

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/HB 1263 My Safe Florida Home Program

**SPONSOR(S):** State Administration & Technology Appropriations Subcommittee, Insurance & Banking Subcommittee, LaMarca

**TIED BILLS:** **IDEN./SIM. BILLS:** CS/SB 7028

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Insurance & Banking Subcommittee	18 Y, 0 N, As CS	Fortenberry	Lloyd
2) State Administration & Technology Appropriations Subcommittee	14 Y, 0 N, As CS	Perez	Topp
3) Commerce Committee			

### SUMMARY ANALYSIS

The My Safe Florida Home (MSFH) Program was created in 2006 within the Department of Financial Services (DFS) to perform mitigation inspections of site-built, single-family, residential properties (inspections), and mitigation grants (grants) to eligible applicants to make their homes less vulnerable to hurricane damage. The MSFH Program received \$250 million in appropriations for the Fiscal Year 2006-2007, but was not funded again until 2022. Since then, the Legislature has provided approximately \$433 million in subsequent additional funding to the MSFH Program.

Mitigation inspections are limited to homesteaded properties. Funds may be used to inspect townhouses to determine if opening protection mitigation would help decrease the risk of hurricane damage and grant funds may be used to pay for such opening protection mitigation if warranted. The value of the mitigation grant-eligible homes is currently \$700,000. While initially limited to homes within the wind-borne debris region, the MSFH Program is currently a statewide program.

The bill makes additional changes to the MSFH Program. It allows homeowners to submit subsequent mitigation inspection and grant applications for the same home if certain criteria are met. Pursuant to the bill, DFS may request that an applicant provide additional information if the application contains errors or omissions. An application is considered withdrawn if an applicant does not respond to a request for additional information within 60 days.

In order to receive grant funds, homeowners must agree to provide DFS with information from their homeowners' insurers that identifies discounts in premiums have received as a result of improvements made with grant funds. Grant-funded projects must be completed within 1 year after grant approval, subject to a one-time six-month extension, or the grant is deemed abandoned and the grant funds revert to DFS.

The bill eliminates the requirement that DFS maintain a list of participating contractors for the grant portion of the MSFH Program. Participants in the program may choose any properly licensed contractor to perform the improvements and must include the name and state license number of that contractor on their grant applications.

The bill specifies that grant-funded opening protection improvements include exterior doors, garage doors, windows, and skylights. Current law allows DFS to require that improvements be made to all openings, including exterior doors, and garage doors as a condition of reimbursing a homeowner approved for a grant. The bill adds windows and skylights to the list of openings that must be improved in their entirety for a homeowner to be reimbursed.

The bill requires that, for the first 60 days DFS accepts inspection and grant applications following any legislative appropriation, DFS must prioritize the review and approval of applications by low- and moderate-income persons and those applicants who are at least 60 years old.

The implementation of the MSFH Program is subject to funding in the General Appropriations Act. The bill may have a positive direct economic impact on the private sector. See Fiscal Analysis & Economic Impact Statement.

The bill is effective on July 1, 2024.

# 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 purpose of 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 had 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; and
- 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 with wind certification entities to provide mitigation inspections. In order to be eligible for the contracts, the entities had to use hurricane mitigation inspectors who, at a minimum:

- 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 professional architects; 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>

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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.

## Mitigation Grants

The purpose of the mitigation grants component of the MSFH Program 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:

- 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>

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

<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 Jan. 26, 2024).

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

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

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

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

While the MSFH Program was never repealed from law, additional funding was not provided until May 2022.

### *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 the General Revenue Fund (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

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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.*

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:

- 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>

### *2023 Developments to the MSFH Program*

Following the significant interest in the program in 2022 and early 2023, the Legislature made additional changes to the statutory framework for the MSFH Program during the 2023 Regular Session. These changes included changes to the inspection and grant eligibility requirements, and program management changes.

Single-family home eligibility for mitigation inspections was limited only to homesteaded properties.<sup>29</sup> Funds from the MSFH Program may now be used to inspect townhouses to determine if opening protection mitigation would help decrease the risk of hurricane damage.<sup>30</sup> If an inspection determines that opening protection mitigation would decrease such risk, grant funds from the MSFH Program may be used to pay for the mitigation.<sup>31</sup> The value of the mitigation grant-eligible homes was also increased from \$500,000 to \$700,000.<sup>32</sup>

The designation of a specific portion of the grant funds for low-income recipients was removed, but increases the overall grant award for low-income recipients from \$5,000 to \$10,000.<sup>33</sup> The program's geographic eligibility area was broadened to include otherwise ineligible homes outside the wind-borne debris region, in effect making it a statewide program.

Among the project management changes implemented, home inspectors must be licensed, in addition to certified.<sup>34</sup> This requirement conforms with other statutory chapters that address home inspectors.

### *Funding for the MSFH Program*

As of December 2023, the Legislature has appropriated a total of \$433 million for the MSFH Program since May 2022.<sup>35</sup> In addition to the \$150 million appropriated during the 2022D Special Session, this includes \$100 million in grant funding appropriated during the 2023 Regular Session and an additional \$176 million in grant funding appropriated during the 2023C Special Session.<sup>36</sup>

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

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

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

<sup>29</sup> The homestead requirement was already in place for the grant portion of the MSFH Program under s. 215.5586(2), F.S., prior to the 2023 Regular Session.

<sup>30</sup> S. 215.5586(1)(a), F.S.

<sup>31</sup> S. 215.5586(2)(f), F.S.

<sup>32</sup> S. 215.5586(2)(e)2., F.S.

<sup>33</sup> S. 215.5586(2)(h), F.S.

<sup>34</sup> S. 215.5586, F.S.

<sup>35</sup> Department of Financial Services, *2023 Annual Report of My Safe Florida Home*, p. 1.

<sup>36</sup> *Id.* at p. 6. The mitigation grant funding is by far the largest component of the MSFH Program.

## Results of the MSFH Program

Between November 2022, and December 2023, the MSFH Program has provided more than 94,000 homeowners with hurricane mitigation inspections and approved more than 23,000 grant applications.<sup>37</sup> Over 73 percent of those homeowners who have completed participation in the grant component of the MSFH Program have seen their homeowners insurance premiums drop or stabilize, and many are paying premiums at or below the state average.<sup>38</sup> According to DFS, upon applying to the MSFH Program, the average premium of the applicants was 55.1 percent higher than the average Florida homeowner's premium.<sup>39</sup> Based upon the decrease in premium following participation, DFS has concluded that the MSFH Program participation is comprised of higher-than-average risk homeowners, which is consistent with the goal of helping those with homes at greatest risk.<sup>40</sup>

### Effect of the Bill

The bill makes additional changes to improve the operation and effectiveness of the MSFH Program. It allows homeowners to submit subsequent mitigation inspection and grant applications for the same home if the following criteria are met:

- The original application was denied or withdrawn due to errors or omissions in the application;
- The original application was denied or withdrawn because the home did not meet the eligibility criteria at the time of application, and the homeowner reasonably believes the home is now eligible for an inspection or grant; or
- The MSFH Program's eligibility requirements have changed since the date of the original application, and the homeowner reasonably believes the home is now eligible for an inspection or grant.

Pursuant to the bill, DFS may request that an applicant provide additional information if the application contains errors or omissions. DFS may consider an application withdrawn if it does not receive a response to its request for additional information within 60 days of notifying the applicant of errors or omissions.

The bill provides additional criteria for homes to be eligible for mitigation grants. Homeowners must agree to provide DFS with information from their homeowners' insurers that identifies premium discounts received as a result of improvements made with grant funds. Grant-funded projects must be completed within 1 year after grant approval, subject to a one-time six-month extension, or the grant is deemed abandoned and the grant funds revert to DFS.

The bill eliminates the requirement that DFS maintain a list of participating contractors for the grant portion of the MSFH Program. Instead, participants in the program may choose any properly licensed contractor to perform the improvements. A grant application must include a statement from the homeowner which contains the name and state license number of the contractor that the homeowner intends to use for the mitigation work. Before approving the grant, DFS will verify that the contractor's state license number is accurate and up to date.

The bill specifies that opening protection that may be improved with grant funds from the MSFH Program includes exterior doors, garage doors, windows, and skylights. Current law allows DFS to require that improvements be made to all openings, including exterior doors, and garage doors as a condition of reimbursing a homeowner approved for a grant.<sup>41</sup> The bill adds windows and skylights to the list of openings that must be improved in their entirety for a homeowner to be reimbursed.

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<sup>37</sup> *Id.* at p. 1. Because the grant portion of the MSFH Program is fulfilled based on reimbursement to homeowners after proof of completion of mitigation projects, the money to fulfill these grants has been reserved, but not all of it has been paid to the homeowners yet.

<sup>38</sup> *Id.*

<sup>39</sup> *Id.* at p. 2.

<sup>40</sup> *Id.*

<sup>41</sup> S. 215.5586(2)(f), F.S.

The bill requires that, for the first 60 days DFS accepts inspection and grant applications following any legislative appropriation, DFS must prioritize the review and approval of applications in the following order:

- Low-income persons who are at least 60 years old;
- All other low-income persons;
- Moderate-income persons who are at least 60 years old;
- All other moderate-income persons;<sup>42</sup> and
- All other applicants.

**B. SECTION DIRECTORY:**

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

**Section 2.** Provides an effective date of July 1, 2014.

**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 or premium discounts under their property 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 House's proposed General Appropriations Act (GAA) for Fiscal Year 2024-2025,<sup>43</sup> includes \$200 million for mitigation grants, approximately \$17 million for mitigation inspections, and approximately \$7 million for administrative costs related to both components of the MSFH Program.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

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<sup>42</sup> The relevant definitions of low- and moderate-income persons are found in s. 420.0004, F.S.

<sup>43</sup> See PCB APC 24-01 (2024).

1. Applicability of Municipality/County Mandates Provision:

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

2. Other:

B. RULE-MAKING AUTHORITY:

The bill neither authorizes nor requires administrative rulemaking. However, see III.A.2., Other Constitutional Issues.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On February 1, 2024, the Insurance & Banking Subcommittee considered the bill, adopted a strike-all amendment, and reported the bill favorably as a committee substitute. The amendment made the following changes to the bill:

- required a grant applicant to identify the project contractor by name and license number and the program to verify the status of the contractor's license.
- clarified the process for prioritization of low-income grant applicants.
- specified that a grant-funded project must be completed within 1 year, subject to a one-time six-month extension, or the grant is deemed abandoned and the funds revert to DFS.
- made other technical and grammatical changes.

The analysis is drafted to the committee substitute as passed by the Insurance & Banking Subcommittee.

On February 13, 2024, the State Administration & Technology Appropriations Subcommittee considered the bill, adopted an amendment, and reported the bill favorably as a committee substitute. The amendment removed the appropriation of \$107 million nonrecurring general revenue.

The analysis is drafted to the committee substitute as passed by the State Administration & Technology Appropriations Subcommittee.