HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 287 Affordable Housing for the Elderly
SPONSOR(S): Patterson and others
TIED BILLS: **IDEN./SIM. BILLS:** SB 724

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Growth Management Committee	7 Y, 0 N	Porter	Grayson
2) Elder & Long-Term Care Committee	8 Y, 0 N	Walsh	Liem
3) Local Government Council	7 Y, 0 N	Nelson	Hamby
4) State Infrastructure Council	9 Y, 0 N	Porter	Havlicak
5)			

SUMMARY ANALYSIS

HB 287 increases the maximum loan amount from $200,000 to $750,000 under the Elderly Housing Community Loan Program. This program is a component of the State Apartment Incentive Loan Program (SAIL), and provides funding for the repair or improvement of homes for the low-income elderly.

The bill does not appear to have a fiscal impact on the state.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Empower Families

This bill increases the maximum loan amount provided under the Elderly Housing Community Loan Program for the purpose of making necessary repairs or improvements to housing for the low-income elderly thereby presumably providing for the preservation of such housing.

B. EFFECT OF PROPOSED CHANGES:

Background

The State Apartment Incentive Loan (SAIL) Program[1] was created in 1992 to stimulate production of affordable, multi-family rental housing for very-low-income individuals and families. This program was created to provide first, second or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, nonprofit and public entities, to provide housing affordable for very-low-income persons, including the elderly. SAIL is funded by the State Housing Trust Fund,[2] and administered by the Florida Housing Finance Corporation.

The program is intended to benefit projects in which:

- the sponsor uses tax-exempt financing for the first mortgage, and at least 20 percent of the units in the project are set aside for persons or families who have incomes which meet the income eligibility requirements of s. 8 of the United States Housing Act of 1937;
- the sponsor uses taxable financing for the first mortgage, and at least 20 percent of the units in the project are set aside for persons or families who have incomes below 50 percent of the state or local median income, whichever is higher;
- the sponsor uses the federal low-income housing tax credit, and the projects meets the tenant income eligibility requirements of s. 42 of the Internal Revenue Code;
- the sponsor uses the federal low-income housing tax credit, and the project meets the tenant income eligibility requirements of s. 42 of the Internal Revenue Code; or
- the project is located in a county that includes, or has included within the previous five years, an area of critical state concern designated or ratified by the Legislature for which the Legislature has declared its intent to provide affordable housing, and 100 percent of the units in the project are set aside for persons or families who have incomes below 120 percent of the state or local median income, whichever is higher.

Subsection (3) of s. 420.5087, F.S., provides for the reservation of SAIL funds for specified tenant groups which include: commercial fishing workers and farm workers; families; persons who are homeless; and elderly persons. Presently, 24 percent[3] of the total amount is reserved for the elderly.[4] Section 420.5087(3)(d), F.S., requires that at least 10 percent of the funds reserved for the elderly must

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[1] s. 420.5087, F.S.

[2] The State Housing Trust Fund is funded by documentary stamp tax revenues. The documentary stamp tax is applicable to all recordable instruments requiring documentary stamps according to law, unless exempt pursuant to state or federal law. Revenue from documentary stamps is divided between the General Revenue Fund and various trust funds.

[3] This figure is determined by the Florida Housing Finance Corporation based on a rental market study completed every three years as required by s. 420.5087, F.S.

[4] "Housing for the elderly" means, for purposes of s. 420.5087(3)(d), F.S., any nonprofit housing community that is financed by a mortgage loan made or insured by the United States Department of Housing and Urban Development under s. 202, s. 202 with a s. 8 subsidy, s. 221(d)(3) or (4), or s. 236 of the National Housing Act, as amended, and that is subject to income limitations established by the United States Department of Housing and Urban Development, or any program funded by the Rural Development Agency of the United States Department of Agriculture and subject to income limitations established by the United States Department of Agriculture.

be allocated for the purpose of making building preservation, health, or sanitation repairs or improvements which are required by federal, state or local regulation or code, or life-safety or security-related repairs or improvements to such housing. This program is known as the Elderly Home Community Loan Program.[5]

Loans for the Elderly Home Community Loan Program have been capped since the program's inception at a maximum of $200,000 per housing community for the elderly. The rate of interest on the loans may not exceed three percent (current loans are made at one percent), and can be financed for no more than 15 years. The sponsor must match 15 percent of the loan amount and demonstrate evidence of the first mortgagee's review and approval of the sponsor's intent to apply for the loan. The proceeds of the loans may not be used for administrative costs, routine maintenance or new construction.

According to the Florida Housing Finance Corporation, the loans are used for such items as emergency call systems, security systems, plumbing upgrades, elevators, accessibility upgrades, air conditioning, sprinkler systems, fire alarms and electrical wiring. The Florida Housing Finance Corporation reports that there has not been a default of any loan made under the program, and that the program had available funding which was not used during the prior four fiscal years.

Effect of Proposed Changes

The bill increases the maximum loan amount under the Elderly Home Community Loan Program from $200,000 to $750,000 per community for the repair or improvement of housing for the elderly. The current cap of $200,000, with a 15 percent match, limits the scope of such projects to approximately $235,000 unless additional credit is made available to the sponsor through the private credit market. The increase in the maximum loan amount would allow projects as large as $882,000 to be eligible to use the program if all other criteria are satisfied.

C. SECTION DIRECTORY:

Section 1: Amends s. 420.5087(3)(d), F.S., to increase the maximum loan amount for the improvement of housing for the elderly.

Section 2: Provides an effective date of July 1, 2005.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   This bill has no effect on state revenues.

2. Expenditures:

   The bill appears to have no effect on state expenditures.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

[5] See, Florida Housing Finance Corporation Rule 67-32, F.A.C.

The bill does not appear to have an effect on local government revenue.

2. Expenditures:

The bill does not appear to have an effect on local government expenditures.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill does not appear to have a direct economic impact on the private sector as a whole. The provisions of the bill could have an economic impact on a private sector apartment owner that qualifies and takes advantage of the program due to the increased loan amount. As the annual funding for the Elderly Housing Community Loan Program is unaffected by the bill, the total number of loans issued in any one year may decrease as the dollar amount of individual loans increases.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds. The bill does not reduce the percentage of a state tax shared with counties or municipalities. The bill does not reduce the authority that municipalities have to raise revenue.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

This bill does not increase rulemaking authority for the Florida Housing Finance Corporation.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting Issues

None.

Other Comments

A representative of the Florida Association of Homes for the Aging[6] indicated that the bill will enable housing communities for low-income elders to address larger repair and renovation projects and reduce the need to secure multiple loans from different sources to cover repair and renovation costs.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

None.

[6] Carol Berkowitz, Executive Director.