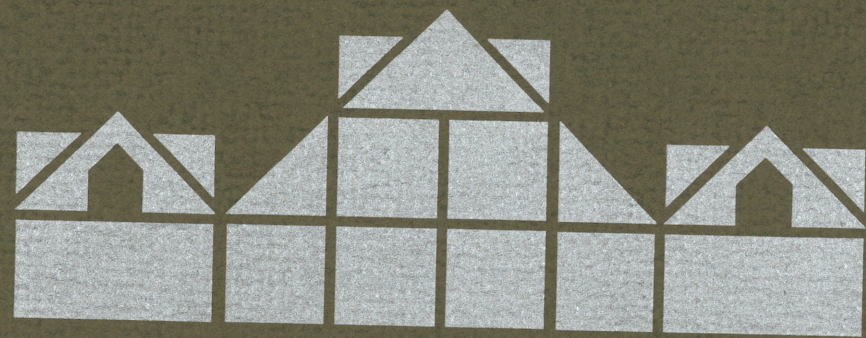


Mulle

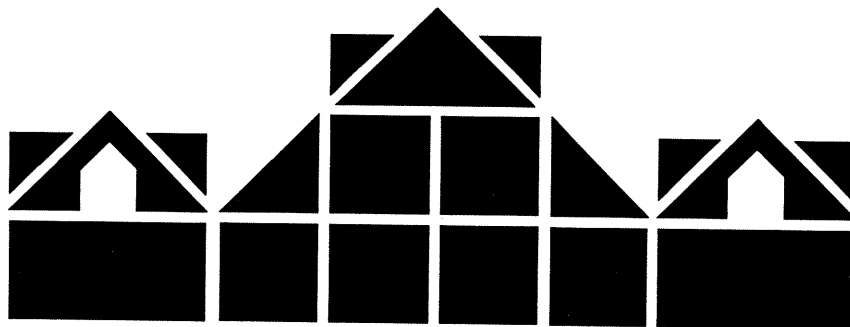
SPU

**THE GOVERNOR'S
AFFORDABLE HOUSING
STUDY COMMISSION**



FINAL REPORT
December 1992

THE GOVERNOR'S AFFORDABLE HOUSING STUDY COMMISSION

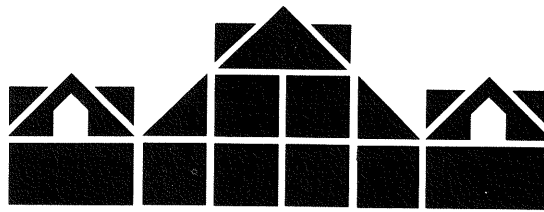


FINAL REPORT

December 1992



Lawton Chiles
Governor



THE GOVERNOR'S AFFORDABLE HOUSING STUDY COMMISSION

Dedicated to Promoting Affordable Housing in Florida Since 1986

December 31, 1992

The Honorable Lawton Chiles
Governor of Florida
The Capitol

The Honorable Ander Crenshaw
President, Senate of Florida
409 Senate Office Building

The Honorable Bolley Johnson
Speaker of the House of Representatives
420 Capitol Building

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

Pursuant to Section 420.60 Florida Statutes, the final report of the Affordable Housing Study Commission is submitted for your consideration. During the past several months, the Commission tackled a challenging agenda to promote the production of affordable housing.

This report includes 83 recommendations. Among these recommendations, I would like to emphasize three issues in particular. First, the Commission has endorsed a set of comprehensive guidelines and adopted a new guideline to direct the State's administration and development of housing programs. The new guideline calls for targeting State funds to those persons in most need. Next, concerning the landmark William E. Sadowski Affordable Housing Act, the Commission offers technical recommendations to improve the successful implementation of the Act, but supports deferment of any amendments that would substantially change the Act during 1993. Finally, to help achieve the goal of preventing and alleviating homeless conditions, the Commission recommends the creation of a State-sponsored housing and shelter production program to eliminate homelessness.

The Commission has identified several work items for next year's agenda in this report. We would welcome your suggestions pertaining to our work agenda. On behalf of the Commission, thank you for the opportunity to serve the citizens of Florida.

Sincerely yours,

Michael W. Poole
Chairman

Lawton Chiles
Governor

Linda Loomis Shelley
Secretary

Michael W. Poole
Chairman

Members

George Botner, Jr.

Carolyn A. Dekle

Millie Forehand

Claudia W. Frese

Rosemary F. Gallagher

Clifford B. Hardy, Jr.

James E. Huger

Henry Johnson, Jr.

Coma Lee Owens

Charles B. Palmer

Christine Papandreas

Jorge M. Perez

Fran Pignone

Manuel Rivero

Jaimie A. Ross

Ann L. Thompson

Anne F. Yordon

Staff

L. Benjamin Starrett

Catherine A. Deithorn

AFFORDABLE HOUSING STUDY COMMISSION
December 1992 Report
Table of Contents

Page

EXECUTIVE SUMMARY	i
OVERVIEW OF THE AFFORDABLE HOUSING STUDY COMMISSION	1
Background	1
Membership and Responsibilities	1
Process for the 1992 Commission	3
COMMISSION GUIDELINES FOR FLORIDA'S AFFORDABLE HOUSING PROGRAMS	4
Overview	4
Guidelines	4
CHAPTER ONE: RECOMMENDATIONS TO THE 1993 LEGISLATURE	6
Recommendations on State Programs and the William E. Sadowski Affordable Housing Act	6
Recommendations on the State Housing Initiatives Partnership Program	9
Recommendations on Growth Management and Housing-Related Statutes and Rules	19
Recommendations on the Affordable Housing Study Commission	23
CHAPTER TWO: RECOMMENDATIONS TO THE DEPARTMENT OF COMMUNITY AFFAIRS AND THE HOUSING FINANCE AGENCY	25
Recommendations for General State Housing Policy	25
Recommendations to the Housing Finance Agency	29
Recommendations for the State Housing Initiatives Partnership Program Rule	29
CHAPTER THREE: RECOMMENDATIONS TO THE FEDERAL GOVERNMENT ..	33
Recommendations to the Department of Housing and Urban Development	33
Recommendations to the 1993 Congress	33
CHAPTER FOUR: RECOMMENDATIONS TO THE SHIMBERG CENTER FOR AFFORDABLE HOUSING	36
CHAPTER FIVE: ISSUES FOR FUTURE ANALYSIS	42

APPENDICES 48
A: Synopsis of the Affordable Housing Study Commission Recommendations 49
B: Observations and Issues Related to the Commission Guidelines 61
C: Abbreviations and Acronyms 67
D: Affordable Housing Study Commission Staff 68

**AFFORDABLE HOUSING STUDY COMMISSION MEMBERSHIP
FY 1992-93**

Michael Poole, Chairman
President, Coalition for the Homeless
Orlando

George Botner, Jr.
Executive Vice President,
Lely Development Corporation
Naples

**Carolyn A. Dekle, Housing Data and
Research Subcommittee Chair**
Executive Director, South Florida
Regional Planning Council
Hollywood

Millie Forehand
Executive Director, Community and
Economic Development Organization of
Gadsden County
Quincy

Claudia W. Frese
Executive Director, Florida Low-Income
Housing Coalition
Tallahassee

Rosemary Gallagher
Associate, Florida Catholic Conference
Tallahassee

**Clifford B. Hardy, Jr., State Housing
Policy Subcommittee Chair**
President, First Housing Development
Corporation
Tampa

James E. Huger
Community Development Director,
City of Daytona Beach

Henry Johnson, Jr.
Vice President, First Union National Bank
Jacksonville

Coma Lee Owens
Realtor, Santa Rosa Associates
Milton

Charles B. Palmer
Chief Financial Officer,
Florida's Preferred Homes
Maitland

Christine Papandreas
Consultant, Moore/Bowers
Tampa

Jorge Perez
President, Related Companies of Florida
Miami

Fran Pignone
Orange County Commissioner
Orlando

Manny Rivero
Director, East Little Havana CDC
Miami

**Jaimie A. Ross, Local Housing Policy
Subcommittee Chair**
Affordable Housing Director,
1000 Friends of Florida
Tallahassee

Ann L. Thompson
Administrator, Cathedral Residencies
Jacksonville

Anne F. Yordon
Anne Yordon, Realtor
Daytona Beach

EXECUTIVE SUMMARY

The Affordable Housing Study Commission is directed by Section 420.609, Florida Statutes (F.S.), to submit a report to the Governor and the presiding officers of each branch of the Legislature on December 31 of each year. This executive summary highlights key recommendations in the report.

The William E. Sadowski Affordable Housing Act

- The Commission notes that this 1992 legislation placed Florida as the nation's leader in funding for affordable housing.
- The Commission recommends ways to improve the implementation of this Act.

General Guidelines for Florida's Affordable Housing Programs

- The 1987 Commission adopted guidelines for affordable housing programs within Florida, emphasizing efficient use of State money and private-public partnerships.
- The Commission endorses these guidelines, with the addition of a guideline concerning targeting of State funds to those in most need.

State Legislative Recommendations

- The Commission recognizes that the State Housing Initiatives Partnership (SHIP) Program is the cornerstone of the Sadowski Affordable Housing Act.
- To enhance the successful implementation of the SHIP Program, the Commission recommends a clearer definition of "partnership" and greater public accountability.
- The Commission recommends inclusion of Dade County within the Sadowski Act.
- The Commission recommends changes to growth management statutes to increase consistency in planning requirements for affordable housing.
- The Commission recommends improved compatibility between the requirements for the local comprehensive plans, CHAS, and the SHIP Program.
- The Commission endorses proposed "glitch" legislation for the Sadowski Act.

Administrative Policy Recommendations

- The Commission recommends continued use of outside trainers and consultants to conduct training and technical assistance, provides guidance on allowable administrative costs, and provides direction for the reserved SHIP rule sections.

Federal Government Recommendations

- The Commission recommends permanent extensions of the Mortgage Revenue Bond and the Low Income Housing Tax Credit Programs.

Shimberg Center Research Recommendations

- The Commission notes that the primary purpose of the Center is to conduct research relating to improving the planning, design, and production of affordable housing.
- The Commission recommends research projects, including compilation of housing cost data, adequacy of building codes, and issues relating to manufactured housing.

OVERVIEW OF THE AFFORDABLE HOUSING STUDY COMMISSION

I. Background

Established in 1986 through Florida's Affordable Housing Act (Chapter 86-192, Laws of Florida), the Affordable Housing Study Commission (AHSC) was created to study and report on solutions which address the State's acute need for housing. During the last six years, the State has implemented several new programs to produce affordable housing for very low, low, and moderate income Floridians. Among these, most were recommended to the State by previous Commissions, including:

- the State Apartment Incentive Loan (SAIL) Program [1987 AHSC]
- the Homeownership Assistance Program (HAP) [1987 AHSC]
- the Elderly Homeowner Rehabilitation (EHR) Program [1988 AHSC]

More importantly, the 1987 AHSC recognized the need for consistent and significant State funding for affordable housing. They recommended that a portion of the statewide documentary tax on deeds be dedicated to affordable housing programs. That recommendation was adopted by the State in 1992 when the landmark William E. Sadowski Affordable Housing Act was enacted by the Legislature.

Passage of the William E. Sadowski Affordable Housing Act in 1992 created the State's first stable and recurring source of housing funds. This legislation, supported by a broad, bipartisan coalition of Florida legislators, local governments, housing advocacy organizations, and the real estate, homebuilding, and banking industries, has the potential to produce more than \$1.1 billion of affordable housing each year. By boosting the construction and rehabilitation of homes, this legislation will produce an annual estimated economic impact of \$2.3 billion and create more than 47,000 jobs at full funding.

This year, the Commission worked to continue the progress achieved through the enactment of the Sadowski bill. To address its charge, the Commission created three subcommittees to consider issues relating to: 1) housing data and research, 2) local housing policy, and 3) state housing policy. This report of the Affordable Housing Study Commission presents its 1992 recommendations with justification and background for its findings.

II. Membership and Responsibilities

Legislative changes over the last six years have altered the Commission's makeup and its sundown date. These changes are codified in the following chapters in the Laws of Florida: 88-376, 89-121, 90-275, 91-27, and 92-317. Currently, the Commission is composed of eighteen members, appointed by the Governor, who

represent the following citizen groups. These members serve four-year staggered terms as determined by the Governor.

- Residential Homebuilding Industry
- Home Mortgage Lending Profession
- Real Estate Sales Profession
- Apartment Development
- Rental Housing Development
- Very-Low and Low Income Persons [2 representatives]
- Community-Based Organization with Housing Development Experience
- Community-Based Organization with Housing Development Experience in a Community with a Population Under 50,000 Persons
- Elderly Housing Interests [2 representatives]
- Regional Planning Councils
- Florida League of Cities
- Florida Association of Counties
- Statewide Growth Management Organizations [2 representatives]
- Residential Community Developer
- A Citizen of the State to Serve as Chairman

Staff support is provided to the Commission by the Department of Community Affairs (DCA) and the Florida Housing Finance Agency (HFA).

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

1. To examine those housing programs which provide for:
 - a. Offering of low-interest and zero-interest loans for the development or rehabilitation of housing;
 - b. Use of publicly owned lands and buildings as affordable housing sites;
 - c. Coordination with federal initiatives, including the development of an approved housing strategy;
 - d. Streamlining of the various state, regional, and local regulations, and housing and building codes governing the housing industry;
 - e. Stimulation of public and private cooperative housing efforts;
 - f. Implementation or expansion of the programs authorized in this chapter;
 - g. Discovery and assessment of sources of funding for low-cost housing construction and rehabilitation; and
 - h. Development of such other solutions and programs as the Commission deems appropriate.

-
2. To review, evaluate, and make recommendations regarding existing and proposed housing programs and initiatives.
 3. To submit to the Governor, the Senate President, and House Speaker a report detailing the Commission's findings and including any programmatic, legislative, and funding recommendations by December 31 of each year.
 4. To recommend studies for the annual research agenda of the Shimberg Center for Affordable Housing at the University of Florida.

III. Process for the 1992 Commission

Appointed in September 1992, this Commission met four times in 1992. Two meetings were organized as subcommittee work sessions (November 9 and 16) with the remaining two (October 13 and December 3-4) providing for full Commission meetings. At the first meeting the Commission organized into three subcommittees, each with a substantive charge. These committees are as follows:

- Housing Data and Research Subcommittee
- Local Housing Policy Subcommittee
- State Housing Policy Subcommittee

Each subcommittee developed specific recommendations relating to their assigned work areas. These recommendations were then presented for consideration by the entire membership. This report evolved from the work completed by the subcommittees and defines specific areas of concern.

COMMISSION GUIDELINES FOR FLORIDA'S AFFORDABLE HOUSING PROGRAMS

I. Overview

In its 1987 final report the Affordable Housing Study Commission established comprehensive guidelines for state-sponsored affordable housing programs. These guidelines, which have served to guide State housing activities, were reviewed to determine whether the present Commission should continue to support these guidelines, given the various changes to Florida's population, housing stock, economy, infrastructure, social services, and affordable housing programs since 1987.

The following section presents the Commission's recommended guidelines for Florida's affordable housing programs. These are based on the original six comprehensive guidelines and include one additional guideline. In Appendix B, the Commission examines each guideline separately and provides clarification of the intent of the guideline. The comments in Appendix B emphasize certain issues that the Commission determined to need greater explanation.

II. Guidelines

Guideline 1: The private sector should be the primary delivery vehicle for housing, with state and local incentives put in place to encourage the development of affordable housing. [Retained from 1987]

Guideline 2: State money should be heavily leveraged. [Retained from 1987]

Guideline 3: State money should be spent on housing production, not program administration. [Retained from 1987]

Guideline 4: State money should be used, whenever possible, as loans, not grants. [Retained from 1987]

Guideline 5: Local government should provide some incentives and financial assistance, with State aid available for those that do. [Retained from 1987]

Guideline 6: State housing programs should maximize opportunities for people to live in mixed income developments or socio-economically diverse neighborhoods, and further, the State should oppose the negative impacts of the NIMBY syndrome. [Revised from 1987]

Guideline 7: State money should give priority to the affordable housing needs of very low and low income persons, and special needs populations who would be considered very low or low income after their income is adjusted for their special needs costs. [New]

Chapter One:
RECOMMENDATIONS TO THE 1993 LEGISLATURE

I. Recommendations on State Programs and the William E. Sadowski Affordable Housing Act

Background:

The William E. Sadowski Affordable Housing Act, signed into law on July 7, 1992, demonstrated Florida's commitment to provide a dedicated source of funding to create and preserve affordable housing. The Act initially increased the statewide documentary tax on deeds by 10 cents per \$100, the revenues from which are to be evenly split between local government and the State. In July 1995, the equivalent of another 10 cents per \$100 of the documentary tax on deeds is to be transferred from general revenue to affordable housing. These funds are divided 87.5% local/12.5% State; therefore, Sadowski Act funds are ultimately split 69% local/31% State. At full funding, over \$100 million of funds will be dedicated to affordable housing each year.

The local share supports the State Housing Initiatives Partnership (SHIP) Program, which is the cornerstone of the Act. The SHIP Program is a block grant to local governments to allow them to implement their locally designed affordable housing programs. The State's share of the new tax funds existing successful programs such as the State Apartment Incentive Loan (SAIL) and Homeownership Assistance (HAP) Programs, and new programs including the Florida Affordable Housing Guarantee Program and the Affordable Housing Catalyst Program.

A. Issue: Dade County's Participation in Sadowski Act Provisions

1. Dade County has had a local option documentary surtax on deeds of 45 cents per \$100 (commercial property, including apartments are taxed; single family residences are not taxed) since 1983.
2. At its request, Dade County was not included in the new statewide tax enacted in the Sadowski Act, opting to keep its local option program.
3. As a result, the Sadowski Act specifically prohibits Dade County from participating in programs funded from the new tax, which is not levied in Dade County. This means that Dade County, Miami, Miami Beach, and Hialeah are not eligible to receive SHIP funds and that developers and homebuyers cannot receive loans from State programs funded by the new tax.
4. Legislation has been proposed that would amend the Sadowski Act to levy the 10 cents per \$100 documentary tax on deeds in Dade County, and to permit

the use in Dade County of SHIP, SAIL, HAP, Guarantee, and other program monies funded from the new tax.

5. Hurricane Andrew has dramatically increased housing needs in Dade County.

Recommendations:

1. **The Commission supports the legislation permitting Dade County to opt into the Sadowski Act.**
2. **If this legislation passes, the Commission also recommends that:**
 - **No changes be made in the formula allocation to distribute the Local Government Housing Trust Fund monies through the SHIP Program, and;**
 - **No reductions be made in the appropriations to other State housing programs funded through the State Housing Trust Fund.**

B. Issue: Unused Portion of the State Housing Trust Fund

1. The FY 1992-93 budget and the requested FY 93-94 budget for DCA lists each affordable housing program that receives funding from the documentary stamp increases in the Sadowski Act.
2. However, no policy exists to determine how the unused portions of these allocations are distributed. This situation could lead to unintended uses of these funds in other program areas or other administrative purposes.

Recommendation:

3. **The State should appropriate unused portions of the State Housing Trust Fund to other affordable housing programs in the Sadowski Act and not to unrelated programs or administrative costs.**

C. Issue: Future Changes to the Sadowski Act

1. The Sadowski Act was enacted with the support of an unprecedented coalition of interest groups, legislators, and state agencies.
2. Controversial amendments could jeopardize this unusual coalition and have a negative impact on future funding.

Recommendations:

4. **The Commission supports the recommendations contained within this chapter for action by the 1993 Legislature.**
5. **Other amendments which would substantially change the Sadowski Act should be deferred until the Sadowski-funded housing programs have operated for at least one year.**

D. Issue: Replacement of Categorical State Grants to Local Governments by SHIP Block Grant

1. In 1989 the Elderly Homeowner Rehabilitation Program was established as a State categorical grant to local governments for home repairs.
2. In 1992 the Sadowski Act created the SHIP Program as a State block grant to local governments.
3. Through the SHIP program local governments are given the flexibility to conduct a wide range of affordable housing activities, including repairs to homes owned by elderly persons.
4. At full funding, the Sadowski Act will allocate 69 percent of the funds generated to local governments, while the State will receive 31 percent to support its activities.
5. Home repairs are also allowable under two federal programs which are widely available to local governments--the Community Development Block Grant (CDBG) and HOME programs.
6. Additionally, the Low-Income Emergency Home Repair Program is designed to assist low-income persons, especially the elderly, in making emergency repairs which directly affect their health and safety.
7. Therefore, local governments desiring to carry out the activity funded by this categorical grant program can elect to fund the activity from their SHIP block grant.

Recommendation:

6. **The Legislature should repeal sections 420.33 through 420.35, F.S., the Elderly Homeowner Rehabilitation Program, providing that section 18 of the Sadowski Act, the Low Income Emergency Home Repair Program, is funded by the 1993 Legislature at the same or higher level as the 1992 Elderly Homeowner Rehabilitation Program.**

E. Issue: Technical Corrections to the Sadowski Act

1. The Sadowski Act amended several programs; subsequently technical errors have been noted.
2. This is an opportunity to "clean up" some of these errors.

Recommendations:

- 7. The Legislature should move the Predevelopment Loan Program, administered by the HFA, within the HFA statute (Chapter 420, Part V., F.S.). [This transfer removes the need for a separate definition section.]**
- 8. The Legislature should provide a requirement for income qualification of farmworkers within the Predevelopment Loan Program. [This change removes a glitch wherein farmworkers can be served regardless of income.]**

F. Issue: Technical Corrections to HFA Programs

1. Over the past year, program operation has noted several areas for technical improvement.
2. This is an opportunity to "clean up" some of these errors.

Recommendations:

- 9. The Legislature should correct the reference for population data within the SAIL Program. [This correction provides consistent data on population for all programs.]**
- 10. The Legislature should allow for longer loan terms within the SAIL Program. [This change permits SAIL to be used in conjunction with required FNMA standards.]**
- 11. The Legislature should provide for the ability for the Governor to remove a HFA Board member for non-attendance at meetings.**

II. Recommendations on the State Housing Initiatives Partnership (SHIP) Program

Background:

The State Housing Initiatives Partnership (SHIP) Program is the cornerstone of the William E. Sadowski Affordable Housing Act. It is a block grant available to all counties and to CDBG entitlement cities for the purpose of providing an incentive for the creation of partnerships to produce and preserve affordable housing. While

providing general State policy guidance and reporting requirements, the SHIP Program gives significant flexibility to local governments to design their own housing programs.

In order to access SHIP funds, a local government must adopt an enabling ordinance which (i) establishes the local housing assistance program, (ii) creates an affordable housing trust fund, (iii) designates the responsibility for administering the program, and (iv) creates an affordable housing advisory committee. The Act envisions the creation of a local partnership to assist in designing and implementing the program, while the advisory committee is to make recommendations within one year related to regulatory reform. As the HFA implements the SHIP Program, it consistently observes that local governments are grappling both with the concept of "partnership" and with the respective roles of the partnership and the advisory committee. The result is that the advisory committee is often inappropriately being relied on to serve as the local public-private partnership. Clarification of these and other items will significantly improve the successful implementation of the SHIP Program.

A. Issue: Composition and Responsibilities of the Local Housing Partnership

1. Public-private local housing partnerships are key to the success of the SHIP Program.
2. There are unclear guidelines for the formation, membership, and responsibilities of the local housing partnership in the Sadowski Act.
3. Many local governments and others are confused regarding the role of the local housing partnership as the entity responsible for the design and monitoring of the SHIP Program.
4. Because of the lack of clarity in the statute, many local governments are opting to use the advisory committee as the local housing partnership, and are therefore not including the broad base of membership which is necessary for a successful partnership.
5. Local housing partnerships will need county or other staff support for their report.
6. Local housing partnerships can and should be a vehicle for governmental accountability.
7. Local housing partnerships, as well as the public in general, can better participate in the process if the annual report is adopted pursuant to public hearing.

Recommendations:

12. The Legislature should clarify the definition for local housing partnership in section 420.9071(16), F.S., to read as follows:

"Local housing partnership" means an ongoing group of individuals and organizations from the public and private sector including, but not limited to, local government; lending institutions; for profit and nonprofit housing developers; community-based organizations; social service organizations, including but not limited to consumer counseling services, day care providers and health care providers; and providers of services related to affordable housing, including but not limited to transportation, for the purpose of designing, formulating and monitoring the local housing assistance program. Local housing partnerships may include, but not be limited to, the members of the local housing advisory committee. [The SHIP administrative rule should reflect that local governments would not be required to include such groups, if, because of their size or some other reason, they do not have one or more of the groups listed above within their jurisdiction.]

13. The Legislature should amend section 420.9072(2)(b)2., F.S., to read as follows:

Establishment of a local housing assistance program, designed by a local housing partnership. [This change clarifies the role of the partnership in program design.]

14. The Legislature should amend section 420.9072(2)(b)3., F.S., to read as follows:

Designation of the responsibility for the administration implementation of the local housing partnership and local housing assistance program. Such ordinance may also provide for the contracting of all or part of the staffing of the local housing partnership and the administrative or other functions of the program to a third party or entity. If the local government selects to have the HFA administer its SHIP funds, the HFA shall not be held responsible for providing staff services to the local housing partnership. In these cases, the local government may use up to five percent (5%) of its SHIP administrative funds to provide staff support services to the local housing partnership or to contract for such staff support.

15. The Legislature should amend section 420.9075(7), F.S., to add new language to read as follows:

- (h) A description of the local housing partnership which designed and monitored the local housing assistance program.
- (i) Report of local housing partnership. [The partnership should have the responsibility of preparing a performance evaluation report to accompany the local government's report to the state regarding the implementation of the SHIP Program.]

16. The Legislature should amend section 420.9075(8), F.S., to read as follows:

The report shall be approved by the local government pursuant to public hearing, with sufficient time for public comment to be included. The county or eligible municipality shall notice the hearing for the annual report approval in a newspaper of general paid circulation in the county and periodicals serving ethnic and diverse neighborhoods at least 30 days prior to the hearing. Such notice must contain the time, date, and place of the public hearing and a short and concise summary of the report. The notice must state the public place where a copy of the tentative report can be obtained by interested persons. Written public comments shall identify the resident by name, address, and interest affected, and a copy of such written comments shall be attached to the annual report submitted to the department and the agency. [This change allows greater public participation in the annual report.]

17. To ensure that the partnership's report is available to the State and the public, the Legislature should amend section 420.9075(10), F.S., to read as follows:

If, as a result of the review of such report including the local housing partnership report and public comment, or at any other time, the agency or the department determines that a county or eligible municipality may have violated established a pattern of violation of the criteria for a local housing assistance program... [This change conforms to the language used in the same paragraph regarding eligible sponsors who violate applicable award conditions.]

B. Issue: Composition and Responsibilities of the Local Housing Advisory Committee

1. The local housing advisory committee is responsible for making recommendations for regulatory reform to be used in the Local Affordable Housing Incentive Plan.

-
2. The Sadowski Act did not specify that members of the local housing advisory committee must have experience or knowledge in connection with affordable housing. It is important that members of this committee be actively engaged in the field represented and have some knowledge of affordable housing so that the work of the advisory committee can proceed without extensive education of members.
 3. The statute as written is inconsistent in its requirements for each advisory committee representative.
 4. There are some local governments which, because of their size or other factors, may not have individuals actively engaged in a specific field in connection with affordable housing.
 5. The deliberations of the advisory committee should consider regulatory reform in the context of preserving the health, safety, and welfare of the residents.
 6. Sidewalks promote safety, especially for children and the disabled; public transit accessibility; and a sense of community.
 7. The deliberations of the advisory committee could be improved if vital public resource information such as an inventory of public owned lands suitable for affordable housing was made available to the private sector.
 8. Local governments are not required to publicly notice and report all recommendations of the advisory committee and provide the public with explanation in all instances where recommendations were made but not adopted.
 9. The recommendations of the advisory committee and the public comment relative to regulatory reform should be addressed in a public forum and be made available for review.

Recommendations:

18. In order to provide statutory consistency and relevant experience, the Legislature should amend section 420.9076(2), F.S., to read as follows:
 - (a) one citizen who is actively engaged in the residential home building industry in connection with affordable housing.
 - (b) ...or mortgage banking industry in connection with affordable housing.
 - (c) one citizen who is actively engaged in an area of labor in connection with affordable housing.

-
- (d) one citizen who is actively engaged as an advocate for very low and low income persons in connection with affordable housing.
 - (e) one citizen who is actively engaged as a provider of affordable housing.
 - (f) one citizen who is actively engaged as a real estate professional in connection with affordable housing.

If a local government, due to its small size, or other reasonable factor is unable to appoint a citizen actively engaged in these activities in connection with affordable housing, a citizen engaged in the activity, without regard to affordable housing, may be appointed.

19. The Legislature should amend section 420.9076(4), F.S., to read as follows:

- (i) The modification of street sidewalk requirements.
- (j) The modification or waiver of current construction standards as applicable to rehabilitation or revitalization of developed properties, whether public or private.
- (k) The preparation of a printed inventory of locally owned public lands suitable for affordable housing.

20. The Legislature should amend section 420.9076(7), F.S., to read as follows:

...The notice must include a copy of the approved plan together with written public comments, and a concise statement by the local government explaining why it did not include those recommendations made by the advisory committee or the public in those instances where recommendations were made, but not adopted.

C. Issue: Diversion of Other Housing Funds

Local governments should not use SHIP funds to divert current funding for affordable housing to non-affordable housing uses. The SHIP Program should result in a substantial net increase in funds spent on affordable housing locally.

Recommendation:

21. The Legislature should amend the SHIP statute to ensure that local governments do not supplant existing funding sources for affordable housing activities, such as CDBG monies, with SHIP funds. SHIP funds should be utilized in addition to existing resources.

D. Issue: Housing Related Employment

A critical factor in the passage of the Sadowski Act is summarized in the slogan "Housing = Jobs." The creation of housing related employment should be acknowledged in the intent language of the Act.

Recommendation:

22. The Legislature should amend section 420.9072, F.S., State Housing Initiatives Partnership Program to read as follows:

The State Housing Initiatives Partnership Program is created for the purpose of providing funds to local governments as an incentive for the creation of local housing partnerships, to expand production produce and preserve affordable housing, and increase housing related employment.

E. Issue: Errors/Omissions/Inconsistencies

1. The Sadowski Act was the result of a compromise between two housing bills filed in the Fall of 1991. While combining two bills under time constraints, certain errors are inevitably made.
2. This is an opportunity to "clean up" some of these errors.

Recommendations:

23. The Legislature should delete section 420.9073(4), F.S., which states "Funds distributed pursuant to this section may not be pledged to pay debt service on any bonds." [The prohibition on the use of funds to pay debt service on bonds is already included in section 420.9072(8), F.S..]
24. The Legislature should amend section 420.9075(3)(j), F.S., to read as follows:

Each county, eligible municipality, or entity formed through interlocal agreement to participate in the State Housing Initiatives Partnership Program ~~to implement a local housing assistance program~~ must develop a qualification system for applications for awards consistent with the intent of its local housing assistance program and ss.420.907-420.9079, F.S.. [This change clarifies the role of the local governments as participants and administrators of the SHIP Program.]

25. The Legislature should amend section 420.9075(k), F.S., to read as follows:

(k) The staff or entity that has administrative authority for a local housing assistance program assisting rental developments shall annually monitor and determine tenant eligibility ~~and the amount of subsidy~~. [Rent subsidies are not permitted in the SHIP Program.]

26. The Legislature should move section 420.9075(3)(j) & (k), F.S., to section 420.9075(2)(e) & (f), F.S.. [Section 420.9075(2) calls for local housing assistance program criteria and administrative procedures, (j) and (k) are both administrative procedures; section 420.9075(3) applies to eligible sponsors and eligible persons, not procedures.]

27. The Legislature should amend section 420.9075(2)(b), F.S., to read as follows:

The county or the eligible municipality shall adopt criteria for the selection of eligible persons and eligible sponsors and a maximum award schedule or system of amounts that is commensurate with the intent of its local housing assistance program and ss. 420.907-420.9079, F.S..

28. The Legislature should amend section 420.9071, F.S., to include the following definition:

"Community-based Organization" means a nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low-income, low-income, or moderate-income within a designated area. The designated area may include a municipality, a county, or more than one municipality or county. Through a minimum one-third representation on its governing board, the organization maintains accountability to housing program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 CFR, Part 92.2 and a community development corporation created pursuant to Chapter 290, F.S., are examples of community-based organizations. [Community-based organization is referenced in the SHIP Program, but is not defined. The above definition is substantially the same as the definition contained in the SHIP administrative rule, 9I-37, F.A.C..]

29. The Legislature should amend section 420.9071(8), F.S., to read as follows:

"Eligible municipality" means a municipality that is eligible for federal community development block grants grant entitlement monies as an

entitlement community identified in 24 C.F.R. section 570, Subpart D, Entitlement Grants or a nonentitlement municipality which is receiving local housing distribution funds pursuant to an interlocal agreement. [A nonentitlement municipality receiving SHIP funds should also be required to meet all SHIP Program requirements.]

30. The Legislature should amend section 420.9071(10), F.S., to read as follows:

"Eligible Sponsor" change "loan" to "award". [In the SHIP Program, award is defined to include loans and grants.]

31. The Legislature should amend section 420.9075(2)(c), F.S., to read as follows:

In accordance with the provision of...it is unlawful to discriminate on the basis of race, creed, religion...in the award loan application process for eligible housing. [In the SHIP Program, award is defined to include loans and grants.]

32. The Legislature should clarify definition for local housing assistance program in section 420.9071(14), F.S., to read as follows:

"Local housing assistance program" means the collection of housing strategies permitted in section 420.9072(7), F.S., established by local government to make affordable residential units available to persons of very low-income, low-income, or moderate-income and to persons who have special housing needs, including, but not limited to, homeless persons and migrant farmworkers [This language comports with the description of the local housing assistance program in section 420.9075.]

33. The Legislature should amend section 420.9071, F.S., to include the following definition:

"Rent Subsidies" means ongoing monthly rental assistance. Rent Subsidies does not include move-in assistance such as grants or loans for security and utility deposits. [This language will clarify the intent of the rent subsidy prohibition in the SHIP Program.]

34. The Legislature should amend section 420.9075(9), F.S., to read as follows:

...The Department shall include a summary of local housing activities, agency comment, and public comment in the annual housing report...

[This language corrects the inadvertent omission of HFA comments from the report.]

35. The Legislature should amend section 420.9075(7), F.S., to read as follows:

- (a) The number of households ~~people~~ served by income category,...
- (d) By income category, the number of mortgages made, average mortgage amount, and the rate of default.
- (g) Appraised value of housing produced and accounting for what percentage was financed by the local housing distribution; other public monies; and private resources. [This information is readily available and will aid local governments and the State in assessing the progress and success of the local affordable housing programs.]

F. Issue: Community-Based Organizations

1. Capacity building and utilization of community-based organizations is a goal in the Sadowski Act [Technical assistance and training for CBOs is a priority in sections 420.603 and 420.604, F.S..]
2. Use of SHIP monies as a match for federal dollars and in conjunction with federal programs is encouraged.
3. There is a 15% set-aside for Community-Development Housing Organizations (CHDOs) in the HOME program.
4. However, the Commission recognizes that some areas do not have active CBOs or CHDOs, and therefore limits the set-aside application period.

Recommendation:

36. The 1993 Legislature should amend section 420.9075(2), F.S., to add the following language:

- (g) The county or eligible municipality shall establish a 30 day application period for a 15% funding set-aside for community-based organizations. [This would not prohibit funding of CBOs after the 30 day application period.]

III. Recommendations on Growth Management and Housing-Related Statutes and Rules

Background:

The State of Florida is now in a position to take a more active role in promoting affordable housing. Decent and affordable housing for all Floridians must become a State priority in practice, not merely as a goal. These recommendations are intended to implement the State's housing goals, and to increase consistency in the planning requirements for affordable housing. Based upon these considerations, the following analysis and recommendations are provided.

A. Issue: Improve the Compatibility Between the Local Government Comprehensive Plan Element, the Local CHAS, and the Local SHIP Housing Assistance Plan

1. As a result of two landmark pieces of housing legislation, the National Affordable Housing Act, and the William E. Sadowski Affordable Housing Act, there is now meaningful opportunity for local governments to implement their housing elements and a concomitant need for local comprehensive plan housing elements to be compatible with the plans that local governments are required to submit for federal and State funding.
2. Coordination of these three planning documents will in many instances eliminate duplicative efforts and reduce paperwork.

Recommendation:

- 37. The Legislature should amend Chapter 163, F.S., housing element requirements, to take into consideration CHAS and SHIP requirements. This would include adding requirements for strategies to meet the needs of persons with special housing needs (including the homeless), and very low income persons, as well as requirements for regulatory reform.**

B. Issue: Improve Coordination between Housing, Transportation and Land Use Decisions

1. The cost of housing is directly affected by the costs of transportation.
2. Automobile ownership and maintenance significantly reduces the dollars available for rent or mortgage payments. Suburban flight has left urban areas to decay, while jobs move into nonurban areas and city dwellers without the funds required for suburban mobility, or the skills to work in downtown offices, are in an ever worsening situation.

Recommendations:

38. The Legislature should amend Chapter 163, F.S., to ensure that its requirements provide for local government housing strategies that give greater weight to the jobs-housing balance. Strategies should promote the creation or preservation of affordable housing which minimizes the need for additional community services. These strategies could include public facility capacity set-asides for "certified" affordable housing development, increased density overlays, scattered site development, and concurrency flexibility or waivers.
39. Within each Evaluation and Appraisal Report on local government comprehensive plans, the Legislature should ensure that local governments are required to include an analysis of the impact that their future land use, transportation, and capital improvement elements have on affordable housing.

C. Issue: Improve Affordable Housing Needs Assessment

1. To decrease the burden on local government, the State should be responsible for accurately assessing housing needs through an Affordable Housing Needs Assessment (AHNA).
2. The AHNA would provide the data and analysis for all counties and municipalities within the state. The State could contract for this information, as is currently the practice of the HFA for rental and ownership market studies.
3. State data collection and analysis would provide uniformity in definitions and methodology and is a necessary first step in meeting the 1990 Florida Legislature's proclamation to "ensure that decent and affordable housing is available" to all Floridians by the year 2010.

Recommendation:

40. The Legislature should amend Chapter 420, F.S. and Chapter 163, F.S. to provide for local housing data collection and analysis methodology to be determined by the State. Housing data collection and analysis should be the responsibility of the State unless the local government at its option chooses to perform its own housing data collection and analysis using the State methodology. The data collected should be used by local governments and the State to assess housing needs and help measure progress toward meeting the housing needs of all Floridians.

D. Issue: Improve Interlocal Government Coordination in the Elimination of Substandard Housing

1. The SHIP Program provides funding only to counties and entitlement cities. Unless counties or entitlement cities choose to include nonentitlement cities within their housing programs, these small cities will receive no SHIP monies.
2. The current housing element requirements of Chapter 163, F.S., provide for the elimination of substandard dwelling conditions. Chapter 420, F.S. states that Florida will ensure decent and affordable housing for all residents by the year 2010. Neither of these goals can be realized so long as we have local governments with substandard housing that receive no funds for housing.
3. A State assessment of housing needs would provide uniform information, having used identical definitions and methodologies.
4. The AHNA could then be provided to regional planning entities, such as the eleven regional planning councils, to facilitate interlocal agreements between cities which have substandard housing and no financial resources to solve the problem, and counties or entitlement cities able to include the nonentitlement community within their programs for the elimination of substandard housing.
5. Without some mechanism for providing funds, these areas will be unable to eliminate substandard housing conditions, and a decent and affordable home will not be available to all Floridians by the year 2010 or thereafter.

Recommendation:

- 41. The Legislature should amend Chapter 163, F.S., and the SHIP Program to provide incentives for the use of interlocal agreements whereby the elimination of substandard housing could be addressed for smaller communities without funding resources, subject to reasonable conditions for the sharing of housing resources. An enforcement mechanism tied to plan compliance would also be necessary.**

E. Issue: Improve State Marketing of its Programs

1. The State has a number of excellent housing funding programs, which were significantly improved in the Sadowski Act. These programs are administered by HFA.
2. The HFA collects fees from all developers that access the Agency's programs. These monies are deposited into the HFA Trust Fund for use in the administration of HFA programs, subject to legislative appropriation.

-
3. Unfortunately many of the State funded programs are not accessed due to the lack of public awareness. The State should provide comprehensive housing information on a widespread basis, especially to local government housing program directors, city and county managers, community-based organizations, profit and non-profit affordable housing developers.

Recommendations:

42. **The Legislature should appropriate adequate funds to the Housing Finance Agency from HFA trust funds to adequately administer and market the State's housing programs.**

F. Issue: Improve Programs for the Homeless

1. The trend over the past decade of increasing deinstitutionalization has resulted in greater numbers of individuals on the streets who are incapable of obtaining adequate shelter.
2. Most State programs for the homeless relate to social services rather than shelter and housing production. Currently, no money is allocated for the production of housing units for the homeless.
3. While Goal 5 of the State Comprehensive Plan is written to encompass the housing needs of all citizens, and thus include the homeless, Chapter 163, F.S., and Rule 9J-5, F.A.C., do not recognize homelessness as a specific housing need.
4. The homeless should be a target population, and their needs should be addressed by local government in the comprehensive planning process.
5. The State's role must be broadened to include programs for the elimination of homelessness. The State of Florida currently does not have a comprehensive, adequate program to provide housing and shelter for the homeless.
6. In addition to the production of housing for the homeless, the Commission recognizes that the HFA needs to coordinate its efforts with those other agencies which provide support services to address other critical needs of the homeless.

Recommendations:

43. **The Legislature should amend section 163.3177(6)(f)4, F.S., to include the term "the homeless."**

-
- 44. The Legislature should create a state housing and shelter production program to be administered by the HFA with the goal of eliminating homelessness.**

IV. Recommendations on the Affordable Housing Study Commission

Background

When the Commission was initially established in 1986, the membership was comprised of seventeen persons: eight citizens of the state, seven members representing specific housing interests, the Secretary of the Department of Community Affairs, and the Chairman of the Board of Directors of the Florida Housing Finance Agency. Over the last six years, the Legislature has added one member and has designated each member as a representative of a specific interest group (except the chairman).

A. Issue: Representation on the Commission

1. Because each gubernatorial appointee must represent a designated interest area, individuals with valuable housing experience from other areas are excluded from participation and membership in the Commission.
2. If the Legislature increases the number of appointees, the Commission could utilize housing expertise available to previous Commissions, which in turn would improve the Commission's ability to carry out its legislative mandates.
3. DCA is proposing to the 1993 Legislature an amendment to section 420.609, F.S., to add three at-large members to the Commission.

Recommendation:

- 45. The Legislature should amend section 420.609, F.S. to add three at-large members to the Commission.**

B. Issue: Removal of Members

1. To ensure the continued effectiveness of the Commission, members need to regularly attend meetings.
2. DCA has proposed legislation which would add a similar provision for HFA's Board of Directors.

Recommendation:

- 46. The Legislature should amend section 420.609, F.S. to authorize the Governor to remove or suspend a member for cause, including, but not limited to, failure to attend at least three meetings of the Commission annually.**

Chapter Two:
**RECOMMENDATIONS TO THE DEPARTMENT OF COMMUNITY
AFFAIRS AND THE HOUSING FINANCE AGENCY**

I. Recommendations for General State Housing Policy

Background:

Although the actual expenditure of State housing funds is within the administrative responsibility of designated public and private program recipients, these funds are governed by a variety of statutes, rules, and policies. An important part of the Affordable Housing Study Commission's charge is to suggest guidance for the expenditure of State housing funds. This charge is especially significant because of the traditional shortage of affordable housing funds, notwithstanding the recent passage of the Sadowski Act.

In part, this guidance has been provided through the examination and recommitment of the comprehensive guidelines for affordable housing, which were examined in the second section of this report. During the course of the Commission's efforts to analyze and adopt the comprehensive guidelines, a series of general administrative policy issues were raised. The purpose of this section is to address those other administrative policy issues -- issues which can help to stretch scarce affordable housing dollars.

A. Issue: State Expenditures for Staff versus Consultant Trainers

1. Guideline 1 of the comprehensive guidelines for affordable housing stresses the importance of the private sector in the delivery of affordable housing and related services.
2. Guideline 3 states that State housing money, because of its relative scarcity, should be spent on housing production rather than program administration.
3. Guideline 3 also classifies program staff as an administrative cost, and training as a program cost.
4. Comparatively speaking, it is usually less costly and more efficient for the State to hire professional (non-profit or for-profit) trainers than to employ staff trainers because:
 - Professional or consultant trainers are usually able to initiate technical assistance faster than their staff counterparts;

-
- Highly trained consultants may be retained for specific contract periods, while the State rarely hires persons with equivalent experience due to budgetary limitations;
 - Professional contract costs are finite and limit State liability, while staff costs tend to be open-ended and extend beyond the conclusion of a specific project;
 - Professional trainers are compelled by contract and potential loss of payment to complete tasks, while staff tend to change jobs at any time, sometimes prior to completion of very critical tasks or projects; and
 - It is possible for the State to hire several consultants to conduct a variety of different training tasks at the same time, thereby expanding the State's ability to provide high quality, widely diverse technical assistance, while staff trainers tend to be more narrowly focused.

Recommendation:

- 47. Although the State will always need a certain amount of highly trained staff to conduct program monitoring and some limited technical assistance, extensive training and/or technical assistance should be provided through State housing program funds by professional trainers or consultants on a cost effective basis rather than through permanent State or local government staff.**

B. Issue: Provision of Technical Assistance

1. Many federal planning requirements and programs are not compatible with existing State structures. Local governments and nonprofits are often times losing opportunities for funding because they lack expertise in all the intricacies of funding programs.
2. For example, it is critical that the State provide technical assistance and funding to community-based organizations to build capacity, and to qualify community housing development organizations ("CHDOs") for HOME funding. The 15% set-aside of federal HOME monies will be lost if community-based organizations do not make the necessary organizational changes to qualify as a CHDO.

Recommendation:

- 48. The State should ensure that greater technical assistance and financial support to local governments and community-based organizations is provided, with the immediate objective of increasing local government capacity, the certification of CHDOs, and community-based organization capacity building and housing productivity.**

C. Issue: A Rehabilitation Code for Affordable Housing

1. The housing inventory in Florida includes a substantial number of deteriorating, although not dilapidated, housing units.
2. Many of these units were built long ago and now fall short of contemporary building code requirements for new construction.
3. These units represent a potential source of affordable housing for lower income families.
4. Currently, there is no rehabilitation code recognized in Florida that can be used to rehabilitate these units to the point of being able to provide health, safety, and welfare protection, without meeting present day construction standards.

Recommendation:

- 49. The Commission recommends that DCA, in conjunction with the Florida Board of Building Codes and Standards, examine alternatives for modifying Chapter 553, F.S., in order to provide a building rehabilitation code for affordable housing units that protects the health, safety, and welfare of the occupant while contributing to the supply of affordable housing in Florida.**

D. Issue: Encouragement and Incentives for Developments of Affordable Housing

1. Successful housing developments often provide a diversity of services, such as day care or transportation.
2. Competitive application procedures do not adequately reward developers that provide necessary services.
3. Guideline 5 encourages local governments to provide incentives for the production of affordable housing. Further, it states that State money should be provided to local governments that do provide incentives.

Recommendations:

- 50. More points should be given to applicants that provide a diversity of services, as long as competitive funds are distributed statewide by means of:**
 - geographic dispersion,
 - tiered competition among like-sized communities, and

-
- provision of more points for the delivery of or proximity to existing social services than for existing infrastructure.

51. The State should provide some form of assistance (eg. bonus prioritized funding) to local governments that provide some incentives for affordable housing development. Local incentives may include the following:

- expedited local plan amendments,
- appropriate zoning,
- impact fee reductions or waivers,
- expedited permit process,
- density bonuses, and
- local financial investments,
- permit fee reductions or waivers.

E. Issue: Administrative versus Project-Related Costs

1. Administrative costs are limited in many programs.
2. Confusion exists as to what should be classified as "administrative" as opposed to "program" costs.

Recommendations:

52. The Commission recommends that applicants for housing program funds consider the following items as administrative costs:

- salaries and fringe benefits,
- rent,
- utilities and telephone,
- reproduction and printing,
- postage,
- office furnishings and supplies,
- insurance,
- audit reports, and
- general program support (including legal, accounting, purchasing and other general administrative services).

53. The Commission recommends that applicants consider the following items as project-related costs:

- affirmative marketing and fair housing costs,
- travel,
- training,
- market and feasibility studies,

-
- professional consulting fees, and
 - application and filing fees, including
 - ◀ private lender origination fees
 - ◀ credit reports
 - ◀ title reports
 - ◀ recording fees
 - ◀ preparation and filing of legal documents
 - ◀ private lender appraisal fees
 - ◀ loan processing fees
 - ◀ other customary finance related fees.

II. Recommendations to the Housing Finance Agency

A. Issue: Elderly Home Community Loan (EHCL) Program

1. Ten percent (10%) of SAIL funds are allocated to the EHCL Program to ensure a minimal funding set-aside for very low income elderly renters. All unused EHCL funds revert to the SAIL Program for use in the development of new housing.
2. The SAIL Program offers loans to non-profit operators of federally assisted elderly projects for life safety and security-related repairs and improvements.
3. To date, only two loans have been issued in this program.
4. Non-profit operators of elderly facilities have stated that the application process is lengthy, detailed, and cumbersome for a loan which cannot exceed \$100,000.

Recommendations:

54. The Commission recommends that the HFA examine the possibility of issuing promissory notes, instead of second mortgages, for organizations applying to the EHCL Program.
55. The Commission also recommends that the HFA review and streamline the application process for the EHCL Program, including but not limited to, the elimination of city and/or county approval of the loan application.

III. Recommendations for the State Housing Initiatives Partnership Program Rule

Background:

The administrative rule to implement the SHIP Program, Chapter 9I-37, F.A.C., was expeditiously promulgated by the HFA during summer 1992. In order

to avoid delay in the housing assistance plan adoption process, the HFA reserved those sections which were not necessary for immediate plan adoption. The reserved sections are: 9I-37.0010, Local Affordable Housing Incentive Plans; 9I-37.015, Compliance Monitoring for Housing Developed with SHIP Funds; 9I-37.016, Reporting Requirements; and 9I-37.017, HFA Administration of Remaining Local Housing Funds.

A. Issue: Incentive Plans

Incentive plans should (a) be effective, meaning the incentive should reduce the cost of housing to the consumer, and (b) provide governmental accountability.

Recommendations:

56. HFA should ensure that Incentive Plans accomplish the following:

- list each recommended reform together with an explanation of the existing regulations,
- estimate the total cost savings and specify how those savings will inure to the benefit of the eligible household, and
- provide an explanatory statement as to the negligible effect or benefit to public health, safety, or welfare.

57. HFA should ensure that the public is given the opportunity to provide written comments for inclusion in the Incentive Plan adoption hearing.

B. Issue: Compliance Monitoring

1. SHIP compliance monitoring provision need to be added to Rule 9I-37, F.A.C.
2. Compliance monitoring for existing HFA programs is working well.
3. Monitoring techniques should be different for rental and homeownership programs.

Recommendations:

58. HFA should ensure the following:

- **For rentals:** HFA should draw upon its monitoring experience of LIHTC and SAIL projects. This would include annual physical inspections, inspections of records, quarterly reports, and training sessions for management agents.

-
- **For homeownership: HFA should draw upon its Single-Family Mortgage Revenue Bond (MRB) monitoring program. HFA rules should cross reference or adopt the MRB handbook by reference, if it is to be used in the same manner. Local governments and citizens should be given a summary of these complicated rules in the adopted SHIP rule.**

C. Issue: Reporting Requirements

The SHIP statute is fairly comprehensive in its annual reporting requirements, but does not provide a format for the report and does not provide sufficient citizen or local housing partnership input for adequate governmental accountability.

Recommendations:

59. **HFA should provide by rule a format for this reporting of information.**
60. **HFA should ensure that the annual report, beginning 24 months from adoption of the local government enabling ordinance, includes an annual incentive plan report which documents the use of the incentives, e.g. the adoption of a density bonus ordinance is one piece of information; a report documenting the number of times the density bonus ordinance has been utilized is a much better piece of information.**
61. **The annual report covering the incentive plan should also address what actions the local government has taken to remedy land development regulations found to significantly increase the cost of housing without justification (i.e. when the costs outweigh the benefits). There should be a reasonable time schedule required for implementation of remedial action.**

D. Issue: Administration of Remaining Funds

Although it is not anticipated that much money will be in this fund, due to the technical assistance and training which will be provided through the Affordable Housing Catalyst Program, there may be monies remaining. This money should be distributed in a manner to assist those most in need.

Recommendations:

62. **The HFA should ensure that:**
 - **All monies should be targeted to those persons below moderate income.**
 - **Monies for rental should be targeted to those persons below low income.**
 - **Separate scoring criteria be used for rental and homeownership.**

-
- Preference be given for homeless and special needs populations.
63. The HFA should review local government annual reports to discover those eligible populations which are not being served and amend its practices within this program accordingly.
 64. The competitiveness scoring criteria used in the HOME and SAIL programs should be used as models for the SHIP Program.
 65. Points need to be attributed to each scoring criteria listed in the SHIP statute.

Chapter Three:
RECOMMENDATIONS TO THE FEDERAL GOVERNMENT

I. Recommendations to the Department of Housing and Urban Development (HUD)

A. Issue: Elderly Home Community Loan (EHCL) Loan Applications

1. Annually, ten percent (10%) of SAIL funds are set-aside for the EHCL Program. This program authorizes loans to non-profit sponsors of elderly living.
2. Several non-profit organizations have applied to the HFA for funds from the EHCL Program. However, their applications could not be considered since they lacked HUD approval for the second mortgage.
3. The process for receiving HUD approval is extremely time-consuming and most often results in rejection of the application.

Recommendation:

- 66. The Commission encourages HUD to approve the second mortgages necessary for non-profit organizations to receive funds from the EHCL Program or other programs.**

II. Recommendations to the 1993 Congress

A. Issue: Permanent Extension of the Mortgage Revenue Bond (MRB) Program

1. MRB's provide each State with the ability to sell tax exempt bonds to finance home mortgages for low and moderate income first-time homebuyers.
2. The MRB program is Florida's largest homeownership program. The HFA finances over \$150 million of homes each year, and county issuers finance over \$300 million each year.
3. The program is very targeted, with HFA buyers having an average income of 77% of the State median. The program is improved by the use of State HAP money as downpayment assistance.
4. The program has been subject to a periodic "sunset," with resulting starts and stops producing inefficient timing of bond sales. The program is currently in a "sunset" period.

-
5. The program has overwhelming support in Congress, with 401 of 435 members of the House and 89 of 100 members of the Senate co-sponsoring a permanent extension of the program last year.
 6. A permanent extension passed Congress as part of the Urban Aid Tax package was subsequently vetoed by President Bush. President-elect Clinton supports a permanent extension of the program.

Recommendations:

67. Congress should pass a permanent extension of the MRB Program.
68. Florida's Congressional delegation should co-sponsor such legislation.
69. The Commission should work with the Governor to provide these recommendations to President-elect Clinton's transition team immediately.

B. Issue: Permanent Extension of the Low-Income Housing Tax Credit (LIHTC) Program

1. The LIHTC program allows each State to provide tax credits to developers who build or substantially rehabilitate rental housing for very low income tenants. The amount of credits are equal to \$1.25 per capita (state population) each year.
2. The LIHTC program is Florida's major program for the production of rental housing, with over 7,590 units produced this year, and over 27,292 units produced since the program's inception in 1987.
3. While the program serves persons of very low income (up to 60% of median for tax credit purposes), the program is more targeted in Florida due to its combination with SAIL. The average household income of LIHTC households in Florida is \$9,360 or 26% of median.
4. The program has been subject to a periodic "sunset," with resulting starts and stops producing inefficient markets for credits and uncertainty in the development community. The program is currently in a "sunset" period.
5. The program has overwhelming support in Congress, with 332 of 435 members of the House and 86 of 100 members of the Senate co-sponsoring a permanent extension of the program last year.
6. A permanent extension passed Congress as part of the Urban Aid Tax package was subsequently vetoed by President Bush. President-elect Clinton supports a permanent extension of the program.

Recommendations:

- 70. Congress should pass a permanent extension of the LIHTC Program.**
- 71. Florida's Congressional delegation should co-sponsor such legislation.**
- 72. The Commission should work with the Governor to provide these recommendations to President-elect Clinton's transition team immediately.**

Chapter Four:
RECOMMENDATIONS TO THE SHIMBERG CENTER
FOR AFFORDABLE HOUSING

Background:

One of the legislative mandates for the Affordable Housing Study Commission calls for it "to recommend studies for the annual research agenda of the Multidisciplinary Center for Affordable Housing." The Multidisciplinary Center for Affordable Housing was established by the Legislature, under Chapter 240.5111, F.S., within the School of Building Construction of the College of Architecture of the University of Florida. The Center is directed to:

- Conduct research relating to the problems and solutions associated with the availability of affordable housing for families below the median income. This research should emphasize methods to improve the planning, design, and production of affordable housing;
- Provide public services to local, regional, and state agencies, units of government, and authorities by helping them create regulatory climates that are amenable to the introduction of affordable housing within their jurisdictions;
- Conduct special research relating to fire safety;
- Provide a focus for the teaching of new technology and skills relating to affordable housing in the state, and;
- Develop prototypes for both multifamily and single-family units.

The William E. Sadowski Affordable Housing Act amended Chapter 420.5111, F.S., to require the Multidisciplinary Center for Affordable Housing (also known as the Shimberg Center for Affordable Housing) to establish a research agenda in cooperation with the Department of Community Affairs. In the development of its research agenda, the Shimberg Center should give priority to those studies which emphasize the planning, design, and production of affordable housing.

A. Issue: How Can the Cost of Housing Be Reduced?

1. Many factors affect the cost of housing. The HUD-sponsored Joint Venture for Affordable Housing in the 1980s identified a host of cost-reducing administrative and technical alternatives that could be considered by communities across the country. The most significant factor identified was the density of development.
2. Many other options in building materials, regulations, and procedures as well as in new construction or rehabilitation requirements collectively can have a significant impact on housing affordability.

Recommendation:

- 73. The Shimberg Center should research, document, and, where possible, demonstrate innovative housing technologies.**

B. Issue: How Can the State Fight NIMBYism?

1. NIMBYism remains one of the most significant and least tractable barriers to the production and delivery of affordable housing both in Florida and elsewhere in the United States.
2. Examples of successful affordable housing development, rehabilitation, and/or management can be found. The literature is expanding as researchers and practitioners document their findings and experiences in understanding and overcoming NIMBY attitudes.

Recommendation:

- 74. The Shimberg Center should continue to identify and document models of affordable housing production that were faced with and overcame a NIMBY attitude. The objective of this research will be to develop a structure to the process for preventing or mitigating the NIMBY reaction to affordable housing activities.**

C. Issue: What are the Differences in Housing Cost Data Across the State?

1. A study should assess which type of housing units are most cost-effectively produced.
2. Valuable raw data on housing costs exist within DCA and HFA, but it has not been systematically collected and analyzed.

Recommendations:

- 75. The Shimberg Center should create a database on housing costs.**
- 76. This effort should include consideration of subsidies, final unit costs, and occupancy costs (rent and utilities) for income-eligible households.**
- 77. The Shimberg Center's database can be taken from several State-administered programs, including the Small Cities-CDBG, SAIL, and LIHTC programs.**
- 78. Lastly, the Shimberg Center should categorize projects by location, unit size or construction type (new versus rehabilitation) because the costs will vary significantly.**

D. Issue: What are the Regional Effects of Impact Fees?

1. Each local government has the ability to enact development impact fees to offset the public costs of housing development.
2. The public costs associated with housing development, especially in areas which do not have established infrastructure, may include new classrooms, roads, water and sewer lines, extension of utilities, and increased public safety.
3. Rather than paying the additional cost of impact fees associated with living near employment centers, families often choose to live in outlying counties.
4. Although housing impact fees are often less in outlying counties, these new households tend to clog roads not designed to handle increased traffic and place increased demands on the infrastructure of the outlying counties.
5. Rarely, if ever, are the regional and statewide impacts of such exurban movement analyzed.

Recommendations:

- 79. The Shimberg Center should examine the regional and statewide implications of impact fees, especially as it relates to affordable housing costs.**

E. Issue: Should the State's Building Codes be Changed Because of Hurricane Andrew's Impact?

1. In the wake of the massive destruction caused by Hurricane Andrew in South Florida, many people criticized the adequacy of the State's existing building codes.
2. Criticism was also directed at the adequacy of code enforcement in the devastated communities.
3. The State's Board of Building Codes and Standards is charged by the Governor with periodically reviewing the adequacy of the State's windload requirements.

Recommendation:

80. In conjunction with the Board of Building Codes and Standards, the Shimberg Center should initiate an independent investigation of the adequacy of the State's various building codes, relative to:

- windload requirements,
- related elements,
- code enforcement, and
- economic feasibility.

F. Issue: Should Manufactured Housing Continue to be Used as an Affordable Housing Alternative?

1. For many years manufactured housing has provided an affordable alternative to many limited income families, especially the elderly.
2. As a result of Hurricane Andrew, there was massive (often total) destruction to these units versus their site-built counterparts.
3. Many individuals, community groups, and local governments have expressed concern that no new manufactured homes should be permitted in the State, especially in South Florida, despite increased costs associated with alternative, site built housing units.
4. Industry and federal officials have recently stated that plans are underway to establish new construction and installation standards that will make these units more hurricane resistant.

Recommendations:

81. The Shimberg Center should conduct a study to determine whether:

- **Manufactured homes are a viable housing product in Florida,**
- **The existing manufactured houses were constructed and installed according to standard,**
- **The new standards proposed by industry and the federal government will make any substantial cost and installation changes,**
- **There are any other alternatives for continued, but safer use of manufactured homes, and if**
- **Differences exist between building codes in different locations.**

G. Issue: How Can Chapters 380 and 163, F.S., Be Amended To Provide for Landowner/Developer Incentives To Participate in Affordable Housing Programs?

1. The current reference to affordable housing is weak and nondescriptive.
2. The current implementation at the regional planning council level tends to be primitive in that assumed affordable housing impacts are assessed a fee, much like an impact fee, without clear justification for fee amounts. In some cases fee amounts are so slight that developers find it most desirable to pay, thus avoiding the problem, and at the same time avoid providing real solutions.
3. Proper incentives to participate may result in more active participation in affordable housing developments within the context of Chapter 380 projects.

Recommendation:

82. The Shimberg Center should examine the issue of providing incentives to development of regional impact developers to promote affordable housing production. Further, the Shimberg Center should develop recommendations for the Legislature and DCA concerning these incentives.

H. Issue: What are the Impacts of Inclusionary Zoning Practices on Affordable Housing Production?

1. An inclusionary zoning ordinance is a land-use regulation technique through which developers are required, or are, alternatively, given incentives, to provide affordable housing in conjunction with development approval of their proposed project.
2. Exclusionary zoning, on the other hand, are land-use practices or regulations that exclude certain classes of residential structures from being built in all or substantial part of a local jurisdiction.

-
3. Some local governments are turning towards inclusionary housing programs and the development of inclusionary housing policies through regulatory reform to address the negative effects of exclusionary zoning. However, certain forms of inclusionary zoning raise certain constitutional issues and the best mix of elements for a successful inclusionary housing program have not been fully explored.
 4. While Florida has made strides in promoting regulatory reform of land-use regulations and development permitting, additional research and technical assistance needs to be completed.

Recommendations:

83. **The Shimberg Center should research the effectiveness of inclusionary zoning practices on the production of affordable housing units. Additionally, the Center should examine and develop models of successful inclusionary housing programs.**

Chapter Five:
ISSUES FOR FUTURE ANALYSIS

Background:

During the course of its proceedings, the Commission established an ambitious agenda of workplan items for consideration and analysis by its subcommittees. Although much was accomplished during the initial group of meetings, there were a series of issues which the Commission determined to need further consideration. The Commission will address these issues during its 1993 efforts.

A. Determine the Appropriate Direction for Future State Housing Policy

1. With the enactment of the William E. Sadowski Affordable Housing Act, the State of Florida now has a stable and adequate source of funds for housing. Ultimately, the funds will be divided sixty-nine percent (69%) to local governments and thirty-one percent (31%) to the State.
2. During the next year the State will monitor the distribution of these funds through the State and Local Government Housing Trust Funds to address housing needs across the State.
3. After reviewing the progress of the SHIP program and other state-administered housing programs, the State should reevaluate its role in administering statewide housing programs to ensure that all affordable housing needs are being adequately addressed.

Issues for Future Analysis:

1. **The Commission should conduct a detailed analysis of each state housing program, including programs at the Department of Community Affairs, the Florida Housing Finance Agency, the Department of Health and Rehabilitative Services, and the Department of Insurance. It should determine the target population of these programs, the number and type of persons actually served by these programs, and the costs of the programs.**
2. **The Commission should review the information available concerning the demand for affordable housing throughout the State.**
3. **Based on its findings pursuant to the above-mentioned issues, the Commission should identify the housing needs groups which require**

additional State resources and recommend strategies to best utilize the State's resources.

B. Review Potential Changes to the Community Development Corporation Support and Assistance Program (CDCSAP) Concerning Affordable Housing

1. A September 1992 report by the Ford Foundation contained a number of findings and recommendations concerning CDCSAP and its relationship with the State's affordable housing programs.
2. Initially, the CDCs receiving funds through the CDCSAP focused more on economic development projects, rather than housing rehabilitation or production projects. However, currently, most CDCs direct their efforts to affordable housing production projects.
3. Currently, the CDCSAP does not have an annual dedicated source of funds.

Issues for Future Analysis:

1. **Staff should review the relationship of the CDCSAP to the State's housing production programs.**
2. **Before programmatic changes are made, an analysis of the impact of such changes on the CDCSAP should be conducted.**
3. **The Commission should review and consider a dedicated funding source for the CDCSAP.**

C. Analyze Proposed Changes to the SAIL Program

1. The SAIL Program was created in 1988, as a method of effectively combining several of the State's comprehensive guidelines for affordable housing.
2. Since that time this program has produced more than 21,000 affordable housing units.
3. During this time there have been several comprehensive analyses of the program, but most of them have focused on the program's compliance with State standards.
4. On September 2, 1992 the State Auditor General released a performance audit concerning SAIL, which reported that, "The Program has achieved its intended effect of providing rental housing for very low-income individuals and families."

-
5. However, one of the recommendations contained in this report has raised concern about the practice of deferring interest payments for developers with cash flow problems.

Issues for Future Analysis:

4. **The Commission should examine the proposed rule changes to determine whether the issue raised in the 1992 Auditor General report on the SAIL Program is adequately addressed, without inflicting harm to the program's long-term delivery system.**
 5. **The Commission should determine whether additional social services should be required of future SAIL developers.**
- D. Provide Uniformity in Housing Terminology Used Throughout Florida's Housing Planning and Program Requirements**

1. Currently there are inconsistencies in terminology throughout Florida's housing planning and program requirements. For example, "affordable" in section 420.0004(3), F.S. takes into account monthly utility costs; the definition of affordable in the Sadowski Act, section 420.9071(3), F.S., and in section 420.602, F.S. does not consider utilities. Substandard housing is defined in section 420.0004(12), F.S., but in section 163.3177(6)(f), F.S. each local government is directed to use its own definition of substandard housing.
2. All these planning and program terminology inconsistencies result in an inability to make accurate statewide needs assessments, require local governments to collect duplicative information, and can even result in loss of funds for some programs. For example, the NAHA has a 15% set-aside for CHDOs. To qualify as a CHDO, the organization must have a minimum of one-third board of directors representation from the community to be served. But community-based organizations, as currently defined in various Florida planning requirements and programs, require no representation from members of the community to be served.

Issues for Future Analysis:

6. **The Commission should address inconsistent definitions in the statutes and rules, i.e. Chapter 163, Part II., F.S., Chapter 420, F.S., and Rule 9J-5, F.A.C.. At a minimum, the Commission should examine the definitions for moderate income, substandard housing, persons (or households) with special housing needs, designated area, and affordability. Information that will be needed to provide an adequate examination of definitional changes includes:**

-
- A copy of each inconsistent definition;
 - The statutory and/or rule reference;
 - The programs governed by each definition;
 - If available, an explanation of the rationale for the adoption of each definition;
 - An analysis of the difference between definitions, and;
 - The consequences of adopting any changes to the definitions.
7. The Commission should consider amendments to Chapter 163, Part II., F.S., Chapter 420, F.S., and Rule 9J-5, F.A.C. to ensure (1) consistency with federal law (in those instances where federal dollars will be lost due to inconsistencies); (2) uniformity, when possible or desirable, in definitions found in the Florida Statutes; and (3) targeting of money for special needs persons only if they are burdened by limited incomes.

E. Review the Impact of Changes in the HFA Mission Statement

1. The current mission statement for the HFA is found in section 420.502, F.S., the "legislative findings" section of the HFA Act.
2. The mission statement has remained virtually unchanged since its adoption in 1980, and has a disproportionate emphasis on the financial and construction stimulation roles of the HFA.
3. The mission statement does not mention provision of housing for very low income Floridians which has become a major component of the HFA's mission. The statement does mention middle income residents which are no longer a target group for HFA programs.

Issue for Future Analysis:

8. The Commission should review the impact of amending section 420.502, F.S., to more accurately reflect the current mission of the HFA.

F. Evaluate Changes in the Small Cities-Community Development Block Grant Program (CDBG)

1. Currently, the State-administered CDBG Program does not reward, in terms of application points, local government applications which include leveraging efforts.
2. Although Guideline 2 calls for State money to be "heavily leveraged," the Commission recognizes that every community will not be able to leverage State funds.

-
3. However, failure to include some form of competitive consideration to local match providers conflicts with Guideline 5, which states that the State should offer assistance to local governments which produce some incentives and financial assistance for requested State program funds.
 4. On September 2 and 3, 1992, a CDBG Program Redesign Ad Hoc Work Group convened to finalize their recommendations concerning the Small Cities-CDBG Program, including changes to the existing competitive allocation system and recommendations for a formula allocation system. For the existing competitive allocation system, the group recommended that both the Housing and Neighborhood Revitalization Components be expanded to show competitive scoring consideration for applications including:
 - established public housing authorities,
 - use of other local, state or federal housing,
 - code enforcement and continued maintenance,
 - adopted affordable housing policies,
 - program income generated,
 - accomplishments (made towards addressing or eliminating established) versus (acknowledged) need, and
 - local participation in the Community Reinvestment Act.

Issue for Future Analysis:

9. **The Commission should review the 1992 final report of the CDBG Program Redesign Ad Hoc Work Group and develop recommendations concerning the Small Cities-CDBG Program, where necessary and feasible.**

G. Promote Coordination Between the Local Government Comprehensive Plan Housing Element, the Local CHAS, and the Local SHIP Housing Assistance Plan

1. With the passage of the National Affordable Housing Act and the William E. Sadowski Affordable Housing Act, there is a meaningful opportunity for local governments to implement their housing elements and a need for these housing elements to be compatible with the plans that local governments are required to submit for federal and State funding.
2. Coordination of these three planning documents will in many instances eliminate duplicate efforts and reduce paperwork.

Issues for Future Analysis:

10. **The Commission should examine means to ensure better coordination between local government CHASs, the housing elements of local government comprehensive plan, and SHIP reporting requirements.**

-
- 11. The Commission should work with DCA to examine strategies which ensure that funding provided through the SHIP program is spent by local governments consistent with the needs identified in the local comprehensive plans.**

H. Review Revenue Disbursement in the SHIP Program

1. The Sadowski Act provides for a distribution to the local governments based on population, with a minimum of \$250,000 per county.
2. Examination of this year's distribution and usage of the SHIP funds will provide valuable operational information to HFA.

Issue for Future Analysis:

- 12. The Commission should review the operation of the SHIP Program based on the current method of distribution to determine whether or not this method best addresses the State's housing needs.**

I. Examine Tax Abatement Strategies to Promote Affordable Housing Production

1. Tax policies significantly impact the development of affordable housing, because taxes are reflected directly on the cost of the housing. Changes to the State's tax policies may require constitutional changes and/or legislative approval and action.
2. To stimulate housing production, policies addressing tax abatement can be developed at the State and/or local level.

Recommendation:

- 13. The Commission should examine the use of tax policy adjustments, including ad valorem tax relief, to promote the production of affordable housing. In its examination of the issue, the Commission should research other states to determine what action they have taken and which incentives have proven effective.**

APPENDICES

Appendix A:
SYNOPSIS OF THE AFFORDABLE HOUSING STUDY COMMISSION
RECOMMENDATIONS

1. The Commission supports the legislation permitting Dade County to opt into the Sadowski Act.
2. If this legislation passes, the Commission also recommends that:
 - No changes be made in the formula allocation to distribute the Local Government Housing Trust Fund monies through the SHIP program, and;
 - No reductions be made in the appropriations to other State housing programs funded through the State Housing Trust Fund.
3. The State should appropriate unused portions of the State Housing Trust Fund to other affordable housing programs in the Sadowski Act and not to unrelated programs or administrative costs.
4. The Commission supports the recommendations contained within this chapter for action by the 1993 Legislature.
5. Other amendments which would substantially change the Sadowski Act should be deferred until the Sadowski-funded housing programs have operated for at least one year.
6. The Legislature should repeal sections 420.33 through 420.35, F.S., the Elderly Homeowner Rehabilitation Program, providing that section 18 of the Sadowski Act, the Low Income Emergency Home Repair Program, is funded by the 1993 Legislature at the same or higher level as the 1992 Elderly Homeowner Rehabilitation Program.
7. The Legislature should move the Predevelopment Loan Program, administered by the HFA, within the HFA statute (Chapter 420, Part V., F.S.).
8. The Legislature should provide a requirement for income qualification of farmworkers within the Predevelopment Loan Program.
9. The Legislature should correct the reference for population data within the SAIL Program.
10. The Legislature should allow for longer loan terms within the SAIL Program.

-
11. The Legislature should provide for the ability for the Governor to remove a HFA Board member for non-attendance at meetings.
 12. The Legislature should clarify the definition for local housing partnership in section 420.9071(16), F.S., to read as follows:

"Local housing partnership" means an ongoing group of individuals and organizations from the public and private sector including, but not limited to, local government; lending institutions; for profit and nonprofit housing developers; community-based organizations; social service organizations, including but not limited to consumer counseling services, day care providers and health care providers; and providers of services related to affordable housing, including but not limited to transportation, for the purpose of designing, formulating and monitoring the local housing assistance program. Local housing partnerships may include, but not be limited to, the members of the local housing advisory committee.
 13. The Legislature should amend section 420.9072(2)(b)2, F.S., to read as follows:

Establishment of a local housing assistance program, designed by a local housing partnership.
 14. The Legislature should amend section 420.9072(2)(b)3, F.S., to read as follows:

Designation of the responsibility for the administration implementation of the local housing partnership and local housing assistance program. Such ordinance may also provide for the contracting of all or part of the staffing of the local housing partnership and the administrative or other functions of the program to a third party or entity. If the local government selects to have the HFA administer its SHIP funds, the HFA shall not be held responsible for providing staff services to the local housing partnership. In these cases, the local government may use up to five percent (5%) of its SHIP administrative funds to provide staff support services to the local housing partnership or to contract for such staff support.
 15. The Legislature should amend section 420.9075(7), F.S., to add new language to read as follows:
 - (h) A description of the local housing partnership which designed and monitored the local housing assistance program.
 - (i) Report of local housing partnership.
 16. The Legislature should amend section 420.9075(8), F.S., to read as follows:

The report shall be approved by the local government pursuant to public hearing, with sufficient time for public comment to be included. The county or eligible municipality shall notice the hearing for the annual report approval in a newspaper of
-

general paid circulation in the county and periodicals serving ethnic and diverse neighborhoods at least 30 days prior to the hearing. Such notice must contain the time, date, and place of the public hearing and a short and concise summary of the report. The notice must state the public place where a copy of the tentative report can be obtained by interested persons. Written public comments shall identify the resident by name, address, and interest affected, and a copy of such written comments shall be attached to the annual report submitted to the department and the agency.

17. To ensure that the partnership's report is available to the State and the public, the Legislature should amend section 420.9075(10), F.S., to read as follows:

If, as a result of the review of such report including the local housing partnership report and public comment, or at any other time, the agency or the department determines that a county or eligible municipality may have violated established a pattern of violation of the criteria for a local housing assistance program...

18. In order to provide statutory consistency and relevant experience, the Legislature should amend section 420.9076(2), F.S., to read as follows:

- (a) one citizen who is actively engaged in the residential home building industry in connection with affordable housing.
- (b) ...or mortgage banking industry in connection with affordable housing.
- (c) one citizen who is actively engaged in an area of labor in connection with affordable housing.
- (d) one citizen who is actively engaged as an advocate for very low and low income persons in connection with affordable housing.
- (e) one citizen who is actively engaged as a provider of affordable housing.
- (f) one citizen who is actively engaged as a real estate professional in connection with affordable housing.

If a local government, due to its small size, or other reasonable factor is unable to appoint a citizen actively engaged in these activities in connection with affordable housing, a citizen engaged in the activity, without regard to affordable housing, may be appointed.

19. The Legislature should amend section 420.9076(4), F.S., to read as follows:

- (i) The modification of street sidewalk requirements.
- (j) The modification or waiver of current construction standards as applicable to rehabilitation or revitalization of developed properties, whether public or private.
- (k) The preparation of a printed inventory of locally owned public lands suitable for affordable housing.

-
20. The Legislature should amend section 420.9076(7), F.S., to read as follows:
- ...The notice must include a copy of the approved plan together with written public comments, and a concise statement by the local government explaining why it did not include those recommendations made by the advisory committee or the public in those instances where recommendations were made, but not adopted.
21. The Legislature should amend the SHIP statute to ensure that local governments do not supplant existing funding sources for affordable housing activities, such as CDBG monies, with SHIP funds. SHIP funds should be utilized in addition to existing resources.
22. The Legislature should amend section 420.9072, F.S., State Housing Initiatives Partnership Program to read as follows:
- The State Housing Initiatives Partnership Program is created for the purpose of providing funds to local governments as an incentive for the creation of local housing partnerships, to expand production produce and preserve affordable housing, and increase housing related employment.
23. The Legislature should delete section 420.9073(4), F.S., which states "Funds distributed pursuant to this section may not be pledged to pay debt service on any bonds."
24. The Legislature should amend section 420.9075(3)(j), F.S., to read as follows:
- Each county, eligible municipality, or entity formed through interlocal agreement to participate in the State Housing Initiatives Partnership Program to implement a local housing assistance program must develop a qualification system for applications for awards consistent with the intent of its local housing assistance program and ss.420.907-420.9079, F.S..
25. The Legislature should amend section 420.9075(k), F.S., to read as follows:
- (k) The staff or entity that has administrative authority for a local housing assistance program assisting rental developments shall annually monitor and determine tenant eligibility ~~and the amount of subsidy.~~
26. The Legislature should move section 420.9075(3)(j) & (k), F.S., to section 420.9075(2)(e) & (f), F.S..
27. The Legislature should amend section 420.9075(2)(b), F.S., to read as follows:
- The county or the eligible municipality shall adopt criteria for the selection of eligible persons and eligible sponsors and a maximum award schedule or system of amounts
-

that is commensurate with the intent of its local housing assistance program and ss. 420.907-420.9079, F.S..

28. The Legislature should amend section 420.9071, F.S., to include:

"Community-based Organization" means a nonprofit organization that has among its purposes the provision of affordable housing to persons who have special needs or have very low-income, low-income, or moderate-income within a designated area. The designated area may include a municipality, a county, or more than one municipality or county. Through a minimum one-third representation on its governing board, the organization maintains accountability to housing program beneficiaries and residents of the designated area. A community housing development organization established pursuant to 24 CFR, Part 92.2 and a community development corporation created pursuant to Chapter 290, F.S., are examples of community-based organizations.

29. The Legislature should amend section 420.9071(8), F.S., to read as follows:

"Eligible municipality" means a municipality that is eligible for federal community development block grants grant entitlement monies as an entitlement community identified in 24 C.F.R. section 570, Subpart D, Entitlement Grants or a nonentitlement municipality which is receiving local housing distribution funds pursuant to an interlocal agreement.

30. The Legislature should amend section 420.9071(10), F.S., to read as follows:

"Eligible Sponsor" change "loan" to "award".

31. The Legislature should amend section 420.9075(2)(c), F.S., to read as follows:

In accordance with the provision of...it is unlawful to discriminate on the basis of race, creed, religion...in the award loan application process for eligible housing.

32. The Legislature should amend the definition for local housing assistance program in section 420.9071(14), F.S., to read as follows:

"Local housing assistance program" means the collection of housing strategies permitted in section 420.9072(7), F.S., established by local government to make affordable residential units available to persons of very low-income, low-income, or moderate-income and to persons who have special housing needs, including, but not limited to, homeless persons and migrant farmworkers.

-
33. The Legislature should amend section 420.9071, F.S., to include the following definition:
- "Rent Subsidies" means ongoing monthly rental assistance. Rent Subsidies does not include move-in assistance such as grants or loans for security and utility deposits.
34. The Legislature should amend section 420.9075(9), F.S., to read as follows:
- ...The Department shall include a summary of local housing activities, agency comment, and public comment in the annual housing report...
35. The Legislature should amend section 420.9075(7), F.S., to read as follows:
- (a) The number of households ~~people~~ served by income category,...
 - (d) By income category, the number of mortgages made, average mortgage amount, and the rate of default.
 - (g) Appraised value of housing produced and accounting for what percentage was financed by the local housing distribution; other public monies; and private resources.
36. The 1993 Legislature should amend section 420.9075(2), F.S., to add the following:
- (g) The county or eligible municipality shall establish a 30 day application period for a 15% funding set-aside for community-based organizations.
37. The Legislature should amend Chapter 163, F.S., housing element requirements, to take into consideration CHAS and SHIP requirements. This would include adding requirements for strategies to meet the needs of persons with special housing needs (including the homeless), and very low income persons, as well as requirements for regulatory reform.
38. The Legislature should amend Chapter 163, F.S., to ensure that its requirements provide for local government housing strategies that give greater weight to the jobs-housing balance. Strategies should promote the creation or preservation of affordable housing which minimizes the need for additional community services. These strategies could include public facility capacity set-asides for "certified" affordable housing development, increased density overlays, scattered site development, and concurrency flexibility or waivers.
39. Within each Evaluation and Appraisal Report on the local government comprehensive plans, the Legislature should ensure that local governments are required to include an analysis of the impact that their future land use, transportation, and capital improvement elements have on affordable housing.

-
40. The Legislature should amend Chapter 420, F.S. and Chapter 163, F.S. to provide for local housing data collection and analysis methodology to be determined by the State. Housing data collection and analysis should be the responsibility of the State unless the local government at its option chooses to perform its own housing data collection and analysis using the State methodology. The data collected should be used by local governments and the State to assess housing needs and help measure progress toward meeting the housing needs of all Floridians.
 41. The Legislature should amend Chapter 163, F.S., and the SHIP Program to provide incentives for the use of interlocal agreements whereby the elimination of substandard housing could be addressed for smaller communities without funding resources, subject to reasonable conditions for the sharing of housing resources. An enforcement mechanism tied to plan compliance would also be necessary.
 42. The Legislature should appropriate adequate funds to the Housing Finance Agency from HFA trust funds to adequately administer and market the State's housing programs.
 43. The Legislature should amend section 163.3177(6)(f)4, F.S., to include the term "the homeless."
 44. The Legislature should create a state housing and shelter production program to be administered by the HFA with the goal of eliminating homelessness.
 45. The Legislature should amend section 420.609, F.S. to add three at-large members to the Commission.
 46. The Legislature should amend section 420.609, F.S. to authorize the Governor to remove or suspend a member for cause, including, but not limited to, failure to attend at least three meetings of the Commission annually.
 47. Although the State will always need a certain amount of highly trained staff to conduct program monitoring and some limited technical assistance, extensive training and/or technical assistance should be provided through State housing program funds by professional trainers or consultants on a cost effective basis rather than through permanent State or local government staff.
 48. The State should ensure that greater technical assistance and financial support to local governments and community-based organizations is provided, with the immediate objective of increasing local government capacity, the certification of CHDOs, and community-based organization capacity building and housing productivity.
 49. The Commission recommends that DCA, in conjunction with the Florida Board of Building Codes and Standards, examine alternatives for modifying Chapter 553, F.S., in order to provide a building rehabilitation code for affordable housing units that

protects the health, safety, and welfare of the occupant while contributing to the supply of affordable housing in Florida.

50. More points should be given to applicants that provide a diversity of services, as long as competitive funds are distributed statewide by means of:
- geographic dispersion,
 - tiered competition among like-sized communities, and
 - provision of more points for the delivery of or proximity to existing social services than for existing infrastructure.
51. The State should provide some form of assistance (eg. bonus prioritized funding) to local governments that provide some incentives for affordable housing development. Local incentives may include the following:
- expedited local plan amendments,
 - appropriate zoning,
 - impact fee reductions or waivers,
 - expedited permit process,
 - density bonuses, and
 - local financial investments,
 - permit fee reductions or waivers.
52. The Commission recommends that applicants for housing program funds consider the following items as administrative costs:
- salaries and fringe benefits,
 - rent,
 - utilities and telephone,
 - reproduction and printing,
 - postage,
 - office furnishings and supplies,
 - insurance,
 - audit reports, and
 - general program support (including legal, accounting, purchasing and other general administrative services).
53. The Commission recommends that applicants consider the following items as project-related costs:
- affirmative marketing and fair housing costs,
 - travel,
 - training,
 - market and feasibility studies,
 - professional consulting fees, and

-
- application and filing fees, including
 - ◀ private lender origination fees
 - ◀ credit reports
 - ◀ title reports
 - ◀ recording fees
 - ◀ preparation and filing of legal documents
 - ◀ private lender appraisal fees
 - ◀ loan processing fees
 - ◀ other customary finance related fees.
54. The Commission recommends that the HFA examine the possibility of issuing promissory notes, instead of second mortgages, for organizations applying to the EHCL Program.
55. The Commission also recommends that the HFA review and streamline the application process for the EHCL Program, including but not limited to, the elimination of city and/or county approval of the loan application.
56. HFA should ensure that Incentive Plans accomplish the following:
- list each recommended reform together with an explanation of the existing regulations,
 - estimate the total cost savings and specify how those savings will inure to the benefit of the eligible household, and
 - provide an explanatory statement as to the negligible effect or benefit to public health, safety, or welfare.
57. HFA should ensure that the public is given the opportunity to provide written comments for inclusion in the Incentive Plan adoption hearing.
58. HFA should ensure the following:
- For rentals: HFA should draw upon its monitoring experience of LIHTC and SAIL projects. This would include annual physical inspections, inspections of records, quarterly reports, and training sessions for management agents.
 - For homeownership: HFA should draw upon its Single-Family Mortgage Revenue Bond (MRB) monitoring program. HFA rules should cross reference or adopt the MRB handbook by reference, if it is to be used in the same manner. Local governments and citizens should be given a summary of these complicated rules in the adopted SHIP rule.
59. HFA should provide by rule a format for this reporting of information.
-

-
60. HFA should ensure that the annual report, beginning 24 months from adoption of the local government enabling ordinance, includes an annual incentive plan report which documents the use of the incentives, e.g. the adoption of a density bonus ordinance is one piece of information; a report documenting the number of times the density bonus ordinance has been utilized is a much better piece of information.
 61. The annual report covering the incentive plan should also address what actions the local government has taken to remedy land development regulations found to significantly increase the cost of housing without justification (i.e. when the costs outweigh the benefits). There should be a reasonable time schedule required for implementation of remedial action.
 62. The HFA should ensure that:
 - All monies should be targeted to those persons below moderate income.
 - Monies for rental should be targeted to those persons below low income.
 - Separate scoring criteria be used for rental and homeownership.
 - Preference be given for homeless and special needs populations.
 63. The HFA should review local government annual reports to discover those eligible populations which are not being served and amend its practices within this program accordingly.
 64. The competitiveness scoring criteria used in the HOME and SAIL programs should be used as models for the SHIP Program.
 65. Points need to be attributed to each scoring criteria listed in the SHIP statute.
 66. The Commission encourages HUD to approve the second mortgages necessary for non-profit organizations to receive funds from the EHCL Program or other programs.
 67. Congress should pass a permanent extension of the MRB Program.
 68. Florida's Congressional delegation should co-sponsor such legislation.
 69. The Commission should work with the Governor to provide these recommendations to President-elect Clinton's transition team immediately.
 70. Congress should pass a permanent extension of the LIHTC Program.
 71. Florida's Congressional delegation should co-sponsor such legislation.
 72. The Commission should work with the Governor to provide these recommendations to President-elect Clinton's transition team immediately.
-

-
73. The Shimberg Center should research, document, and, where possible, demonstrate innovative housing technologies.
 74. The Shimberg Center should continue to identify and document models of affordable housing production that were faced with and overcame a NIMBY attitude. The objective of this research will be to develop a structure to the process for preventing or mitigating the NIMBY reaction to affordable housing activities.
 75. The Shimberg Center should create a database on housing costs.
 76. This effort should include consideration of subsidies, final unit costs, and occupancy costs (rent and utilities) for income-eligible households.
 77. The Shimberg Center's database can be taken from several State-administered programs, including the Small Cities-CDBG, SAIL, and LIHTC programs.
 78. Lastly, the Shimberg Center should categorize projects by location, unit size or construction type (new versus rehabilitation) because the costs will vary significantly.
 79. The Shimberg Center should examine the regional and statewide implications of impact fees, especially as it relates to affordable housing costs.
 80. In conjunction with the Board of Building Codes and Standards, the Shimberg Center should initiate an independent investigation of the adequacy of the State's various building codes, relative to:
 - windload requirements,
 - related elements,
 - code enforcement, and
 - economic feasibility.
 81. The Shimberg Center should conduct a study to determine whether:
 - Manufactured homes are a viable housing product in Florida,
 - The existing manufactured houses were constructed and installed according to standard,
 - The new standards proposed by industry and the federal government will make any substantial cost and installation changes,
 - There are any other alternatives for continued, but safer use of manufactured homes, and if
 - Differences exist between building codes in different locations.
 82. The Shimberg Center should examine the issue of providing incentives to development of regional impact developers to promote affordable housing production. Further, the

Shimberg Center should develop recommendations for the Legislature and DCA concerning these incentives.

83. The Shimberg Center should research the effectiveness of inclusionary zoning practices on the production of affordable housing units. Additionally, the Center should examine and develop models of successful inclusionary housing programs.

Appendix B:
OBSERVATIONS AND ISSUES RELATED TO
THE COMMISSION GUIDELINES

- I. Guideline 1: The private sector should be the primary delivery vehicle for housing, with state and local incentives put in place to encourage the development of affordable housing.**

Observations and Issues:

1. The term "private sector" should include both non-profit and for-profit organizations.
2. Non-profits typically provide a wider scope of services (eg. day-care, counseling and technical assistance) than for-profits.
3. Special consideration should be given to non-profit and for-profit partnerships.
4. State housing policy should be more reflective of broader community development concerns (eg. other existing land use activities, infrastructure, transportation systems, public safety and social services) than just housing development.
5. Necessary development in previously underdeveloped areas should be encouraged.
6. The Commission recommends continued support for this Guideline as proposed by the 1987 and 1988 Commissions.

- II. Guideline 2: State money should be heavily leveraged.**

Observations and Issues:

1. The Commission believes that leveraging State funds is an ideal which should be sought by each program within the practical context of their rules.
2. Presently, only FloridaFix and the State Apartment Incentive Loan Program (SAIL) specify an amount to be leveraged.
3. Both the SAIL and Elderly Homeowner Rehabilitation Program (EHR) provide additional competitive points for applicants that show leveraging (or local match).
4. Certain programs (eg. the Small Cities Community Development Block Grant Program (CDBG), the Multifamily Rental Housing Bond Program and the Single Family Mortgage Revenue Bond Program) often provide 100 percent of necessary

project funds to communities or organizations unable to provide a substantial match.

5. There is no official definition for the term "heavily leveraged."
6. A reasonable standard may be \$4.00 of applicant match for every \$1.00 of State money.
7. The Commission recommends continued support for this guideline as proposed by the 1987 and 1988 Commissions.
8. However, State housing policy should view leveraging State funds in the collective context of all of its housing programs--without expecting each program to have similar leveraging requirements.

III. Guideline 3: State money should be spent on housing production, not program administration.

Observations and Issues:

1. State housing funds are relatively scarce.
2. Ideally, all State money should be spent on housing production instead of program administration.
3. The Commission recognizes that many public and private organizations need administrative support in order to produce housing.
4. Such support is often the difference between having the opportunity to initiate a project and build upon that experience versus watching another larger, better capitalized group use available State funds.
5. Presently, most of the State housing programs offer five to ten percent administrative caps.
6. The Sadowski Act states that no more than five percent of State Housing Incentives Partnership (SHIP) funds can be spent on administrative costs.
7. It is crucial that applicants for SHIP and other State housing programs be very selective in their use of administrative funds.
8. The Commission recommends continued support for this guideline as proposed by the 1987 and 1988 Commissions.

IV. Guideline 4: State money should be used, whenever possible, as loans, not grants.

Observations and Issues:

1. Presently, nine of fifteen State housing production programs provide loans.
2. Three other programs provide grants to local governments, which use those funds to establish loans to local homeowners.
3. By establishing loans, scarce housing funds are able to be recycled for future use.
4. The Commission recommends continued support of this guideline as proposed by the 1987 and 1988 Commissions.

V. Guideline 5: Local government should provide some incentives and financial assistance, with State aid available for those that do.

Observations and Issues:

1. Nine of the State's housing production programs currently provide some form of assistance for local incentives.
2. This assistance usually takes the form of additional points during a competitive scoring process.
3. Both the State Apartment Incentive Loan (SAIL) Program and the HOME Investments Partnership Program automatically qualify successful applicants for tax credits from the Low Income Housing Tax Credit (LIHTC) Program.
4. The Commission recommends continued support of this guideline as proposed by the 1987 and 1988 Commissions.

VI. Guideline 6: Mixed income projects should be encouraged, avoiding a concentration of low income residents in one area or project.
[1987 Language]

State housing programs should maximize opportunities for people to live in mixed income developments or socio-economically diverse neighborhoods, and further, the State should oppose the negative impacts of the NIMBY syndrome. [1992 Language]

Observations and Issues:

1. Ten of the State's fifteen housing production programs presently permit mixed income developments.
2. However, most of these programs practically discourage mixed income developments because of various competitive incentives provided for additional low or very low income units produced.
3. This weighted competitive scoring often produces housing developments which may be heavily (if not exclusively) low or very low income oriented.
4. Local, state and federal government officials have become increasingly aware of local, often community or neighborhood level, resistance to the creation of new or expanded affordable housing units.
5. Local opponents often cite fears that the creation of affordable housing will lead to diminished social and economic values--or, crime will increase and property values will fall.
6. This belief is known as the "Not-In-My-Back-Yard" (NIMBY) syndrome. Left unchallenged, the NIMBY syndrome can lead to increased social and economic segregation.
7. The Commission felt that the original Guideline 6 (Mixed income projects should be encouraged, avoiding a concentration of low income residents in one area or project) needed to be expanded to accommodate current State program and housing production realities.
8. Likewise, the Commission felt it was important for the State to fight the NIMBY syndrome, which involves challenging long-held and often inaccurate beliefs about affordable housing.
9. Since encouraging mixed income developments and combating the NIMBY syndrome both involve encouraging affordable housing production in socially and economically integrated settings, the Commission recommended revised Guideline 6.

VII. Guideline 7: State money should give priority to the affordable housing needs of very low and low income persons, and special needs populations who would be considered very low or low income after their income was adjusted for their special needs costs.

Observations and Issues:

1. During the past few decades the State of Florida has experienced a phenomenal population growth, which has resulted in a widened gap between the demand for and supply of affordable housing.
2. Over the next two decades it is estimated that another 6.5 million people will move to Florida.
3. Many of these people will be elderly, service industry employees, single-parent heads of households, and low and moderate income wage earners--all of whom will need suitable, affordable housing.
4. Approximately two million more units will be needed to house these new residents by the year 2000.
5. At least thirty-five percent (35%) of the new residents in the year 2000 will comprise very low, low and moderate income households.
6. The Commission expressed concern that the State should be especially sensitive to the housing needs of its least affluent households.
7. Special needs households can be rendered less affluent as a result of needs-related expenses.
8. Although the State's affordable housing programs permit State resources to be used to address the needs of very low, low and moderate income persons, there is no mandate to address the needs of the very low and low income first.
9. Until the State published its initial Comprehensive Housing Affordability Strategy (CHAS) in 1991, there was no document which comprehensively addressed the affordable housing needs of the State's special needs population.
10. Special needs populations include the following groups:
 - persons with developmental disabilities
 - persons with mental illnesses or chemical dependency,
 - persons with AIDS or HIV disease,
 - runaway or abandoned youth,
 - public assistance recipients,

-
- migrant or seasonal farmworkers,
 - refugees,
 - elderly or disabled adults, and
 - homeless persons.
11. The Committee felt that the State should adopt a philosophy to specifically address the affordable housing needs of its least affluent and special needs populations because this segment of its citizenry is growing.

Appendix C:
ABBREVIATIONS AND ACRONYMS

AHDL	Affordable Housing Demonstration Loan Program
AHGP	Affordable Housing Guarantee Program
CBO	Community Based Organization
CDBG	Community Development Block Grant Program
CDC	Community Development Corporation
CDCSAP	Community Development Corporation Support and Assistance Program
CHAS	Comprehensive Housing Affordability Strategy
DCA	Florida Department of Community Affairs
EHCL	Elderly Home Community Loan Program
EHR	Elderly Home Rehabilitation Program
FHFA	Florida Housing Finance Agency
FS	Florida Statute
FY	Fiscal Year
HAP	Homeownership Assistance Program
HCD	Division of Housing and Community Development (DCA)
HOME	HOME Investment Partnership Program
HPTF	Housing Predevelopment Trust Fund
HRS	Florida Department of Health and Rehabilitative Services
HUD	U.S. Department of Housing and Community Development
LIHTC	Low-Income Housing Tax Credit Program
MFRHB	Multi-Family Rental Housing Bond Program
MRB	Single-Family Mortgage Revenue Bond Program
NIMBY	"Not in My Back Yard"
PLP	Predevelopment Loan Program (Formerly HPTF)
RPM	Division of Resource Planning and Management (DCA)
SAIL	State Apartment Incentive Loan Program
SHIP	State Housing Initiatives Partnership Program
WAP	Weatherization Assistance Program

Appendix D:
AFFORDABLE HOUSING STUDY COMMISSION STAFF

The Governor's Affordable Housing Study Commission gratefully acknowledges the interested parties who attended the meetings or provided written comments to assist the Commission's deliberations. The contributions of the following staff members are especially appreciated:

Department of Community Affairs

Catherine Deithorn, *Staff*, Affordable Housing Study Commission, Florida Department of Community Affairs

Andrea England, *Assistant General Counsel*, Florida Department of Community Affairs

Marcus Hepburn, *Community Program Administrator*, Division of Housing and Community Development, Florida Department of Community Affairs

Paul Noll, *Community Program Administrator*, Division of Resource Planning and Management, Florida Department of Community Affairs

L. Benjamin Starrett, *Director*, Strategic Planning and Policy Coordination Unit, Florida Department of Community Affairs

Florida Housing Finance Agency

Ron Davis, *Housing Projects Coordinator*, Florida Housing Finance Agency

Mark Hendrickson, *Executive Director*, Florida Housing Finance Agency

Fran Kling, *SHIP Program Administrator*, Florida Housing Finance Agency