

## Committee on Community Affairs

### **CS/CS/HB 437 — Community Development**

by Economic Development and Tourism Subcommittee; Finance and Tax Subcommittee; and Reps. Davis, Renuart and others (CS/CS/SB 928 by Appropriations Committee; Community Affairs Committee; and Senator Simpson)

CS/CS/HB 437 addresses a number of community development issues related to the development, funding, and maintenance of affordable housing in the state. Many of the bill's provisions are directly connected to the operation and practices of local Housing Finance Authorities (HFA) and the Florida Housing Finance Corporation (FHFC).

The bill allows HFAs to utilize a more expansive federal definition for qualified housing developments and also revises an authority's loan-making eligibility parameters. The combined effect of the changes will permit HFAs to promote more mixed-income affordable housing in the state.

A number of the bill's provisions are a direct result of recommendations generated by a joint audit and review of the FHFC. The Auditor General and the Office of Program Policy Analysis and Government Accountability (OPPAGA) conducted these examinations pursuant to Chapter 2012-127, L.O.F. Recommendations incorporated in the bill include:

- authorizing the FHFC to allocate financial resources, including federal low income housing tax credits, through a competitive solicitation process;
- revising FHFC reporting requirements to enhance information provided to the Legislature, Governor, and public;
- clarifying that the FHFC utilizes state travel reimbursement rates; and
- scheduling a 2016 operational audit of the FHFC by Auditor General.

Additional FHFC bill provisions prescribe that the corporation target a certain portion of its tax credit, revenue bond, and State Apartment Incentive Loan Program funds to address high priority affordable housing projects. Among these projects is a funding allocation specifically aimed at developing rental units tailored to persons with disabling conditions.

The bill also repeals two current provisions in statute. The first removes the Homeownership and Opportunity for People Everywhere (HOPE) program in s. 420.5091, F.S. This federal program was created in 1990. In 1992, the Legislature added the HOPE program to statute; however, it was never funded.

The second provision amends s. 196.1978, F.S., to repeal a charitable ad valorem tax exemption for property held by non-profit corporations, or a Florida-based limited partnership whose sole general partner is a corporation not for profit. Enacted in 2011, the law was intended to help non-profit builders to receive the same property tax exemptions for building larger-scale apartment projects for the needy as for building single-family houses. An unintended consequence of the legislation was the ability of for-profit developers to create a nonprofit partner for the purposes

of qualifying for the exemption. This allowed the ostensibly for-profit businesses to significantly reduce their tax bills which triggered a commensurate reduction in revenue for local governments and schools.

If approved by the Governor, these provisions take effect July 1, 2013.

*Vote: Senate 38-0; House 113-0*