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BOB MARTINEZ
Governor



**State of Florida
Affordable Housing Study Commission**

JOSEPH F. DIAZ
Chairman

January 9, 1989

The Honorable Bob Martinez
Governor, State of Florida
The Capitol
Tallahassee, Florida 32301

The Honorable Bob Crawford
President, Senate of Florida
Room 409, The Capitol
Tallahassee, Florida 32301

The Honorable Tom Gustafson
Speaker of the House of Representatives
Room 420, The Capitol
Tallahassee, Florida 32301

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

It has been by pleasure to serve a second year as Chairman of the Affordable Housing Study Commission. The major findings and recommendations of the Commission were contained in our original report which was submitted to you in December 1987. This year the Commission focused its efforts on two major issues: (1) affordable housing planning and regulation and (2) elderly housing. In addition, the Commission reviewed and made recommendations regarding the housing programs and initiatives created by the 1986, 1987, and 1988 Legislatures.

Section 420.609, Florida Statutes, requires the Affordable Housing Study Commission to prepare an annual report detailing its findings and making specific program, legislative, and funding recommendations and any other recommendations it deems appropriate. The report is to be submitted to the Governor, the President of the Senate and the Speaker of the House of Representatives.

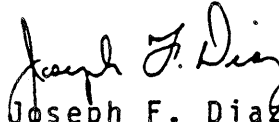
This year's report is submitted pursuant to Section 420.609, Florida Statutes. It provides details about the Commission's recommendations, explaining the proposals, what issues and problems are being addressed, and how the proposals address the problems identified.

The enclosed report also indicates the position of Secretary Thomas G. Pelham, a member of the Study Commission, regarding funding for housing programs for Fiscal Year 1989-90. The Secretary's position is different from the Commission's, and I believe you should be aware of it.

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I look forward to discussing the Commission's recommendations with you and responding to your questions.

Sincerely,


Joseph F. Diaz
Chairman

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Enclosure

cc: Secretary Thomas G. Pelham

**THE REPORT OF THE
AFFORDABLE HOUSING STUDY COMMISSION
DECEMBER 1988**

The Affordable Housing Study Commission is authorized pursuant to Section 420.609, Florida Statutes, and is composed of 17 members, including the Secretary of the Department of Community Affairs and the Chairman of the Board of Directors of the Florida Housing Finance Agency. Fifteen members are appointed by the Governor. Staff support has been provided by the Department even though the Legislature appropriated no funds for this purpose.

The substantive work of the Commission was assigned to three committees: Regulatory Reform, Elderly Housing, and New and Existing Programs. The major findings and recommendations of each committee are presented, along with an explanation of Secretary Thomas G. Pelham's position regarding funding for housing programs in Fiscal Year 1990.

REGULATORY REFORM

Finding: The state should strengthen affordable housing goals, policies, and implementation measures in the State Comprehensive Plan, Comprehensive Regional Policy Plans, and Local Government Comprehensive Plans. The State should encourage local governments to adopt a variety of land development regulation measures, including developer benefits to promote participation that will aid in the provision of affordable housing.

Recommendation: The Legislature should enact the Affordable Housing Planning and Regulation Act as proposed by the Commission. This bill provides for stronger coordination and implementation of affordable housing goals and policies within the state's planning framework. The bill, a copy of which is attached, includes the following provisions:

1. Local Government Expeditious Regulatory Review -- Amends Section 163.3177(6)(f), F.S., adding additional requirements for the local government to provide standards, plans, and principles for achieving expeditious regulatory review of housing for very low, low, and moderate income persons. The intent is for local governments to reduce the unit cost of housing through expeditious processing and review of affordable housing development.

2. Local Government Housing Element Compliance Standards -- Amends Section 163.3184(1)(b), F.S., providing a higher standard for the housing element that must be met by a local government for its comprehensive plan in a determination of consistency with the regional comprehensive plan. The higher standard will be set by an affordable housing

regional policy plan rule adopted by the State Land Planning Agency.

3. Local Government Land Development Regulations -- Amends Section 163.3202(2), F.S., requiring local governments to include provisions in their land use regulations to ensure affordable housing for very low to moderate income persons.

4. Regional Housing Goals, Identification and Distribution of Regional Needs, and Regional Rule -- Amends Sections 186.507(1)-(3), F.S., providing for a separate minimum criteria affordable housing rule for regional policy plans to be adopted by the state land planning agency. The rule is to include criteria for regional planning councils to follow in developing a system that identifies regional affordable housing needs and equitably distributes the responsibility to address that need throughout the region.

5. State Comprehensive Plan Goals and Policies -- Amends Sections 187.201(5) and (6), F.S., amending the housing goal to stress the importance of affordable housing needs of very low to moderate income persons. State housing policies are amended to specifically encourage local governments to adopt and implement land development regulations that address affordable housing and provide state comprehensive plan support for identifying and distributing the responsibility to ensure adequate affordable housing within each planning region of the state on an equitable basis. The land use goal of the State Plan is amended to add social concerns to environmental, fiscal, and service capacity concerns, in regard to land use decisions. It also provides for the consideration of affordable housing needs in non-residential land use decisions. The policy of intergovernmental coordination to address the siting of locally undesirable land uses is broadened to include affordable housing projects.

6. DRIs/Regional Reports -- Amends Section 380.06(12)(a), F.S., adding additional language requiring the regional report to address the impact of the proposed development on the availability of affordable housing for very low to moderate income persons.

7. DRIs/Substantial Deviations -- Amends Section 380.06(19)(b), F.S., providing that proposed increases in the number of residential units may be double the conventional threshold if twenty percent of the new units are affordable units for very low to moderate income persons, with a ten percent set-aside of the new units for very low and low income persons.

8. Downtown and Areawide DRIs/Mitigation of Impacts -- Amends Section 380.06(22) and (25), F.S., requiring Downtown and Areawide DRIs to assess the favorable or unfavorable

impact of the proposed downtown or areawide project on affordable housing for very low to moderate income persons and to address the mitigation of all adverse impacts.

9. Florida Affordable Housing Quality Development -- Amends Sections 380.061(1), (2), and (5), F.S., encouraging developers to address the need for affordable housing for very low to moderate income persons. It establishes Florida Affordable Housing Quality Development as a new type of FQD and sets minimum numerical criteria for affordable housing to be met by this type of project. Notification is to be provided to the Department of Community Affairs that a developer intends to seek designation as a Florida Affordable Housing Quality Development (FAHQD). It provides for the designation of the project as an FAHQD requiring only the approval of the Department of Community Affairs.

10. State Override Provision -- Amends Section 380.07, F.S., establishing a "state override provision" for local government decisions concerning the denial of affordable housing projects. Criteria is established for what constitutes an "affordable housing project." Under the provision, a developer's appeal is filed and heard, as with DRIs, by the Governor and Cabinet sitting as the Florida Land and Water Adjudicatory Commission.

ELDERLY HOUSING

Finding: The Commission finds that housing for the elderly is of critical importance in Florida because the elderly comprise a large and growing segment of the population, and the elderly have particular housing needs which require special attention. Elderly persons of low and moderate income who reside in deteriorated housing are vulnerable to hazardous living conditions and to displacement from their homes. The state should commit its resources to ensuring a safe and suitable living environment for all of its elderly citizens.

Recommendation:

1. The Legislature should authorize and provide state funds for a program to provide assistance for housing rehabilitation for elderly low income homeowners. Due to the anticipated limited funds to be available in the upcoming state budget, DCA's proposal to administer an Elderly Housing Rehabilitation program linking it to the existing federally-funded Small Cities Community Development Block Grant (CDBG) program is endorsed.

2. The Florida Home Equity Conversion Mortgage Program administered by the Department of Insurance should attempt to reach lower income elderly homeowners occupying properties valued below \$50,000. The Department of Insurance should amend its loan application to request information on the

borrower's annual income. At six months and again at 12 months after implementation, the Department of Community Affairs should compile information on the volume of loans and on the characteristics of homeowners obtaining loans under this program to be presented to the Commission for review.

3. The state Department of Health and Rehabilitative Services should increase its monitoring of Adult Congregate Living Facilities (ACLFs) to see if the increased Optional State Supplementation (OSS) rate has resulted in an increased level of service. The Legislature should authorize an increase in the OSS funding level and payment rate for ACLFs to meet the actual cost of care as determined by a study by the Department of Health and Rehabilitative Services.

4. The 1988 Legislature authorized the Maintenance of Housing for the Elderly program pursuant to Chapter 420, Part IX, although no funding was provided. The Commission recommends that ten percent of the elderly set-aside for the State Apartment Incentive Loan (SAIL) program should be allocated for eligible applications to fund government-mandated life safety and security improvements in the facilities referenced in Section 420.904(3), F.S.

NEW AND EXISTING PROGRAMS

Finding: The need for state government involvement in solving the housing problems continues. A recently completed study of housing needs for very low income renters confirms earlier estimates of the shortage of affordable housing. Several of the housing programs created or amended by the 1986, 1987, or 1988 Legislatures should be revised to improve their effectiveness.

Recommendations:

1. The Commission believes that the State Apartment Incentive Loan (SAIL) program is successful, is generally working as planned, and should be continued at current or increased funding levels.

2. The Commission supports the Department's efforts to make technical corrections to previously enacted housing legislation.

3. The Commission reaffirms its 1987 recommendation that the Legislature establish a dedicated, recurring source of state funds to be used for an affordable housing trust fund. This could be achieved through a reallocation of an existing general revenue portion of a documentary stamp tax or by dedicating the portion of the documentary stamp tax which funds a portion of the State Infrastructure Fund.

4. For Fiscal Year 1989-90, assuming the availability of \$30 million for housing, the Commission's funding recommendations for housing programs are:

\$26.0 million for the State Apartment Incentive Loan (SAIL) Program

\$ 1.0 million for refunding of the Affordable Housing Demonstration Loan Program for homeownership housing only

\$ 3.0 million for the Elderly Housing Rehabilitation Program

TOTAL: \$30.0 million

As explained below, Secretary Thomas Pelham abstained from voting on the Commission's recommendation that \$30 million should be allocated for housing.

If available funding for housing programs in Fiscal Year 1989-1990 does not exceed \$15 million, the Commission recommends that these funds be designated for the SAIL program. (It should be noted that only 9 of the Commission's 17 members, including the Chairman, voted on this motion, and the vote was 7-2, with Secretary Pelham dissenting, in favor of the motion.) At this funding level, the Commission recommends that set-asides for the SAIL program continue to be:

45% for family housing
45% for elderly housing
10% for farmworker housing

4. Regarding the Housing Predevelopment Loan Fund, the Commission recommends that no changes be made regarding eligible applicants for at least one year. The Commission is concerned about the effectiveness of this program and requests that DCA provide a report on the program by October 1, 1989, to the Commission for their review.

5. Because of the shortage of affordable housing in Florida and the need to preserve the existing stock of affordable housing, the Commission recommends that the proportion of Small Cities Community Development Block Grant (CDBG) funds allocated for housing rehabilitation be increased from 40 percent to 50 percent as proposed by DCA.

Secretary's Position On Funding Recommendations At The \$30 Million Level and At The \$15 Million Level

Secretary Thomas G. Pelham concurs with the Commission that state government must be involved in solving the housing problems of Florida's less fortunate citizens. These problems are diverse and include more than just the need for additional affordable rental units for which the SAIL program was created. Equally as

important is the need for rehabilitating substandard housing owned and occupied by low income elderly persons. The creation of an Elderly Housing Rehabilitation Program was one of the major recommendations of the Committee on Housing for the Elderly in its 1987 annual report. The Department of Community Affairs has included a recommendation for \$3 million from the State Infrastructure Fund for such a program in its FY 1989-91 budget request. Secretary Pelham agrees that the SAIL program should continue to be funded at a substantial level, but differs with the Commission that funding for this program should be at the expense of other housing programs. If available funding for housing programs does not exceed \$15 million for Fiscal Year 1989-90, Secretary Pelham recommends the following program allocations from the State Infrastructure Fund:

Program	\$ 3.0 million for the Elderly Housing Rehabilitation
	\$ 1.2 million for the Housing Predevelopment Loan Fund
Program	\$10.8 million for the State Apartment Incentive Loan
TOTAL:	<u>\$15.0 million</u>

With regard to the recommendation that \$30 million be appropriated for housing, Secretary Pelham abstained when the Commission voted to make this recommendation. Secretary Pelham advised the Commission that he does not believe this is a realistic recommendation in view of current revenue projections for the coming year.