

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/HB 881 My Safe Florida Home Program  
**SPONSOR(S):** Insurance & Banking Subcommittee, LaMarca  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 748

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	17 Y, 0 N, As CS	Fortenberry	Lloyd
2) State Administration & Technology Appropriations Subcommittee	14 Y, 0 N	Helpling	Topp
3) Commerce Committee			

### SUMMARY ANALYSIS

The My Safe Florida Home (MSFH) Program was created in 2006, within the Department of Financial Services (DFS), with the intent that the Program provide inspectors to perform inspections of site-built, single-family, residential properties (inspections), and mitigation grants (grants) to eligible applicants. The purpose of the inspections is to determine: what mitigation measures are needed; what premium discounts might be available; and what improvements to existing residential properties were needed to reduce the properties' susceptibility to hurricane damage.

The purpose of the grants is to retrofit single-family homes to make them less vulnerable to hurricane damage. To be eligible for a grant, certain criteria had to be met, including having a homestead exemption and a maximum insured value of \$300,000. Improvements that could be made using grant funds included opening protection, exterior doors, including garage doors, and secondary water barriers for roofs. The MSFH received \$250 million in appropriations for the Fiscal Year 2006-2007, but was not funded again until 2022.

During the 2022D Session, the Legislature renewed the funding for the MSFH Program by appropriating \$150 million in nonrecurring funds from General Revenue Fund for the 2022-2023 fiscal year. Between May 2022 and February 2023, 16,724 mitigation inspections were completed and 2,979 grant applications were approved. The Legislature also changed the eligibility criteria for grants to allow for homeowners with homes valued up to \$500,000.

This bill makes various changes to the statutory framework for the MSFH Program, including changes to inspection and grant eligibility requirements, program management, and technical, conforming, and statutory structure. The bill requires that eligible properties be homesteaded.

The bill removes the designation of a specific portion of the grant funds for low-income recipients, but increases the overall grant award for low-income recipients from \$5,000, to \$10,000. The bill makes the MSFH Program statewide instead of limited to homes in the wind-borne debris region. The bill also eliminates two types of home improvements from the list of those home improvements for which MSFH Program grant funds may be used because they are no longer recognized by the Florida Building Code.

The bill has no impact on local or state government revenues or expenditures. DFS has filed an amended legislative budget request for MSFH Program funding needs. It will likely have a positive direct economic impact on the private sector.

The bill is effective on July 1, 2023.

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. EFFECT OF PROPOSED CHANGES:

#### Background

In 2006, the Legislature created the My Safe Florida Home (MSFH) Program within the Department of Financial Services (DFS), with the intent that the Program provide trained and certified inspectors to perform inspections for owners of site-built, single-family, residential properties (mitigation inspections), and grants to eligible applicants, subject to funding availability.<sup>1</sup> The MSFH Program was to “develop and implement a comprehensive and coordinated approach for hurricane damage mitigation.”<sup>2</sup> The MSFH program allowed DFS to undertake a public outreach and advertising campaign to inform consumers of the availability, and benefits, of the mitigation inspections and grants.<sup>3</sup> It required the development of brochures for distribution to general contractors, roofing contractors, and real estate brokers and sales associates to explain the benefits of residential hurricane damage mitigation to homeowners.<sup>4</sup>

#### *Hurricane Mitigation Inspections*

The purpose of the mitigation inspections was to determine:

- What mitigation measures were needed;
- What insurance premium discounts might have been available; and
- What improvements to existing residential properties were needed to reduce the properties’ susceptibility to hurricane damage.<sup>5</sup>

The mitigation inspections were to include, at a minimum:

- A report that summarized the results and identified recommended improvements the homeowner could take to mitigate hurricane damage.
- A range of cost estimates regarding the recommended mitigation improvements.
- Insurer-specific information regarding premium discounts correlated to current and recommended hurricane mitigation improvements.<sup>6</sup>

DFS was required to maintain a list of hurricane mitigation inspectors who were authorized to conduct the mitigation inspections for the MSFH Program.<sup>7</sup> DFS entered contracts to provide mitigation inspections with wind certification entities who, at a minimum used hurricane mitigation inspectors who:

- Were certified building inspectors;
- Were licensed as general or residential contractors;
- Were licensed and professional engineers and had passed the appropriate equivalency test of the building code training program;
- Were licensed as a professional architect; or
- Had at least two years of experience in residential construction or residential building inspection and had received specialized training in hurricane mitigation procedures.<sup>8</sup>

#### *Mitigation Grants*

The purpose of the mitigation grants was to retrofit single-family homes to make them less vulnerable to hurricane damage.<sup>9</sup> To be eligible for a grant, the following criteria must have been met:

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<sup>1</sup> S. 215.5586, F.S.

<sup>2</sup> *Id.*

<sup>3</sup> S. 215.5586(3), F.S.

<sup>4</sup> S. 215.5586(7), F.S.

<sup>5</sup> S. 215.5586(1)(a), F.S.

<sup>6</sup> *Id.*

<sup>7</sup> S. 215.55186(6), F.S.

<sup>8</sup> S. 215.5586(1)(b), F.S.

<sup>9</sup> S. 215.5586(2), F.S.

- The homeowner must have had a homestead exemption on the home to be retrofitted;
- The home must have had an insured value of \$300,000 or less, unless the homeowner was classified as a low-income person;
- The home must have undergone an acceptable hurricane mitigation inspection after May 1, 2007;
- The home must have been located in the “wind-borne debris region” as defined in the International Building Code; and
- The building permit application for initial construction of the home must have been made before March 1, 2002.<sup>10</sup>

In addition, the homeowner had to match the grant award on a dollar-for-dollar basis up to \$10,000, for the actual cost of the mitigation project, and the state’s contribution could not exceed \$5,000.<sup>11</sup> Low-income homeowners were eligible for grants of up to \$5,000, and were not required to provide a matching amount to receive a grant.<sup>12</sup> Matching fund grants were also available to local governments and nonprofit entities for projects to reduce hurricane damages to single-family homes.<sup>13</sup>

Grants could be used on previously-inspected existing structures or on rebuilds.<sup>14</sup> If recommended by a hurricane mitigation inspection, grants could be used for the following improvements:

- Opening protection.
- Upgrading exterior doors, including garage doors.
- Bracing gable ends.
- Reinforcing roof-to-wall connections.
- Improving the strength of roof-deck attachments.
- Upgrading roof coverings from code to code plus.
- Installing secondary water barrier for roofs.<sup>15</sup>

DFS was required to issue an annual report on the activities of the MSFH Program that accounted for the use of any appropriated state funds, the number of inspections requested and performed, the number of grant applications received, and the number and value of grants approved.<sup>16</sup>

The MSFH Program was appropriated \$250 million in Fiscal Year 2006-07.<sup>17</sup> As of May 2009, approximately \$93 million in MSFH grants were allocated to 32,000 homes, and approximately 400,000 homes received a MSFH home inspection.<sup>18</sup> DFS requested that Risk Management Solutions (RMS), conduct an impact analysis of the MSFH program, and RMS released a report of the impact analysis on May 14, 2009 (report).<sup>19</sup> In the report, RMS concluded that the MSFH grants were beneficial to the State of Florida, individual homeowners, and the insurance industry.<sup>20</sup> RMS indicated that the predicted reduction in loss as a result of the grant projects completed far exceeded the grant money spent.<sup>21</sup> While the MSFH Program was never repealed from law, additional funding was not provided until May 2022.

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<sup>10</sup> *Id.*

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> Rebuilds were defined as site-built, single-family dwellings under construction to replace homes that were destroyed or significantly damaged by hurricanes and deemed unlivable by a regulatory authority. S. 215.5586(2)(e), F.S.

<sup>15</sup> S. 215.5586(2)(e), F.S.

<sup>16</sup> S. 215.5586(10), F.S.

<sup>17</sup> Risk Management Solutions, *Analyzing the Effects of the My Safe Florida Home Program on Florida Insurance Risk*, May 14, 2009, [https://www.ipcc.ch/apps/nj-lite/srex/nj-lite\\_download.php?id=5036](https://www.ipcc.ch/apps/nj-lite/srex/nj-lite_download.php?id=5036) (last visited Mar. 2, 2023).

<sup>18</sup> *Id.*

<sup>19</sup> *Id.*

<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

## *2022 Renewal of the MSFH Program*

During the 2022D Special Session, the Legislature passed a property insurance bill (SB 2-D), in which it renewed the funding for the MSFH Program by appropriating \$150 million in nonrecurring funds from General Revenue (GR) to DFS for the Program for the 2022-2023 fiscal year. The funds appropriated were allocated as follows:

- \$115 million for mitigation grants.
- \$25 million for hurricane mitigation inspections.
- \$4 million for education and consumer awareness.
- \$1 million for public outreach for contractors and estate brokers and sales associates.
- \$5 million for administrative costs.

SB 2-D reappropriated any unexpended balance of funds from the appropriation remaining on June 30, 2023, to DFS for the 2023-2024 fiscal year to be used for the MSFH Program. The appropriation will expire on October 1, 2024. SB 2-D gave DFS the authority to adopt emergency rules to implement the MSFH Program.

SB 2-D made additional modifications to the MSFH Program. It required that an application for a mitigation grant include a provision that requires an applicant to make his or her home available for inspection once a mitigation project is completed. The bill changed the monetary limits for eligibility for mitigation grants so that homes with an insured value of \$500,000, or less, qualify for the program.

SB 2-D required that homes that receive mitigation grants have undergone home mitigation inspections after July 1, 2008, and have received permits for initial construction before January 1, 2008. The homeowner must also match grant funds on the basis of \$1 from the homeowner for every \$2 provided by the state up to a maximum state contribution of \$10,000 towards the actual cost of the mitigation project undertaken on the eligible home.

The bill enhanced the reporting requirements for DFS under the MSFH Program by requiring that the report include the following received by homeowners from insurers as a result of the mitigation funded by the program:

- The average annual amount of insurance premium discounts; and
- The total annual amount of insurance premium discounts.

## *2022 MSFH Program Implementation*

Following the passage of SB 2-D, DFS procured a vendor to administer the MSFH Program, qualified inspectors to conduct mitigation inspections, and qualified contractors who agreed to provide mitigation repairs and retrofitting under the grant portion of the Program.<sup>22</sup> DFS compiled a list of approved vendors that homeowners participating in the MSFH Program may choose for inspections and mitigation work.<sup>23</sup>

On November 18, 2022, a web-based application for homeowners to request mitigation inspections and grant funds went live.<sup>24</sup> Between May 26, 2022 and February 28, 2023, 16,724 mitigation inspections were completed and 2,979 grant applications were approved.<sup>25</sup>

Inspectors completing mitigation inspections under the MSFH Program must complete the Uniform Mitigation Verification Inspection Form (Inspection Form), as revised by the Office of Insurance Regulation on January 12, 2023.<sup>26</sup> The mitigation inspection report provided to the homeowner includes the completed Inspection Form, as well as the information already required by statute,<sup>27</sup> including:

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<sup>22</sup> Florida Department of Financial Services, Agency Analysis of 2023 House Bill 881, p. 1 (Mar. 1, 2023).

<sup>23</sup> *Id.*

<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> S. 215.5586(1)(a), F.S.

- A summary of the results of the mitigation inspection identifying recommended improvements a homeowner may undertake;
- A range of cost estimates regarding the recommended improvements; and
- Estimated property insurance premium discounts based on the mitigation measures the homeowner has completed.<sup>28</sup>

## Effect of the bill

The bill makes various changes to the statutory framework for the MSFH Program, including inspection and grant eligibility requirement changes; program management changes; and technical, conforming, and statutory-restructuring changes.

### *Inspection and Grant Eligibility Requirements*

The bill limits single-family home eligibility for mitigation inspections to homesteaded properties.<sup>29</sup>

The bill removes the designation of a specific portion of the grant funds for low-income recipients without reducing funding, but increases the overall grant award for low-income recipients from \$5,000 to \$10,000. The bill broadens geographic eligibility to include otherwise ineligible homes outside the wind-borne debris region, in effect making it a statewide program.<sup>30</sup>

The bill removes outdated elements from the home improvements list for which MSFH Program grant funds may be used.<sup>31</sup> Those home improvements are no longer recognized by the Florida Building Code.

### *Project Management*

The bill requires home inspectors to be licensed, in addition to certified, to conform with other statutory chapters. The bill revises home inspector training/experience requirements. The bill gives DFS the authority and a direction to establish objective, reasonable criteria for prioritizing inspection applications. The bill removes the requirement that the Legislative Budget Commission (LBC) review and approve all MSFH Program contracts valued at \$1 million or more.<sup>32</sup>

### *Technical, Conforming, and Statutory Restructuring Changes*

The bill clarifies that hurricane mitigation inspectors conducting mitigation inspections for the MSFH Program must undergo a level II background check, which is a fingerprint-based background check. It consolidates statutory language related to education and consumer awareness, and public outreach for contractors, real estate brokers, and sales associates. It also makes other technical and conforming changes.

The bill also adds the Citizens Property Insurance Corporation to the proposed list of entities that may receive program brochures for redistribution.

## B. SECTION DIRECTORY:

**Section 1.** Amends s. 215.5586, F.S., relating to My Safe Florida Home Program.

<sup>28</sup> Department of Financial Services, *supra* note 22, at 2.

<sup>29</sup> This requirement was already in place for the grant portion of the MSFH Program under s. 215.5586(2), F.S.

<sup>30</sup> See Fiscal Comments.

<sup>31</sup> These elements are bracing of gable ends and upgrading of roof coverings from code to code plus.

<sup>32</sup> The LBC is composed of seven members of the House of Representatives and seven members of the Senate. It meets at least quarterly throughout the year and its powers and duties include:

- Reviewing and approving or disapproving budget amendments recommended by the Governor or Chief Justice of the Florida Supreme Court.
- Developing the long-range financial outlook described in s. 19, Art. III of the State Constitution.
- Exercising all other powers and performing all other duties prescribed by the Legislature. S. 11.910(6), F.S.

**Section 2.** Reenacts s. 215.5588, F.S., relating to Florida Disaster Recovery.

**Section 3.** Provides an effective date of July 1, 2023.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

See Fiscal Comments.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

### C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

To the extent that homes that participate in the MSFH Program receive mitigation credits under their insurance policies and are less exposed to risk as a result of mitigation retrofitting using grant funds, the MSFH Program will have a positive direct economic impact on homeowners. Hurricane mitigation contractors may also see an increase in project activity.

### D. FISCAL COMMENTS:

The bill increases the number of homeowners that are eligible for the MSFH Program, but does not include an appropriation beyond the \$150 million in nonrecurring funds from GR to DFS appropriated in May 2022. Without additional funds being appropriated for the MSFH Program, the expanded eligibility may cause funds to run out earlier than originally expected. However, DFS has submitted an amended legislative budget request to ask Legislature for an additional \$100 million for the mitigation grants portion of the MSFH Program.<sup>33</sup> DFS anticipates that the \$115 million allocated for the mitigation grants will be exhausted within the 2022-2023 fiscal year without the additional funding.<sup>34</sup>

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect county or municipal governments.

2. Other:

None.

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<sup>33</sup> DFS Legislative Budget Request, *Expenditures by Issue and Appropriation Category*, <http://floridafiscalportal.state.fl.us/Document.aspx?ID=25277&DocType=PDF> (last visited Mar. 2, 2023).

<sup>34</sup> *Id.*

**B. RULE-MAKING AUTHORITY:**

The bill neither authorizes nor requires administrative rulemaking.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

On March 9, 2023, the Insurance & Banking Subcommittee considered the bill, adopted one amendment, and reported it favorably as a committee substitute. The amendment:

- Removes a proposed change in eligibility for the program and maintains current law regarding townhomes,
- Deletes proposed authority for the Department of Financial Services to define and apply criteria to prioritize inspection applications for funding, and
- Adds the Citizens Property Insurance Corporation to the proposed list of entities that may receive program brochures for redistribution.

The bill analysis is drafted to the bill as reported out of the Insurance & Banking Subcommittee.