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2	An act relating to community development; amending s.
3	159.603, F.S.; revising the definition of "qualifying
4	housing development"; amending s. 159.608, F.S.;
5	revising the power of a housing finance authority to
6	make loans directly to eligible persons; amending s.
7	196.1978, F.S.; deleting an ad valorem tax exemption
8	for property owned by certain Florida-based limited
9	partnerships and used for affordable housing for
10	certain income-qualified persons; providing for
11	retroactive application; amending s. 420.507, F.S.;
12	revising the powers of the Florida Housing Finance
13	Corporation; specifying how the corporation will
14	allocate certain funds; amending s. 420.5087, F.S.;
15	revising provisions relating to state apartment
16	incentive loans to provide for a competitive
17	evaluation and selection process with respect to loan
18	applications; amending s. 420.511, F.S.; providing
19	that the corporation's strategic business plan must be
20	consistent with a long-range program plan relating to
21	affordable housing; deleting a requirement that the
22	corporation compile certain data; revising provisions
23	relating to the corporation's development of its long-
24	range plan; revising the required contents and
25	information to be included in the corporation's annual
26	report; requiring the corporation to submit separate
27	audited financial statements that include specified
28	information and incorporate certain reports; requiring
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29	the Auditor General to conduct an operational audit of
30	the corporation and provide a written report to the
31	Legislature; amending ss. 420.0003, 420.0006, 420.504,
32	and 420.506, F.S.; conforming provisions to changes
33	made by this act; repealing s. 420.5091, F.S.,
34	relating to the federal Homeownership and Opportunity
35	for People Everywhere (HOPE) program; providing
36	effective dates.
37	
38	Be It Enacted by the Legislature of the State of Florida:
39	
40	Section 1. Subsection (6) of section 159.603, Florida
41	Statutes, is amended to read:
42	159.603 Definitions.—As used in this part, the following
43	words and terms have the following meanings unless the context
44	indicates another or different meaning or intent.
45	(6) "Qualifying housing development" means any work or
46	improvement located or to be located in <u>this</u> the state,
47	including real property, buildings, and any other real and
48	personal property, designed or intended for the primary purpose
49	of providing decent, safe, and sanitary residential housing for
50	four or more families, at least 60 percent of whom are eligible
51	persons, whether new construction, the acquisition of existing
52	residential housing, or the remodeling, improvement,
53	rehabilitation, or reconstruction of existing housing, together
54	with such related nonhousing facilities as the authority
55	determines to be necessary, convenient, or desirable.
56	(a) The term includes a housing development that meets the
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57 definition of a "qualified low-income housing project" under s. 42(g) of the Internal Revenue Code, regardless of whether such 58 59 development meets the 60-percent eligible persons requirement 60 under this subsection. 61 The exception provided under paragraph (a) applies to (b) 62 all housing developments meeting the federal definition for "qualified low-income housing project" as well as all 63 developments that previously qualified under the state 64 definition for "qualifying housing development." Housing finance 65 authorities may enter into regulatory agreement amendments as 66 67 necessary to accommodate housing developments that qualify under 68 paragraph (a). 69 Section 2. Subsection (8) of section 159.608, Florida 70 Statutes, is amended to read: 71 159.608 Powers of housing finance authorities.-A housing 72 finance authority shall constitute a public body corporate and 73 politic, exercising the public and essential governmental functions set forth in this act, and shall exercise its power to 74 borrow only for the purpose as provided herein: 75 76 To make loans directly to eligible persons or families (8) 77 who otherwise cannot borrow from conventional lending sources 78 and whose annual income does not exceed 80 percent of the median 79 income based on a family of up to four persons for the county in 80 which they seek to purchase a residence. The housing finance 81 authority may adjust the annual income requirements for families 82 of greater than four persons. Such loans must be secured by either first mortgages or subordinated mortgages and must be 83 used to purchase, construct, rehabilitate, or refinance single-84

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family residences that have purchase prices that do not exceed the purchase price limits of; however, the purchase price of any residence financed through such a loan may not exceed 90 percent of the median sales price for single-family homes in the county where the borrower's residence is to be located, as mandated by federal law for tax-exempt single-family bond programs.

91 Section 3. Effective upon this act becoming a law and 92 operating retroactively to the 2013 tax roll, section 196.1978, 93 Florida Statutes, is amended to read:

196.1978 Affordable housing property exemption.-Property 94 95 used to provide affordable housing to serving eligible persons 96 as defined by s. 159.603 $\frac{159.603(7)}{159.603(7)}$ and natural persons or 97 families meeting the extremely-low-income, very-low-income, low-98 income, or moderate-income limits specified in s. 420.0004, 99 which property is owned entirely by a nonprofit entity that is a corporation not for profit, qualified as charitable under s. 100 501(c)(3) of the Internal Revenue Code and in compliance with 101 Rev. Proc. 96-32, 1996-1 C.B. 717, is or a Florida-based limited 102 partnership, the sole general partner of which is a corporation 103 104 not for profit which is qualified as charitable under s. 105 501(c)(3) of the Internal Revenue Code and which complies with 106 Rev. Proc. 96-32, 1996-1 C.B. 717, shall be considered property 107 owned by an exempt entity and used for a charitable purpose, and those portions of the affordable housing property that which 108 109 provide housing to natural persons or families classified as 110 extremely low income, very low income, low income, or moderate 111 income under s. 420.0004 are shall be exempt from ad valorem taxation to the extent authorized under in s. 196.196. All 112

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113 property identified in this section must shall comply with the 114 criteria provided under s. 196.195 for determining determination 115 of exempt status and to be applied by property appraisers on an 116 annual basis as defined in s. 196.195. The Legislature intends 117 that any property owned by a limited liability company or 118 limited partnership which is disregarded as an entity for 119 federal income tax purposes pursuant to Treasury Regulation 120 301.7701-3(b)(1)(ii) shall be treated as owned by its sole 121 member or sole general partner.

Section 4. Paragraph (h) of subsection (22) and subsection (48) of section 420.507, Florida Statutes, are amended, and subsection (49) is added to that section, to read:

420.507 Powers of the corporation.—The corporation shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this part, including the following powers, which are in addition to all other powers granted by other provisions of this part:

130 (22) To develop and administer the State Apartment
131 Incentive Loan Program. In developing and administering that
132 program, the corporation may:

(h) Establish, by rule, the procedure for evaluating, scoring, and competitively evaluating and selecting ranking all applications for funding based on the criteria set forth in s. 420.5087(6)(c), + determining actual loan amounts, + making and servicing loans, + and exercising the powers authorized in this subsection.

139 (48) To <u>award</u> use up to 10 percent of its annual
140 allocation of low-income housing tax credits, nontaxable revenue

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141 bonds, and State Apartment Incentive Loan Program funds 142 appropriated by the Legislature and available to allocate by 143 request for proposals or other competitive solicitation. The 144 corporation shall reserve up to 5 percent of each allocation 145 funding for high-priority affordable housing projects, such as 146 housing to support economic development and job-creation 147 initiatives, housing for veterans and their families, and other 148 special needs populations in communities throughout the state as 149 determined by the corporation on an annual basis. The 150 corporation shall reserve an additional 5 percent of each 151 allocation for affordable housing projects that target persons 152 who have a disabling condition, as defined in s. 420.0004, and 153 their families. These allocations must prioritize projects or 154 initiatives piloting or demonstrating cost-effective best 155 practices that meet the housing needs and preferences of such 156 persons. Any tax credits or funds not allocated because of a 157 lack of eligible projects targeting persons who have a disabling 158 condition shall be distributed by the corporation for high-159 priority housing projects. 160 To adopt rules prescribing a priority to fund (49) 161 affordable housing projects in the Florida Keys Area of Critical State Concern and the City of Key West Area of Critical State 162 163 Concern where, due to challenging environmental, land use, 164 transportation, workforce, and economic factors, it is extremely 165 difficult to successfully finance, develop, and construct 166 affordable housing. 167 Section 5. Paragraphs (c) and (f) of subsection (6) of 168 section 420.5087, Florida Statutes, are amended to read:

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169 420.5087 State Apartment Incentive Loan Program.—There is 170 hereby created the State Apartment Incentive Loan Program for 171 the purpose of providing first, second, or other subordinated 172 mortgage loans or loan guarantees to sponsors, including for-173 profit, nonprofit, and public entities, to provide housing 174 affordable to very-low-income persons.

(6) On all state apartment incentive loans, except loans made to housing communities for the elderly to provide for lifesafety, building preservation, health, sanitation, or security-related repairs or improvements, the following provisions shall apply:

(c) The corporation shall provide by rule for the
establishment of a review committee composed of the department
and corporation staff and shall establish by rule a scoring
system for the competitive evaluation and selection competitive
ranking of applications submitted in this program, including,
but not limited to, the following criteria:

Tenant income and demographic targeting objectives of
 the corporation.

188 2. Targeting objectives of the corporation which will 189 ensure an equitable distribution of loans between rural and 190 urban areas.

191 3. Sponsor's agreement to reserve the units for persons or 192 families who have incomes below 50 percent of the state or local 193 median income, whichever is higher, for a time period <u>that</u> 194 <u>exceeds</u> to exceed the minimum required by federal law or the 195 provisions of this part.

196

4. Sponsor's agreement to reserve more than:

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197 Twenty percent of the units in the project for persons a. 198 or families who have incomes that do not exceed 50 percent of 199 the state or local median income, whichever is higher; or 200 Forty percent of the units in the project for persons b. 201 or families who have incomes that do not exceed 60 percent of 202 the state or local median income, whichever is higher, without 203 requiring a greater amount of the loans as provided in this 204 section. 205 5. Provision for tenant counseling. 206 Sponsor's agreement to accept rental assistance 6. 207 certificates or vouchers as payment for rent. 208 7. Projects requiring the least amount of a state 209 apartment incentive loan compared to overall project cost, 210 except that the share of the loan attributable to units serving 211 extremely-low-income persons must shall be excluded from this 212 requirement. 213 Local government contributions and local government 8. comprehensive planning and activities that promote affordable 214 215 housing. 216 9. Project feasibility. 217 10. Economic viability of the project. 218 11. Commitment of first mortgage financing. 219 12. Sponsor's prior experience. 220 Sponsor's ability to proceed with construction. 13. Projects that directly implement or assist welfare-to-221 14. 222 work transitioning. 223 Projects that reserve units for extremely-low-income 15. 224 persons.

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16. Projects that include green building principles, storm-resistant construction, or other elements that reduce long-term costs relating to maintenance, utilities, or insurance.

17. Job-creation rate of the developer and generalcontractor, as provided in s. 420.507(47).

231 The review committee established by corporation rule (f) 232 pursuant to this subsection shall make recommendations to the 233 board of directors of the corporation regarding program 234 participation under the State Apartment Incentive Loan Program. 235 The corporation board shall make the final ranking and the 236 decisions regarding which applicants shall become program 237 participants based on the scores received in the competitive 238 process ranking, further review of applications, and the 239 recommendations of the review committee. The corporation board 240 shall approve or reject applications for loans and shall 241 determine the tentative loan amount available to each applicant 242 selected for participation in the program. The actual loan 243 amount shall be determined pursuant to rule adopted pursuant to 244 s. 420.507(22)(h).

245 Section 6. Section 420.511, Florida Statutes, is amended 246 to read:

247420.511Strategic business plan; long-range program248strategic plan; annual report; audited financial statements.-

(1) The corporation shall develop a <u>strategic</u> business
 plan for the provision of affordable housing for the state. The
 plan <u>must be consistent</u> shall not be inconsistent with the <u>long-</u>
 <u>range program</u> strategic plan prepared pursuant to subsection (2)

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and shall contain performance measures and specific performance targets for the following:

(a) The ability of low-income and moderate-incomeFloridians to access housing that is decent and affordable.

(b) The continued availability and affordability ofhousing financed by the corporation to target populations.

(c) The availability of affordable financing programs,
including equity and debt products, and programs that reduce
gaps in conventional financing <u>in order</u>, to increase individual
access to housing and stimulate private production of affordable
housing.

(d) The establishment and maintenance of efficiencies inthe delivery of affordable housing.

266 (e) Such other measures as directed by the corporation's267 board of directors.

268

269 The corporation shall also compile data on the stimulus of 270 economic activity created by the affordable housing finance 271 programs administered by the corporation.

272 The corporation, in coordination equal partnership (2)273 with the department, shall develop annually develop a long-range 274 program strategic plan for the provision of affordable housing 275 in this state as Florida as part of the department's agency strategic plan required pursuant to chapter 186. In part, the 276 plan must shall include provisions that maximize the abilities 277 278 of the corporation and the department to implement the state 279 housing strategy established under s. 420.0003, to respond to 280 federal housing initiatives, and to develop programs in a manner

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that is more responsive to the needs of public and private partners. The plan shall be developed on a schedule consistent with that established by s. 186.021. For purposes of this <u>section</u> act, the executive director or his or her designee shall serve as the corporation's representative to achieve a coordinated and integrated planning relationship with the department.

(3) (a) The corporation shall submit to the Governor and the presiding officers of each house of the Legislature, within <u>6</u> 2 months after the end of its fiscal year, a complete and detailed report setting forth <u>the corporation's state and</u> <u>federal program accomplishments using the most recent available</u> data. The report must include, but is not limited to:

294 The following tenant characteristics in the existing (a) 295 rental units financed through corporation-administered programs: 296 The number of households served, delineated by income, 1. 297 race, ethnicity, and age of the head of household. 298 The number of households served in large, medium, and 2. 299 small counties as described in s. 420.5087(1) and the extent to 300 which geographic distribution has been achieved in accordance 301 with s. 420.5087. 302 3. The number of farmworker and commercial fishing worker 303 households served.

304	4.	The	number	of	homeless	house	eholds	serve	ed.
305	5.	The	number	of	special	needs	housel	nolds	served.

	5	э.	The	numper	ΟI	special	neeas	nousenolas	serve
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306 <u>6.</u> By county, the average rent charged based on unit size.

- 307 (b) The number of rental units to which resources have
- 308 been allocated in the last fiscal year, including income and

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309	demographic restrictions.
310	(c) The estimated average cost of producing units under
311	each rental or homeownership unit financed under each program in
312	the last fiscal year.
313	(d) By county, the average sales price of homeownership
314	units financed in the last fiscal year.
315	(e) The number of households served by homeownership
316	programs in the last fiscal year, including the income, race,
317	ethnicity, and age of the homeowner of each household.
318	(f) The percentage of homeownership loans that are in
319	foreclosure.
320	(g) The percentage of properties in the corporation's
321	rental portfolio which have an occupancy rate below 90 percent.
322	(h) The amount of economic stimulus created by the
323	affordable housing finance programs administered by the
324	corporation for the most recent year available.
325	(i) For the State Apartment Incentive Loan Program (SAIL),
326	a comprehensive list of all closed loans outstanding at the end
327	of the most recent fiscal year, including, but not limited to,
328	development name, city, county, developer, set-aside type, set-
329	aside percentage, affordability term, total number of units,
330	number of set-aside units, lien position, original loan amount,
331	loan maturity date, loan balance at close of year, status of
332	loan, rate of interest, and interest paid.
333	(j) For the Florida Affordable Housing Guarantee Program,
334	a list of all guaranteed loans through the close of the most
335	recent fiscal year, including, but not limited to, development
336	name, city, county, developer, total number of units, issuer of
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337	the bonds, loan maturity date, participation in the United
338	States Department of Housing and Urban Development Risk-Sharing
339	Program, original guarantee amount, guarantee amount at the
340	close of the fiscal year, status of guaranteed loans, and total
341	outstanding Florida Housing Finance Corporation Affordable
342	Housing Guarantee Program revenue bonds at the close of the most
343	recent fiscal year.
344	(k) Any other information the corporation deems
345	appropriate.
346	1. Its operations and accomplishments;
347	2. Its receipts and expenditures during its fiscal year in
348	accordance with the categories or classifications established by
349	the corporation for its operating and capital outlay purposes;
350	3. Its assets and liabilities at the end of its fiscal
351	year and the status of reserve, special, or other funds;
352	4. A schedule of its bonds outstanding at the end of its
353	fiscal year, together with a statement of the principal amounts
354	of bonds issued and redeemed during the fiscal year; and
355	5. Information relating to the corporation's activities in
356	implementing the provisions of ss. 420.5087, 420.5088, and
357	420.5095.
358	(b) The report shall include, but not be limited to:
359	1. The number of people served, delineated by income, age,
360	family size, and racial characteristics.
361	2. The number of units produced under each program.
362	3. The average cost of producing units under each program.
363	4. The average sales price of single-family units financed
364	under s. 420.5088.

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365	5. The average amount of rent charged based on unit size
366	on units financed under s. 420.5087.
367	6. The number of persons in rural communities served under
368	each program.
369	7. The number of farmworkers served under each program.
370	8. The number of homeless persons served under each
371	program.
372	9. The number of elderly persons served under each
373	program.
374	10. The extent to which geographic distribution has been
375	achieved in accordance with the provisions of s. 420.5087.
376	11. The success of the Community Workforce Housing
377	Innovation Pilot Program in meeting the housing needs of
378	eligible areas.
379	12. Any other information the corporation deems
380	appropriate.
381	(4) Within 6 months after the end of its fiscal year, the
382	corporation shall submit audited financial statements, prepared
383	in accordance with generally accepted accounting principles,
384	which include all accets lightlifting revenues and evenences of
	which include all assets, liabilities, revenues, and expenses of
385	the corporation, and a list of all bonds outstanding at the end
385 386	
	the corporation, and a list of all bonds outstanding at the end
386	the corporation, and a list of all bonds outstanding at the end of its fiscal year. The with the annual report required by this
386 387	the corporation, and a list of all bonds outstanding at the end of its fiscal year. The with the annual report required by this section, a copy of an annual financial audit of its accounts and
386 387 388	the corporation, and a list of all bonds outstanding at the end of its fiscal year. The with the annual report required by this section, a copy of an annual financial audit of its accounts and records and an annual compliance audit <u>must be</u> of its programs
386 387 388 389	the corporation, and a list of all bonds outstanding at the end of its fiscal year. The with the annual report required by this section, a copy of an annual financial audit of its accounts and records and an annual compliance audit <u>must be</u> of its programs conducted by an independent certified public accountant,

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393 auditing standards.

394 The Auditor General shall conduct an operational audit (5) 395 of the accounts and records of the corporation and provide a 396 written report on the audit to the President of the Senate and 397 the Speaker of the House of Representatives by December 1, 2016. 398 Both the corporation's business plan and annual report must 399 shall recognize the different fiscal periods under which the 400 corporation, the state, the Federal Government, and local 401 governments operate.

402 Section 7. Paragraph (b) of subsection (4) of section 403 420.0003, Florida Statutes, is amended to read:

404

420.0003 State housing strategy.-

405 (4) IMPLEMENTATION.-The Department of Economic Opportunity
406 and the Florida Housing Finance Corporation in carrying out the
407 strategy articulated herein shall have the following duties:

(b) The <u>long-range program</u> agency strategic plan of the
Department of Economic Opportunity <u>must</u> shall include specific
goals, objectives, and strategies that implement the housing
policies in this section and shall include the strategic plan
for housing production prepared by the corporation pursuant to
s. 420.511.

414 Section 8. Section 420.0006, Florida Statutes, is amended 415 to read:

416 420.0006 Authority to contract with corporation; contract 417 requirements; nonperformance.—The executive director of the 418 department shall contract, notwithstanding part I of chapter 419 287, with the Florida Housing Finance Corporation on a multiyear 420 basis to stimulate, provide, and foster affordable housing in

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421 the state. The contract must incorporate the performance 422 measures required by s. 420.511 and must be consistent with the 423 provisions of the corporation's strategic business plan prepared 424 in accordance with s. 420.511. The contract must provide that 425 if, in the event the corporation fails to comply with any of the 426 a performance measure measures required by s. 420.511, the 427 executive director shall notify the Governor and shall refer the 428 nonperformance to the department's inspector general for review 429 and determination as to whether such failure is due to forces 430 beyond the corporation's control or whether such failure is due 431 to inadequate management of the corporation's resources. 432 Advances shall continue to be made pursuant to s. 420.0005 433 during the pendency of the review by the department's inspector 434 general. If such failure is due to outside forces, it may shall 435 not be deemed a violation of the contract. If such failure is 436 due to inadequate management, the department's inspector general shall provide recommendations regarding solutions. The Governor 437 may is authorized to resolve any differences of opinion with 438 439 respect to performance under the contract and may request that 440 advances continue in the event of a failure under the contract 441 due to inadequate management. The Chief Financial Officer shall 442 approve the request absent a finding by the Chief Financial 443 Officer that continuing such advances would adversely impact the 444 state; however, in any event the Chief Financial Officer shall 445 provide advances sufficient to meet the debt service 446 requirements of the corporation and sufficient to fund contracts 447 committing funds from the State Housing Trust Fund if so long as such contracts are in accordance with the laws of this state. 448

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CODING: Words stricken are deletions; words underlined are additions.

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449 Section 9. Subsection (1) of section 420.504, Florida 450 Statutes, is amended to read:

451 420.504 Public corporation; creation, membership, terms,
452 expenses.-

453 (1) There is created within the Department of Economic 454 Opportunity A public corporation and a public body corporate and 455 politic, to be known as the "Florida Housing Finance 456 Corporation" is created within the Department of Economic 457 Opportunity." It is declared to be the intent of and 458 constitutional construction by the Legislature that the Florida 459 Housing Finance Corporation constitutes an entrepreneurial 460 public corporation organized to provide and promote the public 461 welfare by administering the governmental function of financing 462 or refinancing housing and related facilities in this state 463 Florida and that the corporation is not a department of the 464 executive branch of state government within the scope and 465 meaning of s. 6, Art. IV of the State Constitution, but is 466 functionally related to the Department of Economic Opportunity 467 in which it is placed. The executive function of state 468 government to be performed by the executive director of the 469 Department of Economic Opportunity in the conduct of the 470 business of the Florida Housing Finance Corporation must be 471 performed pursuant to a contract to monitor and set performance 472 standards for the implementation of the business plan for the 473 provision of housing approved for the corporation as provided in 474 s. 420.0006. This contract must shall include the performance standards for the provision of affordable housing in this state 475 476 Florida established in the strategic business plan described in

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477 s. 420.511.

478 Section 10. Subsection (1) of section 420.506, Florida479 Statutes, is amended to read:

480 420.506 Executive director; agents and employees;
481 inspector general.-

482 The appointment and removal of an executive director (1)483 shall be by the executive director of the Department of Economic 484 Opportunity, with the advice and consent of the corporation's 485 board of directors. The executive director shall employ legal 486 and technical experts and such other agents and employees, 487 permanent and temporary, as the corporation may require, and 488 shall communicate with and provide information to the 489 Legislature with respect to the corporation's activities. The 490 board is authorized, Notwithstanding the provisions of s. 491 216.262, the board may to develop and implement rules regarding 492 the employment of employees of the corporation and service 493 providers, including legal counsel. The board of directors of 494 the corporation is entitled to establish travel procedures and 495 guidelines for employees of the corporation, subject to s. 496 112.061(6) and (7). The executive director's office and the 497 corporation's files and records must be located in Leon County.

498 Section 11. <u>Section 420.5091</u>, Florida Statutes, is 499 repealed.

500 Section 12. Except as otherwise expressly provided in this 501 act and except for this section, which shall take effect upon 502 this act becoming a law, this act shall take effect July 1, 503 2013.

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