

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 Appropriations Subcommittee on Transportation, Tourism, and Economic Development

BILL: CS/SB 1500

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

SUBJECT: Housing for the Homeless

DATE: April 14, 2015

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Preston</u>	<u>Hendon</u>	<u>CF</u>	<u>Fav/CS</u>
2.	<u>Gusky</u>	<u>Miller</u>	<u>ATD</u>	<u>Pre-meeting</u>
3.	<u> </u>	<u> </u>	<u>AP</u>	<u> </u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/SB 1500 makes numerous changes to laws related to housing for individuals and families who are homeless. The bill amends the State Apartment Incentive Loan (SAIL) Program, to remove the difference in the percentage of available funds that must be reserved between specified tenant groups. It requires the State Office on Homelessness to establish a task force to make recommendations related to the implementation of a statewide Homeless Management Information System (HMIS). The bill requires that expenditures of leveraged funds or resources are permitted only for eligible activities committed on one project which have not been used as leverage or match for another project.

The bill also expresses legislative intent to encourage homeless continuums of care to adopt the Rapid ReHousing approach to preventing homelessness for individuals and families who do not require the intense level of supports provided in the Permanent Supportive Housing model and requires Rapid ReHousing to be added to the components of a continuum of care plan.

The bill provides for exceptions to the restriction on counties and eligible municipalities related to expenditures of local housing distributions on ongoing rent subsidies. The bill also requires that four percent of the total amount to be distributed in each fiscal year from the Local Government Housing Trust Fund be distributed to the Department of Children and Families (DCF or department) and the Department of Economic Opportunity (DEO), with DCF receiving 95 percent and DEO receiving five percent of the amount distributed.

The bill also removes the provision applicable to awards made through the State Housing Initiatives Partnership program (SHIP) that requires at least 65 percent of funds made available from local housing distributions be reserved for home ownership.

The bill expresses legislative intent to encourage the state entity that administers funds from the National Housing Trust Fund to propose an allocation plan that includes strategies to reduce statewide homelessness.

The bill is not anticipated to have a fiscal impact on state government and has an effective date of July 1, 2015.

II. Present Situation:

Housing for the Individuals with Lower Incomes

In 1986¹ the Legislature found that:

- Decent, safe, and sanitary housing for individuals of very low income, low income, and moderate income is a critical need in the state;
- New and rehabilitated housing must be provided at a cost affordable to such persons in order to alleviate this critical need;
- 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; and
- Public-private partnerships are an essential means of bringing together resources to provide affordable housing.²

As a result of these findings, the Legislature determined that legislation was urgently needed to alleviate crucial problems related to housing shortages for individuals with very low,³ low⁴ and moderate⁵ incomes. In 1986, part VI of ch. 420, F.S., was titled as the “Florida Affordable Care Act of 1986”⁶ and programs and funding mechanisms were created over the years to help remedy low income housing issues.

¹ Chapter 86-192, Laws of Fla.

² Section 420.6015, F.S.

³ “Very-low-income persons” means one or more persons or a family, the total annual adjusted gross household income of which does not exceed 50 percent of the median annual adjusted gross income for households within the state, or 50 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or within the county in which the person or family resides, whichever is greater.

⁴ “Low-income persons” means one or more persons or a family, the total annual adjusted gross household income of which does not exceed 80 percent of the median annual adjusted gross income for households within the state, or 80 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or within the county in which the person or family resides, whichever is greater.

⁵ “Moderate-income persons” means one or more persons or a family, the total annual adjusted gross household income of which is less than 120 percent of the median annual adjusted gross income for households within the state, or 120 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or within the county in which the household is located, whichever is greater.

⁶ Chapter 86-192, Laws of Fla. Part VI was subsequently renamed the “Affordable Housing Planning and Community Assistance Act.” Chapter 92-317, Laws of Fla.

State Apartment Incentive Loan (SAIL) Program

The SAIL program was created by the Legislature in 1988⁷ for the purpose of providing first, second, or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, nonprofit, and public entities, to provide housing affordable to very-low-income persons.⁸

The SAIL program provides low-interest loans on a competitive basis to affordable housing developers each year. This funding often serves to bridge the gap between the development's primary financing and the total cost of the development and is available to individuals, public entities, not-for-profit or for-profit organizations that propose the construction or substantial rehabilitation of multifamily units affordable to very low income individuals and families.⁹

SAIL program funds must be distributed in a manner that meets the need and demand for very low-income housing throughout the state. The need and demand must be determined by using the most recent statewide low income rental housing market studies available. SAIL program funding is reserved for use within statutorily defined counties (large, medium, and small)¹⁰ and for properties providing units for specified tenant groups. The University of Florida's Shimberg Center for Housing Studies prepares the rental housing market study for the Florida Finance Housing Corporation (FHFC).¹¹ Below is a comparison of the actual need based on the 2013 Rental Market Study compared to the current statutory reservation requirements for the specified tenant groups.

Specified Tenant Group	Actual Percentage of Total Households in Need	Current Statutory Reservation Requirements
Commercial fishing workers and farmworker households	4 percent	Not less than 10 percent
Persons who are homeless	10 percent	Not less than 5 percent
Persons with special needs	13 percent	Not more than 10 percent
Elder persons	20 percent	Not less than 10 percent
Families	53 percent	Not less than 10 percent

During the first 6 months of loan or loan guarantee availability, SAIL program funds are required to be reserved for use by sponsors who provide the required housing set-aside for specified tenant groups. Under current law, the statutory requirement to reserve funds for the commercial fishing worker and farmworker household tenant group significantly exceeds the actual housing need for this group. The current statutory "cap" on the reservation for the persons with special needs (no more than 10 percent) does not allow the program to address the actual housing need for this group (13 percent) during the first 6 months of loan or loan guarantee availability.

⁷ Chapter 88-376, Laws of Florida.

⁸ Section 420.5087, F.S.

⁹ Florida Housing Finance Corporation, *State Apartment Incentive Loan Program*, available at: http://apps.floridahousing.org/StandAlone/FHFC_ECM/ContentPage.aspx?PAGE=0173. (last visited Mar. 10, 2015).

¹⁰ Section 420.5087(1), F.S., provides that funds must be allocated to the following categories of counties: counties that have a population of 845,000 or more ("large"); counties that have a population of more than 100,000 but less than 825,000 ("medium"); and counties that have a population of 100,000 or less ("small").

¹¹ Shimberg Center for Housing Studies, University of Florida, *2013 Rental Market Study: Affordable Rental Housing Needs*, April 7, 2013.

Funding for the SAIL Program is subject to an annual appropriation.¹²

State Office on Homelessness

In 2001, the Florida Legislature created the State Office on Homelessness (office) within the DCF to serve as a central point of contact within state government on homelessness. The office is responsible for coordinating resources and programs across all levels of government, and with private providers that serve the homeless. It also manages targeted state grants to support the implementation of local homeless service continuum of care plans.¹³

Council on Homelessness

The inter-agency Council on Homelessness (council) was also created in 2001. The 17-member council is charged with developing recommendations on how to reduce homelessness statewide and advising the State Office on Homelessness.¹⁴

Local Coalitions for the Homeless

The DCF is required to establish local coalitions to plan, network, coordinate, and monitor the delivery of services to the homeless.¹⁵ Groups and organizations provided the opportunity to participate in such coalitions 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; 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.¹⁶

Continuum of Care

The local coalition serves as the lead agency for the local homeless assistance continuum of care (CoC).¹⁷ A local CoC is a framework for a comprehensive and seamless array of emergency, transitional, and permanent housing, and services to address the various needs of the homeless and those at risk of homelessness.¹⁸ The purpose of a CoC is to help communities or regions envision, plan, and implement comprehensive and long-term solutions.¹⁹

The department 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

¹² Section 420.5087, F.S.

¹³ Section 420.622(1), F.S.

¹⁴ *Id.*

¹⁵ Section 420.623, F.S.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ Section 420.624, F.S.

¹⁹ *Id.*

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.²⁰

“Challenge Grants”

The office is authorized to accept and administer moneys appropriated to it to provide “Challenge Grants” annually to designated lead agencies of homeless assistance continuums of care.²¹ The office may award grants in an amount of up to \$500,000 per lead agency.²² 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.²³

Pursuant to s. 420.624, F.S., the DCF provides funding for local homeless assistance continuum of care, which is a framework for providing an array of emergency, transitional, and permanent housing and services to address the various needs of homeless persons and persons at risk of becoming homeless. There is no statutorily identified funding source for this program.²⁴

Pursuant to s. 420.606(3), F.S., the DEO provides training and technical assistance to staff of state and local government entities, community-based organizations, and persons forming such organizations for the purpose of developing new housing and rehabilitating existing housing that is affordable for very-low-income persons, low-income persons, and moderate-income persons. There is no statutorily identified funding source for this program.²⁵

Homeless Housing Assistance Grants

The office is authorized to accept and administer moneys appropriated to it to provide Homeless Housing Assistance Grants annually to lead agencies of 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.²⁶

²⁰ Florida Department of Children and Families, *Lead Agencies*, available at: <http://www.myflfamilies.com/service-programs/homelessness/lead-agencies>. (last visited Mar. 16, 2015).

²¹ “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.”

²² Section 420.622, F.S.

²³ *Id.*

²⁴ Department of Economic Opportunity, *House Bill 379 Analysis*, (January 22, 2015.)

²⁵ *Id.*

²⁶ *Id.*

Rapid Re-Housing

Rapid re-housing is a model for providing housing for individuals and families who are homeless. The model places a priority on moving a family or individual experiencing homelessness into permanent housing as quickly as possible, hopefully within 30 days of a client becoming homeless and entering a program. While originally focused primarily on people experiencing homelessness due to short-term financial crises, programs across the country have begun to assist individuals and families who are traditionally perceived as more difficult to serve. This includes people with limited or no income, survivors of domestic violence, and those with substance abuse issues. Although the duration of financial assistance may vary, many programs find that, on average, four to six months of financial assistance is sufficient to stably re-house a household.²⁷

Since federal funding for rapid re-housing first became available in 2008, a number of communities, including Palm Beach County, Florida, that prioritized rapid re-housing as a response to homelessness have seen decreases in the amount of time that households spend homeless, less recidivism, and improved permanent housing outcomes relative to other available interventions.²⁸

There are three core components of rapid re-housing: housing identification, rent and move-in assistance (financial), and rapid re-housing case management and services. While all three components are present and available in effective rapid re-housing programs, there are instances where the components are provided by different entities or agencies, or where a household does not utilize all three.²⁹ A key element of rapid re-housing is the “Housing First” philosophy, which offers housing without preconditions such as employment, income, lack of a criminal background, or sobriety. If issues such as these need to be addressed, the household can address them most effectively once they are in housing.³⁰

State Housing Initiatives Partnership (SHIP) Program

The State Housing Initiatives Partnership (SHIP) Program, was created in 1992³¹ to provide funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low and moderate income families and is administered by the Florida Housing Finance Corporation (corporation). A dedicated funding source for this program was established by the passage of the 1992 William E. Sadowski Affordable Housing Act. The SHIP Program is funded through a statutory distribution of documentary stamp tax revenues, which are deposited into the Local Government Housing Trust Fund. Subject to specific appropriation, funds are distributed quarterly to local governments participating in the program under an established formula.³²

²⁷ National Alliance to End Homelessness, *Rapid Re-Housing: A History and Core Components*, (2014), available at: <http://www.endhomelessness.org/library/entry/rapid-re-housing-a-history-and-core-components> (last visited Mar. 11, 2015).

²⁸ *Id.*

²⁹ *Id.*

³⁰ The Florida Legislature expressed the intent to encourage homeless continuums of care to adopt the Housing First approach to ending homelessness for individuals and families in 2009. See s. 420.6275, F.S.

³¹ Chapter 92-317, Laws of Fla.

³² Section 420.9073, F.S.

National Housing Trust Fund

In July 2008, the Housing and Economic Recovery Act was signed into law,³³ establishing a National Housing Trust Fund (NHTF or trust fund), among other housing-related provisions. Although the National Housing Trust Fund has been established, a permanent funding stream has not been secured.³⁴

The goal of the trust fund is to provide ongoing, permanent, dedicated, and sufficient sources of revenue to build, rehabilitate, and preserve 1.5 million units of housing for the lowest-income families, including people experiencing homelessness, over the next 10 years. The NHTF particularly aims to increase and preserve the supply of rental housing that is affordable for extremely³⁵ and very low-income households, and increase homeownership opportunities for those households. To prevent funding for the NHTF from competing with existing U.S. Department of Housing and Urban Development programs, this revenue is expected to be generated separately from the current appropriations process.³⁶

III. Effect of Proposed Changes:

Section 1 amends s. 420.5087, F.S., relating to the SAIL Program, to change the reservation requirements for two of the five tenant groups. The set-aside for the persons who are homeless tenant group is increased from not less than 5 percent to at least 10 percent. The cap of “may not be more than 10 percent” for the persons with special needs tenant group is replaced with at least 10 percent. The bill requires that at least 10 percent of SAIL Program funds available must be reserved for all five tenant groups.

Section 2 amends s. 420.622, F.S., relating to the State Office on Homelessness (office) and the Council on Homelessness (council), to:

- Require the office, in coordination with other entities, to produce an inventory of state homeless programs instead of the currently required program and financial plan.
- Require the office to establish a task force to make recommendations related to the implementation of a statewide HMIS. The task force must make its recommendations to the council by December 31, 2015.
- Require, rather than allow, the office and the council to accept and administer moneys appropriated for annual “Challenge Grants.”
- Remove the requirement that award levels for “Challenge Grants” be based upon the total population within the continuum of care catchment area and reflect the differing degrees of homelessness in the catchment planning areas.

³³ Public Law 110-289.

³⁴ The National Alliance to End Homelessness. *National Housing Trust Fund*, available at: http://www.endhomelessness.org/pages/national_housing_trust_fund. (last visited Mar. 15, 2015).

³⁵ “Extremely-low-income persons” means one or more persons or a family, the total annual adjusted gross household income of which does not exceed 30 percent of the median annual adjusted gross income for households within the state, or 50 percent of the median annual adjusted gross income for households within the metropolitan statistical area (MSA) or within the county in which the person or family resides, whichever is greater.

³⁶ The National Alliance to End Homelessness, *National Housing Trust Fund*, available at: http://www.endhomelessness.org/pages/national_housing_trust_fund. (last visited Mar. 15, 2015).

- Provide requirements related to expenditures of leveraged funds or resources. They may only be used for eligible activities committed on one project which have not been used as leverage or match for any other project.
- Require the office, in conjunction with the council, to establish performance measures and specific objectives to evaluate the performance and outcomes of lead agencies that receive grant funds.
- Require any funding distributed to the lead agencies be based on overall performance and achievement of specified objectives, including the number of persons or households that are no longer homeless, the rate of recidivism to homelessness, and the number of persons who obtain gainful employment.

Section 3 amends s. 420.624, F.S., relating to the local homeless assistance continuum of care, to require the office and the council to include a methodology for assessing performance and outcomes and data reporting in the plan that communities seeking to implement a local homeless assistance continuum of care are encouraged to develop. The bill also requires Rapid ReHousing to be added to the components of a continuum of care plan.

Section 4 creates s. 420.6265, F.S., relating to Rapid ReHousing, to express legislative intent to encourage homeless continuums of care to adopt the Rapid ReHousing approach to preventing homelessness for individuals and families who do not require the intense level of supports provided in the Permanent Supportive Housing model.³⁷ The bill also statutorily prescribes the Rapid Rehousing Methodology.

Section 5 amends s. 402.9071(26), F.S., relating to the definition of “rent subsidies”, to allow initial assistance for tenants, such as grants or loans for security and utility deposits.

Section 6 amends s. 420.9072, F.S., relating to the SHIP Program, to provide that counties or eligible municipalities may not spend its portion of the local housing distribution to provide ongoing rent subsidies with the exception of:

- Security and utility deposit assistance.
- Eviction prevention not to exceed rent for 6 months.
- A rent subsidy program for very low income households that meet specified qualifications.

Section 7 amends s. 420.9073, F.S., relating to local housing distributions, to distribute four percent of the total amount appropriated to the FHFC for the SHIP Program from the Local Government Housing Trust Fund as follows:

- Ninety-five percent of the four percent is to be provided to the DCF to provide operating and other support to the designated lead agency in each continuum of care; and
- Five percent of the four percent is to be provided to the DEO to provide training and technical assistance to lead agencies that received funding from DCF. The training and

³⁷ Permanent Supportive Housing is for individuals who need long-term housing assistance with supportive services in order to stay housed. Individuals and families living in supportive housing often have long histories of homelessness and face persistent obstacles to maintaining housing, such as a serious mental illness, a substance use disorder, or a chronic medical problem. Many supportive housing tenants face more than one of these serious conditions. See United States Interagency Council on Homelessness, *Permanent Supportive Housing*, available at http://usich.gov/usich_resources/solutions/explore/permanent_supportive_housing/. (last visited Mar 11, 2015).

technical assistance must be provided by a nonprofit entity that meets the specific requirements.

Section 8 amends s. 420.9075, F.S., relating to local housing assistance plans and partnerships, to:

- Add “Lead agencies of local homeless assistance continuums of care” as part of the partnership process to participate in the SHIP Program.
- Add language to encourage eligible municipalities to develop a strategy for providing program funds to reduce homelessness.
- Remove the requirement that at least 65 percent of the funds made available in a county or eligible municipality must be reserved for home ownership.
- Require a county or eligible municipality to include a description of efforts to reduce homelessness in the annual report that must be submitted to the FHFC.

Section 9 creates s. 420.9089, F.S., relating to the National Housing Trust Fund (NHTF), to express legislative intent to encourage the state entity that administers funds from the N HTF to propose an allocation plan that includes strategies to reduce statewide homelessness.

Section 10 provides an effective date of July 1, 2015.

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:

The private sector impact of CS/SB 1500 is indeterminate. Programs that serve homeless persons could receive additional resources.

C. Government Sector Impact:

None anticipated.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill substantially amends the following sections of the Florida Statutes: 420.5087, 420.622, 420.624, 420.9071, 420.9073, and 420.9075.

This bill creates the following sections of the Florida Statutes: 420.6265 and 420.9089.

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 19, 2015:

- Requires the office to establish a task force to make recommendations related to the implementation of a statewide HMIS instead of requiring the immediate development of a management system.
- Provides requirements related to expenditures of leveraged funds or resources. They may only be used for eligible activities committed on one project which have not been used as leverage or match for any other project.
- Removes the restriction of not including initial rental assistance from the definition of the term “rent subsidies”.
- Provides that, under the SHIP Program, counties or eligible municipalities may not spend its portion of the local housing distribution to provide ongoing rent subsidies with the exception of:
 - Security and utility deposit assistance.
 - Eviction prevention not to exceed rent for 6 months.
 - A rent subsidy program for very low income households that meet specified qualifications.
- Removes the requirement that at least 65 percent of the funds made available in a county or eligible municipality must be reserved for home ownership.
- Expresses legislative intent to encourage the state entity that administers funds from the National Housing Trust Fund to propose an allocation plan that includes strategies to reduce statewide homelessness.

B. Amendments:

None.