

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Children, Families, and Elder Affairs

BILL: CS/SB 1090

INTRODUCER: Children, Families, and Elder Affairs Committee; Senator Latvala and others

SUBJECT: Homelessness

DATE: March 25, 2014

REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------|----------------|-----------|--------|
| 1. | Crosier | Hendon | CF | Fav/CS |
| 2. | | | AP | |

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1090 requires the Department of Economic Opportunity (DEO) to provide the necessary training and technical assistance to various organizations providing assistance for affordable housing. The Department of Children and Families (DCF) is required to establish varying award levels for "Challenge Grants." The Florida Housing Finance Corporation is required to distribute the first four percent or \$8.2 million of the funds distributed from the Local Government Housing Trust Fund to DEO and DCF to provide assistance to local agencies and governments involved in the production of affordable housing.

The bill has an effective date of July 1, 2014, and would have an insignificant fiscal impact on state government.

II. Present Situation:

In s. 420.6015, F.S., the Legislature found that:

- Decent, safe, and sanitary housing for persons of very low income, low income, and moderate income are a critical need in the state;¹
- New and rehabilitated housing must be provided at a cost affordable to such persons in order to alleviate this critical need;²

¹ Section 420.6015(1), F.S.

² Section 420.6015(2), F.S.

- Special programs are needed to stimulate private enterprise to build and rehabilitate housing in order to help eradicate slum conditions and provide housing for very-low-income persons, low-income persons, and moderate-income persons as a matter of public purpose;³ and
- Public-private partnerships are an essential means of bringing together resources to provide affordable housing.⁴

In 1992 the Florida Legislature enacted the William E. Sadowski Affordable Housing Act. This Act created a dedicated source of revenue for affordable housing from a portion of documentary stamp taxes on the transfer of real estate. This legislation provided both the funding mechanism for state and local programs, as well as a flexible, but accountable framework for local programs to operate. The dedicated revenue comes from a 10 cent increase to the documentary stamp tax paid on the transfer of real estate, which began in August 1992 and a re-allocation of 10 cents of existing documentary stamp tax revenues from general revenue to the affordable housing trust funds, which began in July 1995.⁵ In 2005, the Legislature adopted a cap restricting the amount of revenue that may flow into the housing trust funds to \$243 million per year, with a mechanism for a small increase over time. The cap went into effect July 1, 2007.⁶ In 2011, the Legislature removed the cap, but created a new annual requirement starting in July 2012, which provides that the first \$75 million in documentary stamp tax collections credited to the housing trust funds is automatically transferred to the State Economic Enhancement and Development (SEED) Trust Fund within DEO.⁷

In 2001, the Florida Legislature created the State Office on Homelessness (Office) within DCF to provide interagency, council, and other related coordination on issues relating to homelessness.⁸ DCF established local coalitions to plan, network, coordinate, and monitor the delivery of services to the homeless.⁹ Groups and organizations provided the opportunity to participate in such coalitions, which include organizations and agencies providing mental health and substance abuse services; county health departments and community health centers; organizations and agencies providing food, shelter, or other services targeted to the homeless; local law enforcement agencies; regional workforce boards; county and municipal governments; local public housing authorities; local school districts and local organizations and agencies serving specific subgroups of the homeless population such as veterans, victims of domestic violence, persons with HIV/AIDS, runaway youth, and local community-based care alliances.¹⁰

These local coalitions serve as the lead agency for the local homeless assistance continuum of care (CoC).¹¹ A local CoC is a framework for a comprehensive and seamless array of emergency, transitional, and permanent housing, and service to address the various needs of the homeless and those at risk of homelessness.¹² The purpose of a CoC is to help communities or

³ Section 420.6015(6), F.S.

⁴ Section 420.6015(7), F.S.

⁵ Overview of the Florida Housing Finance Corporation, (Jan. 2014) (on file with the Senate Committee on Children, Families and Elder Affairs.)

⁶ *Id.*

⁷ *Id.*

⁸ Section 420.622(1), F.S.

⁹ Section 420.623(1), F.S.

¹⁰ Section 420.623(1)(a)-(j), F.S.

¹¹ Section 420.623(2)(a), F.S.

¹² Section 420.624(1), F.S.

regions envision, plan, and implement comprehensive and long-term solutions in a community or region.¹³

DCF interacts with the state's 28 CoCs through the Office, which serves as the state's central point of contact on homelessness. The Office has designated local entities to serve as lead agencies for local planning efforts to create homeless assistance CoC systems. The Office has made these designations in consultation with the local homeless coalitions and the Florida offices of the federal Department of Housing and Urban Development (HUD).

The CoC planning effort is an ongoing process that addresses all subpopulations of the homeless. The development of a local CoC plan is a prerequisite to applying for federal housing grants through HUD. The plan also makes the community eligible to compete for the state's Challenge Grant and Homeless Housing Assistance Grant.¹⁴

The Office is authorized to accept and administer moneys appropriated to it to provide "Challenge Grants" annually to lead agencies for homeless assistance continuums of care¹⁵ designated by the Office. The Office may award grants in an amount of up to \$500,000 per lead agency.¹⁶ A lead agency may spend a maximum of eight percent of its funding on administrative costs. To qualify for the grant, a lead agency must develop and implement a local homeless assistance continuum of care plan for its designated area.¹⁷

The Office is authorized to accept and administer moneys appropriated to it to provide Homeless Housing Assistance Grants annually to lead agencies for local homeless assistance continuum of care. The grants may not exceed \$750,000 per project and an applicant may spend a maximum of five percent of its funding on administrative costs. The grant funds must be used to acquire, construct, or rehabilitate transitional or permanent housing units for homeless persons. The funds available for the eligible grant activities may be appropriated, received from donations, gifts, or from any public or private source.¹⁸

The Legislature established the Training and Technical Assistance Program (Program) to assist staff and board members of community based organizations that needed additional training in housing development as well as technical support to assist in them in gaining the experience needed to better serve their communities.¹⁹

The training component must be designed to build the housing development capacity of community-based organizations and local governments as a permanent resource for the benefit of

¹³ Section 420.624(2), F.S.

¹⁴ *Lead Agencies*; Florida Department of Children and Families; available at: <http://www.myflfamilies.com/service-programs/homelessness/lead-agencies> (last visited Mar. 20, 2014).

¹⁵ "Section 420.621(1), F.S. defines "Continuum of Care" to mean the community components needed to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximum self-sufficiency. It includes action steps to end homelessness and prevent a return to homelessness."

¹⁶ Section 420.622(4), F.S.

¹⁷ *Id.*

¹⁸ Section 420.602(5), F.S.

¹⁹ Section 420.606(2), F.S.

communities in the state. Training activities may include workshops, seminars, and programs developed in conjunction with state universities and community colleges.²⁰

The technical assistance component must be designed to assist applicants for state-administered programs in developing applications and in expediting project implementation. Technical assistance activities for the staffs of community-based organizations and local governments who are directly involved in the production of affordable housing may include workshops for program applicants, onsite visits, and guidance in achieving project completion.²¹

DEO is required to secure the necessary expertise to provide training and technical assistance to local government and state agency staffs, community-based organizations, and to persons forming community-based organizations for the purpose of developing new housing or rehabilitating existing housing. Such housing must be affordable for moderate income, very low and low income persons.²² To meet the requirements, DEO is authorized to:

- Enter into contracts with the federal government or with other state agencies, local governments, or with any other person, association, corporation, or entity;
- Seek and accept funding from any public or private source; and
- Adopt and enforce rules consistent with the Program.

III. Effect of Proposed Changes:

Section 1 amends s. 420.6015, F.S., to include designated lead agencies of homeless assistance continuums of care, in addition to local governments and community-based organizations, as entities that DEO must provide training and technical assistance to meet the needs of homeless, very-low-income, low-income and moderate-income people. Such assistance must be provided by a nonprofit entity that meets the requirements for providing training and technical assistance.

Section 2 amends Section 420.622, F.S., to direct DCF to establish varying levels of grant awards up to \$500,000 per lead agency. DCF must specify a grant award level in the notice of the solicitation of grant application. Criteria for a lead agency to qualify for the grant is included in this section and the lead agency is required to document the commitment of local government and private organizations to provide matching funds or in-kind support in an amount equal to the grant requested. The grant may be used to fund any of the housing, program, or service needs in the local homeless assistance continuum of care plan. Sub-grants to local agencies may be provided. The lead agency is required to submit a final report to DCF documenting the outcomes achieved by the grant.

Section 3 amends s. 420.9073, F.S., to require the Florida Housing Finance Corporation to distribute four percent of the total amount from the Local Government Housing Trust Fund to DCF and DEO as follows:

- 95 percent of the four percent is to be provided to DCF to provide operating and other support to the lead agency in each continuum of care;

²⁰ Section 420.606(3)(a), F.S.

²¹ Section 420.606(3)(b), F.S.

²² Section 420.606(3), F.S.

- Five percent of the four percent is to be provided to DEO to provide training and technical assistance to the lead agencies receiving support through a contract with a non-profit entity.

Section 4 provides an effective date of July 1, 2014.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

If the \$204 million available in the Local Government Housing Trust Fund is appropriated, the first four percent or \$8,160,000 million would be available to DEO and DCF. DCF would receive 95 percent or \$7,752,000 million ($\$204M \times 0.04 \times 0.95$) and DEO would receive five percent or \$408,000 ($\$204M \times 0.04 \times 0.05$).

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 420.606, 420.622, and 420.9073.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Children, Families, and Elder Affairs on March 25, 2014:

The Committee Substitute:

- Allows local government and private organizations, when applying for grants awarded by the department, to use matching funds or in-kind support in an amount equal to the grant requested.

- B. **Amendments:**

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
