What Happened to Housing in the 2006 Session?

By Jaimie Ross and Mark Hendrickson

Was it a good session? Was it a bad session? It was the session that we should have seen all the money in the state and local housing trust funds appropriated for affordable housing. That did not happen. In fact less than half of the monies which should and could have been used to fund our existing programs such as SHIP and SAIL will be made available. The rest will remain sitting in the trust funds unable to benefit affordable housing production- a truly inexplicable outcome at a time of unprecedented housing crisis coupled with unprecedented surplus of general revenue and a state and local housing trust fund holding approximately $940 million. The good news is twofold: the monies left unappropriated (approximately $507 million) was not spent for other purposes, so it will be available to be used for affordable housing programs in the 2007 session, and the affordable housing crisis is certainly on every legislator's radar screen.

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The Florida Housing Coalition is a nonprofit, statewide membership organization whose mission is to act as a catalyst to bring together housing advocates and resources so that Floridians have a safe and affordable home and suitable living environment.

The Housing News Network is published by the Florida Housing Coalition as a service to its members and for housing professionals and others interested in affordable housing issues. Address questions and comments to: Jaimie Ross, Editor, Florida Housing Coalition, Inc., 1367 E. Lafayette Street, Suite C, Tallahassee, FL 32301.

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The Florida Housing Coalition would like to recognize BANK OF AMERICA, CITIBANK, WACHOVIA and WASHINGTON MUTUAL, for their partnership, leadership and support as our PLATINUM SPONSORS. We are deeply appreciative.
2006 was the Year for Housing

It was certainly the year for housing, with over twenty housing bills filed right out of the starting gate. Momentum built early in the session for a new program to address the housing needs of “essential services personnel” in high cost areas and to “scrap the cap” on distributions into the housing trust funds scheduled to take effect in 2007. Representative Mike Davis (R) Collier County, took the lead as he coined the phrase “scrap the cap” and included repeal of the cap in HB 1363. Representative Davis welcomed all good housing ideas and readily included them in HB 1363, while always attributing credit for each idea to its original bill sponsor. He built such significant consensus for housing that he had over eighty co-sponsors for HB 1363, which came to be the omnibus housing bill for 2006 and included repeal of the cap. But with Leadership in the House unwilling to support repeal of the cap, it was reluctantly removed from the omnibus bill.

The omnibus housing bill (HB 1363) was signed into law by Governor Bush on June 1, and becomes effective July 1, 2006. It is a 72 page bill. This article covers only the major areas in the bill.

### Total Available for Appropriation

<table>
<thead>
<tr>
<th>Program Description</th>
<th>Funding Level (from State and Local Housing Trust Funds)</th>
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</thead>
<tbody>
<tr>
<td>Total Available for Appropriation</td>
<td>$940,000,000</td>
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<tr>
<td>Florida Housing (SAIL, HAP, PLP, Catalyst Training &amp; Technical Assistance, &amp; Guaranty Fund)</td>
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<tr>
<td>SHIP</td>
<td>$166,400,000</td>
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<td>SHIP Monitoring</td>
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<td>Homeless</td>
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<td>Hurricane Rental (RRLP)</td>
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<td>Hurricane Farmworker &amp; Special Housing</td>
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<td>Hurricane Training &amp; TA</td>
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<tr>
<td>CWHIP</td>
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<tr>
<td>Extremely Low Income (ELI)</td>
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<tr>
<td>TOTAL APPROPRIATED</td>
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<tr>
<td>TRUST FUND MONIES NOT APPROPRIATED</td>
<td>$507,000,000</td>
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</table>

Representative Mike Davis addresses the Housing Rally held April 19th. The rally drew the membership of the Sadowski Coalition from around the state- over 1,000 members of the Florida Association of Realtors, Florida AARP, the Florida Chamber of Commerce, the Florida Bankers Association, Florida League of Cities, Florida Association of Counties, Catholic Conference, Florida Impact, Florida Legal Services, 1000 Friends of Florida, and the Florida Housing Coalition, among many others.

### Expanding the Continuum

**Meeting the needs of the Extremely Low Income**

Numerous housing initiatives were included in HB 1363, but most notable is that this was the year of stretching the continuum of affordability at both ends: to meet the needs of the working poor at one end and the low paid professionals at the other end. The thrust of the “30/30 campaign” to serve the needs of the extremely low income (those below 30% of area median income) was given meaningful life in HB 1363 in the form of statutory changes to the SAIL program coupled with a $30 million appropriation for apartments set aside for that target group. The statutory changes include treating the monies for development of apartments serving the extremely low income as grants, rather than loans; exempting the
monies used for the extremely low income apartments from leveraging requirements; and increasing the score for applications that will produce the greatest number of apartments for the extremely low income. This SAIL program initiative is so significant that we asked Steve Auger, Executive Director of the Florida Housing Finance Corporation, to author an article solely on these changes, see page 7.

MEETING THE NEEDS OF THE LOW PAID PROFESSIONALS

CWHIP, Community Workforce Housing Innovations Program

The CWHIP, Community Workforce Housing Innovations Pilot Program is a one year initiative funded at $50 million to assist the private sector in meeting the needs of local government employees, such as teachers and police officers. It is premised on using public private partnerships to produce innovative programs focused on leveraging resources and regulatory reform to close the gap between what low paid professionals can afford and the cost of housing in high cost areas of the state, such as south Florida.

The Florida Housing Finance Corporation will issue a Request for Proposals to expend the funds in accordance with the parameters of this Pilot Program.

“Essential services personnel” means persons in need of affordable housing who are employed in occupations or professions in which they are considered essential services personnel, as defined by each county and eligible municipality within its respective local housing assistance plan pursuant to s. 420.9075(3)(a), Florida Statutes.

A variety of statutory changes were made in keeping with the spirit and intent of the Community Workforce Housing Initiative Pilot Program, including authorization for special districts to provide housing assistance, and changes to the DRI statute.

Special Districts/ Employer Assisted Housing

All independent districts, created under a special act or general law, including special districts, community development districts, fire control districts, and water districts are authorized to provide housing and housing assistance for its employed personnel whose total annual household income does not exceed 140% of the area median income, adjusted for family size.

District school boards are authorized to use portions of school sites not appropriate for educational purposes or land declared as surplus by the board to provide sites for affordable housing or teachers and other district personnel independently or in conjunction with other agencies. See Section1001.43 (12), Florida Statutes.

Developments of Regional Impact

Developments of Regional Impact are large scale developments which have always been required to provide affordable housing when the nearby existing housing supply is found insufficient to house the employees generated by the DRI development. This provision known as the “adequate housing rule” has frustrated housing advocates for decades as it has been virtually ineffectual in providing any affordable housing. The statutory changes made in the 2006 session will not improve that situation, but do in effect legislate a voluntary inclusionary housing program.

DRI developers can build to a substantially larger scale without triggering the DRI threshold if all the additional residential units are for “workforce housing” and they can avoid having to go through the substantial deviation process when significantly increasing the size of an existing HB 1363 PROVIDED A DEFINITION FOR THE EXTREMELY LOW INCOME:

420.0004 Definitions.--As used in this part, unless the context otherwise indicates:
(8) “Extremely low income persons” means one or more natural persons or a family whose total annual household income does not exceed 30% of the median annual adjusted gross income for households within the state. Florida Housing Finance Corporation may adjust this amount annually by rule to provide that in lower income counties extremely low income may exceed 30% of area median income, and that in higher income counties extremely low income may be less than 30% of area median income.
DRI if 15% of the proposed additional dwelling units are dedicated to affordable “workforce housing”. The workforce housing must be subject to a recorded land use restriction for a period of at least 20 years that includes resale provisions to ensure long-term affordability for income eligible homeowners and renters. The workforce housing must be commenced prior the completion of 50% of the market rate dwellings.

Affordable workforce housing means housing that is affordable to a person who earns less than 120% of the area median income or less than 140% of area median income if located in a county in which the median purchase price for a single family existing home exceeds the statewide median purchase price of an existing single family home.

A thread running throughout HB 1363 is the recognition that housing affordability needs to be long term or permanent. For example, the Florida Statutes now provide direction to local governments to permit a private landowner to donate parcels of land appropriate for affordable housing in exchange for increased density on other sites owned by the donor within that jurisdiction. The local government may transfer all or a portion of the donated land to a nonprofit housing organization, such as a community land trust, housing authority, or community redevelopment agency, to be used for the production and preservation for permanently affordable housing.

**Requirements for SHIP Administrators**

Each local housing assistance plan shall include a definition of essential service personnel for the county or eligible municipality, including, but not limited to, teachers and educators, other school district, community college, and university employees, police and fire personnel, health care personnel, skilled building trades personnel, and other job categories.

420.9075 Local housing assistance plans; partnerships.--

(3)(a) Each local housing assistance plan shall include a definition of essential service personnel for the county or eligible municipality, including, but not limited to, teachers and educators, other school district, community college, and university employees, police and fire personnel, health care personnel, skilled building trades personnel, and other job categories.

(b) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan that emphasizes the recruitment and retention of essential service personnel. The local government is encouraged to involve public and private sector employers. Compliance with the eligibility criteria established under this strategy shall be verified by the county or eligible municipality.

(e) Each county and each eligible municipality is encouraged to develop a strategy within its local housing assistance plan that addresses the needs of persons who are deprived of affordable housing due to the closure of a mobile home park or the conversion of affordable rental units to condominiums.

**Public Land Donation and Funding for Affordable Housing**

The 2006 Legislature took a keen interest in community land trusts. To facilitate the development of affordable housing and affordable housing in perpetuity, a system of private sector, local and state government donation of land for the development of permanently affordable housing was put into place. Beginning July 2007, and every three years thereafter, each county and municipality must prepare an inventory list of all real property it owns within its jurisdiction that is appropriate for use as affordable housing.

Thereafter three things can be done with that property:

1. The land may be donated to a nonprofit housing organization for the construction of permanent affordable housing; or

2. The land may be sold with a restriction that requires the development of permanent affordable housing; or

3. The land may be offered for sale and the proceeds then used to purchase land for the development of affordable housing or the proceeds can be put into a local affordable housing trust fund. *Continued on page 6*
The statute relative to donation of state surplus lands was also revised to make clear that affordable housing is a public purpose for which state lands can be used and provides a mechanism for local governments to make a request for such state owned lands to be made available within its jurisdiction for affordable housing. See Section 253.034 (6) (f) (1), Florida Statutes.

So, was it a Good Session or a Bad Session for Housing?

Receiving less than half of the appropriation from the state and local housing trust funds was clearly not good a good outcome. But we have numerous initiatives from the modifications to the SAIL program for the working poor to a pilot program for “essential services personnel” at the higher end of the income range. State, local, and other governmental entities will be making surplus land available for affordable housing. All these legislative initiatives emanate from a new appreciation for the housing crisis. The media coverage from local stories to editorials was overwhelming and our elected officials have been educated on the importance of affordable housing.

Michael Davis, President of the Florida Housing Coalition Executive Director, Michael Davis, beside Mark Wilson, Vice President of the Florida Chamber of Commerce, as he speaks at the Housing Rally about the importance of affordable housing for Florida’s employers.

Mike Dooley, President of the Florida Association of Realtors calls for full funding and repeal of the cap. The FAR supplied the “repeal the cap” caps worn at the Rally.

The obstacle to fully funding the existing programs came from a handful of men known as “leadership” in the House and Senate. In 2007 we will have new leadership in the House and Senate. It will be the job of housing advocates throughout the state to impress upon new leadership the value in keeping the trust in the housing trust funds by fully funding Florida’s existing state and local housing programs so that:

• Florida’s public and private sector businesses can continue to thrive;
• Floridians can continue to realize the American Dream of homeownership; and
• Florida’s working poor can have safe and decent housing for themselves and their children.

JAIMIE ROSS, President of the Florida Housing Coalition, is the Affordable Housing Director at 1000 Friends of Florida, a statewide nonprofit growth management organization. Jaimie initiated, and continues to facilitate, the Sadowski/Workforce Housing Coalition, the broad-based coalition that successfully advocated passage of the William E. Sadowski Affordable Housing Act.

MARK HENDRICKSON, immediate past Chair of the Florida Housing Coalition, is the President of the Hendrickson Company. He specializes in financial advisory and related legislative and policy issues. He served as Executive Director of the Florida Housing Finance Agency from its inception in 1981 to 1994. As its first Chief Executive Officer, he led the way in creation of the Sadowski Act and is currently active in policy work with the Sadowski/Workforce Housing Coalition.