inclusionary zoning program.[10]

During the 1970s and '80s, Montgomery County changed from a bedroom community to the region's second largest employment center. Beginning in the early 1970s, the amount of affordable housing decreased in the County. The installation of public infrastructure did not keep pace with the demand for housing, and it was difficult and expensive to equip lots with infrastructure. In order to maximize their profits, developers built one very big, expensive house on a large lot instead of several smaller, less expensive houses on the same amount of space. This increased demand and decreased supply drove prices up significantly in Montgomery County.[11]

Housing advocacy groups began discussing this problem in the early 1970s and based on their recommendations, the County Council introduced a local legislative bill that proposed a county-wide inclusionary zoning and density allowance program known as the Moderately Priced Dwelling Unit Program (MPDU). It was revised and adopted in 1973.[12]

The Policy

The policy has undergone changes over the past 25 years, and stands today as follows: 12.5-15 percent of the total number of units in every subdivision or high-rise building of 50 or more units must be moderately priced (the 12.5-15 percent range covers areas where 15 percent is not physically possible). The law is applicable to property zoned one-half acre or smaller. The ordinance allows a density increase of up to 22 percent above the normal density permitted in the zone. It also allows some attached housing in areas zoned for single family development so that the optimum development of the property is achieved and less costly housing can be constructed.[13]

The law requires that Moderately Priced Dwelling Units must be owner occupied, and the unit resale price is restricted for ten years. When the unit is finally sold at market price, the County and the owner split any windfall profit gained in the sale. This money is then used toward the development of more affordable housing. The law also allows the County to buy and retain one third of the MPDU units to use for low-income individuals.[14]

INCLUSIONARY ZONING WITH IN-LIEU FEES

Cambridge, Massachusetts
Tallahassee, Florida
Santa Monica, California

Inclusionary zoning with in-lieu fees is the same as the method described in the preceding section, with one distinction: an in-lieu fee option. An in-lieu fee allows a developer to pay a sum of money (often equal to the cost of each unit) to a government entity or affordable housing trust fund for each low- or moderate-income unit it does not produce. This option is usually used only for hardship situations and is subject to strict regulation and enforcement.

There are several different ways of implementing an inclusionary zoning and in-lieu fee program.

Cambridge, Massachusetts

On March 2, 1998, the City of Cambridge amended its zoning ordinance and created a new inclusionary housing provision.

The Policy

The inclusionary housing program (IHP) applies to all new or converted residential or mixed use construction that meets the following criteria: the construction of ten or more new or converted residential units, or the construction of less than ten units but 10,000 or more square feet of gross living space. In return, developers receive a density bonus and may receive a special permit to reduce the number of required parking spaces.[15]

Fifteen percent of the base number of units proposed (meaning before any affordable housing units are calculated) must be affordable housing units. For example, if 40 units are proposed, six of the 40 are required to be IHP units. However, density allowances are granted in return. Allowances are determined in one of two ways. One, the minimum lot area is reduced to allow two additional units for each IHP unit required. That is, for the same 40 unit project, 12 additional non-IHP units can be constructed for a total of 52 units. The other option is to increase the Floor Area Ratio (FAR) by up to 30 percent. Half of this must go towards the construction of IHP units. For a mixed use development, the FAR can be applied to any type of residential use. The project development, however, cannot exceed 30 percent of the maximum allowable FAR.[16]

To keep equality from being a problem, IHP units must be comparable to non-IHP units in design, construction, quality, and size. In addition, they must be dispersed throughout the development and not clustered together. Units must be constructed to serve households earning up to 65 percent of the area median income. If projects are required to have more than one IHP unit, units should target various income ranges through price skewing, with the average price affordable at 65 percent of the area median income.

The ordinance mandates that all IHP units be constructed within a new development. However, in-lieu payments can be substituted in cases of significant hardship. If hardship is granted, the developer must contribute a sum of money to the Affordable Housing Trust equivalent to the value of the IHP unit(s) that would have been required on site.

The IHP not only sets price controls on the initial rental or sales price, but it also controls for future rents and resale prices in order to maintain affordability. IHP rents must be maintained for a minimum of 50 years of initial occupancy while the initial sales price of an IHP unit is established by the IHP plan and is recorded in the IHP covenant.[17]

Developers whose projects do not fall under IHP requirements can participate in the program voluntarily in return for increased density allowances and other incentives. Voluntary IHP developments must follow the same procedure required of regular IHP projects and must also apply for a special permit. The ordinance also includes an Incentive Zoning Program, which is a voluntary program for non-residential construction. This program states that in return for financial contributions to the Affordable Housing Trust or the donation of land for the purposes of affordable housing construction, developers are granted an increase in density or intensity of land use.

Tallahassee, Florida

During the later half of the century, residential development in Tallahassee has grown unevenly – those with higher incomes flocked to the north/northeast, and those with moderate and lower incomes have been concentrated in the central and southern areas of the city. In an attempt to change the demographics in these concentrated areas, the City implemented inclusionary zoning in the higher income areas. The inclusionary zoning policy was adopted with the Comprehensive Plan in 1990, and is currently undergoing revisions.

The Policy

Developers must provide affordable housing or pay in-lieu fees to the City in small and medium subdivision developments. In large subdivision developments, inclusionary housing must be provided. Affordable housing must be provided in one of three ways:

- Onsite;
- Offsite but in the same census tract; or
- Offsite and in another location approved by elected officials at a percentage determined by the following formula:

$$\frac{(\text{LIFA})-(\text{LIFH}+\text{AHM})}{\text{Total number of Family Households}} = \text{Percentage Required}$$

where

LIFA=total existing low income family households
LIFH=low income family households owning homes
AHM=affordable homes on the market[18]

The policy determines affordable housing cost at $80,000, as determined by the U.S. Department of Housing and Urban Development. Developers who provide affordable housing under this policy are eligible for an increase in allowable density within the zoning category of the development's location.[19]

Santa Monica, California

The original housing element of Santa Monica's General Plan (adopted January 25, 1983) provided for an inclusionary housing/in lieu fee program to address affordable housing needs. However, this provision was not sufficient for the rapid development in the community and a revised policy, Proposition R, was adopted on November 6, 1990.[20]

The Policy

The core policy states that at least thirty percent of all new dwelling units constructed for any permanent occupancy development must be affordable to low- and moderate-income persons. In return, the developer receives a density bonus and is not required to include those additional units in the 30 percent requirement. This rule applies to:

- Existing multifamily developments that rent at least one unit to moderate income tenants as of the adoption of the proposition; and
- Any new development of twenty or more market rate dwelling units (excluding the density bonus units).

Developers of new projects with less than 20 market rate units have the option of including affordable housing units or paying an in-lieu fee. Developers must provide one affordable unit for those developments with 2-7 units, two for those with 8-14 units, and three for those with 15-20 units.[21]

An in-lieu fee equal to the unit base price may be paid only for low-income units (or fraction of a unit) required. The unit base price is based on cost to the City of subsidizing the construction of a new residential unit. For any fraction of a unit required, the in-lieu fee is equal to the inclusionary unit base price times the fraction of a unit required.[22]

The policy requires that affordable units are evenly distributed throughout the development as much as possible. The size of the unit or the interior amenities may be reduced as long as the change is not visible from the exterior. Inclusionary units must have the same number of bedrooms as the average dwelling unit in the project. The unit must also contain the same total floor area of the market rate apartments, or must at least satisfy a set of minimum standards, as defined by the number of bedrooms.[23]

Other stipulations require that the inclusionary units be built on site and at the same time as the market rate units. The units must be rental units in rental projects and may be either rental or ownership units in ownership developments. Ownership units must comply with requirements concerning sales price, monthly payments, limited equity, and resale restrictions.[24]

When only one inclusionary unit is required, this unit must be affordable to households with low incomes. If two units are required, the second one must be affordable to households with moderate incomes. For every required unit thereafter, the affordability alternates. The developer may make up to 100 percent of the units available to households with moderate incomes if they meet the inclusionary unit development requirements explained above.[25] The City Council sets maximum allowable rents and purchase prices for inclusionary units on an annual basis.[26]

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THE GAP IN MEETING FLORIDA'S 1998 AFFORDABLE HOUSING NEED