



HOUSING NEWS

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Housing Day Rally at the Capitol April, 11, 2007. DCA Secretary, Tom Pelham, exceeded the Sadowski Coalition's call for repeal of the cap on the state and local housing trust funds. Speakers included the League of Cities, the Florida Chamber of Commerce, and the AARP, speaking on behalf of its three million members in Florida. Special thanks to the Florida Association of Realtors, and to the city of Orlando for bringing a busload of housing advocates to Tallahassee.

Legislative Wrap - Up: 2007

BY JAIMIE ROSS AND MARK HENDRICKSON

The number one priority for housing advocates during the 2007 legislative session was to prevent the cap on state and local housing trust funds from going into effect. Unfortunately, we never came close.

Speaker of the House, Marco Rubio, could not be engaged to discuss repeal, repeatedly deferring to the analysis of his staff budget director to explain that Florida could not afford to repeal the cap. The primary argument proffered was this: Florida needs the housing trust fund revenues for general revenue expenses. But the appropriation of housing dollars in 2007 was not \$243million, but \$393.4 million. And the \$315.6 million balance of state and local housing trust fund monies was not used for general revenue expenses.



WHY WASN'T THE APPROPRIATION EQUAL TO THE CAP? AND WHY WASN'T THE TRUST FUND BALANCE SWEEPED INTO GENERAL REVENUE?

Because at \$243 million certain programs embraced by Florida legislators, such as CWHIP, could not be funded. If those popular programs could not be funded this year, it may have generated greater legislative concern over the cap. In other words, the cap could go into effect without having to feel its true impact: the dismantling of Florida's system that generates housing trust fund monies in direct proportion to the increase in housing prices. Until all the unappropriated housing monies are expended and no housing



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The Florida Housing Coalition is a nonprofit, statewide membership organization whose mission is to act as a catalyst to bring together housing advocates and resources so that Floridians have a safe and affordable home and suitable living environment.

The Housing News Network is published by the Florida Housing Coalition as a service to its members and for housing professionals and others interested in affordable housing issues.

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programs can be funded above \$243 million, lawmakers may not appreciate the true impact of the cap. The 2007 Legislature stayed its now four-year course of leaving a substantial amount of housing trust monies in the trust funds, neither appropriated to housing nor swept to general revenue.

APPROPRIATIONS FOR FISCAL YEAR 2007- 08

PROGRAM	FUNDING LEVEL (from State and Local Housing Trust Funds)
Total Available for Appropriation	\$709,000,000
Florida Housing Basic Programs (SAIL, HAP, PLP, Catalyst Training & Technical Assistance, & Guaranty Fund)	\$70,500,000
SHIP	\$166,200,000
SHIP Monitoring	\$400,000
Homeless	\$5,900,000
Florida Housing Additional SAIL	\$60,000,000
Florida Housing Downpayment	\$10,000,000
CWHIP	\$62,400,000
Extremely Low Income (ELI)	\$15,000,000
DCA Planning	\$400,000
Teacher Downpayment	\$1,000,000
Specific Project "Senior Demo"	\$1,600,000
TOTAL APPROPRIATED	\$393,400,000
TRUST FUND MONIES NOT APPROPRIATED	\$315,600,000

FLAWS IN THE ARGUMENT TO KEEP THE CAP

The basic premise used by the legislative staff to justify the cap is that the money would be needed to balance the budget, and that repeal of the cap would somehow prevent the budget from being balanced. This was a false dilemma. The cap is on distributions INTO the housing trust funds—once in the trust funds, the legislature can appropriate them as needed. If they are indeed needed to balance the budget, they can be used accordingly. There is no need to cap distributions into the trust funds in order to respond to potential budget problems when and if they ever happen.

The monies which are statutorily dedicated to the state and local housing trust funds are derived from the documentary stamp tax which was increased for the sole purpose of funding the state and local housing trust funds. In the 14 years that

the Sadowski Act has been enacted, there has been only one year that the monies from the state and local housing trust funds were needed to balance the budget—FY03-04—and in that year, a portion of the funds were diverted to general revenue. This proves conclusively that if the legislature needs the state or local housing trust funds for other purposes it is able to appropriate accordingly.

There is no reason to believe that Florida will now and forever after have a budget deficit. If that is indeed the projection, the Legislature needs to look at what the cause or causes of that deficit are and take corrective action. Designing a system for the unusual years when the trust funds will be needed to balance the budget is illogical—the system should be designed for the overwhelming majority of years when the money can be spent on housing.

Another component of the argument against repealing the cap was the new constitutional amendment which limits the amount of non-recurring revenue that can be spent on recurring general revenue expenditures. The premise was, that after all recurring “priorities” had been funding, there wasn’t enough money left unless the amount above the cap was not diverted directly to general revenue—thus becoming “recurring” general revenue.

Continued on page 4

“Speaker Marco Rubio would be wise to support lifting the cap in order to stimulate Florida’s economic competitiveness, hire and keep an essential workforce and, at the same time in this way, help ease the housing crisis.”

Tallahassee Democrat Editorial
March 18, 2007

“Legislators should ‘make a run at trying to get the funding back to fully fund the trust, to lift the arbitrary cap and have the opportunity for the Sadowski fund to do what it was intended to do,’ he said.”

(Gov. Charlie Crist)



Florida Times Union Editorial
March 20, 2007

“Has the Legislature lost its mind? The House is being especially obstinate, so leadership from Gov. Charlie Crist, who has expressed support, may be needed to force the issue.”

South Florida Sun-Sentinel Editorial
March 26, 2007



The diverse bipartisan coalition that spearheads this effort grew in 2007 to include the Florida Coalition for the Homeless, Associated Industries of Florida, the Florida Retail Federation, and the Florida Hospital Association. They added their memberships and lobbyists to the ranks of the most diverse alliance of bi-partisan interests, known as the Sadowski Workforce Housing Coalition.

This argument is flawed in that the analysis assumed that any and every recurring general revenue expenditure in last year's budget, plus another \$1.225 billion of new named priorities, plus another \$854 million for unnamed "other recurring priorities" all had to be funded before any consideration could be given to cap repeal. If housing is indeed a priority, then the cap could have been and can be repealed—it simply has to be a greater priority than any of the \$854 million of unnamed priorities.

CHAMPIONS FOR REPEAL OF THE CAP

Florida's affordable housing programs are an economic engine, supported by low income advocates as well as every major industry group and employer in Florida. Florida has developed an infrastructure of public private housing delivery that is the envy of the nation. By slashing the appropriation of housing funds to \$243 million per year (a level lower than the monies generated in 2002), Florida will dismantle that infrastructure and find itself wholly incapable of meeting anything close to the demand for affordable workforce housing. We will be unable to house the elderly, the infirm, or our essential services personnel.

Bills to repeal the cap were filed early in the session in both the House and Senate by Representatives Saunders, Fitzgerald, and Bucher, and Senators King, Geller, and Wilson. A special thanks is owed to Representative Ron Saunders who was loathe to take no for

Repeal of the cap is universally supported in Florida as reflected by every major newspaper and constituent group, including the low income advocates and industry groups that participate in the Sadowski Workforce Housing Coalition as follows:

- **1000 Friends of Florida**
- **AARP of Florida**
- **Associated Industries of Florida**
- **Coalition of Affordable Housing Providers**
- **Florida Association of Counties**
- **Florida Association of Homes and Services for the Aging**
- **Florida Association of Housing and Redevelopment Organizations**
- **Florida Association of Local Housing Finance Authorities**
- **Florida Association of Realtors**
- **Florida Bankers Association**
- **Florida Catholic Conference**
- **Florida Chamber of Commerce**
- **Florida Chapter American Planning Association**
- **Florida Coalition for the Homeless**
- **Florida Department of Community Affairs**
- **Florida Home Builders Association**
- **Florida Housing Coalition**
- **Florida Housing Finance Corp.**
- **Florida Impact**
- **Florida League of Cities**
- **Florida Legal Services**
- **Florida Retail Federation**
- **Florida Supportive Housing Coalition**
- **Florida United Way**

an answer and insisted on having a workshop in the House Council on Policy and Budget, inviting the Sadowski Workforce Housing Coalition to present the



Representative Saunders

case in favor of scrapping the cap. The Sadowski Coalition made a compelling presentation on April 13th, but unfortunately it was to a virtually empty room, as Council members quickly filed out of this workshop scheduled during the lunch hour, returning only when the next bill to be voted on was to be heard.

The diverse bipartisan coalition that spearheads this effort grew in 2007 to include the Florida Coalition for the Homeless, Associated Industries of Florida, the Florida Retail Federation, and the Florida Hospital Association. They added their memberships and lobbyists to the ranks of the unprecedented Coalition, known as the Sadowski Workforce Housing Coalition.

The good news is that housing advocates "never give up." We have the support of Governor Crist and Florida's Chief Financial Officer Alex Sink, and we continuously add allies to our ranks. Together we will mount a campaign with our champions in the legislature for reauthorization of the state and local housing trust funds without a cap in the 2008 legislative session.

HOUSING LEGISLATION THAT PASSED IN 2007

Representative Mike Davis, once again sponsored the omnibus housing bill, HB 1375. But unlike last year, housing legislation that passed this session was relatively of little moment, and contains a number of items that are more related to Developments of Regional Impact than to affordable housing. Many of these provisions were not in Representative Davis' original bill, but were sent over to the House from Senator Garcia's SB 780. The provisions unrelated to affordable housing in HB 1375 or which only apply to certain projects or areas of the state are not included in the summary below.

• Tax Deferral

Local governments are authorized to adopt an ordinance to permit ad valorem and non ad valorem taxes on affordable rental properties to be deferred. Similar to the deferment that exists for low income elderly, the deferred taxes accrue interest not to exceed 9.5%. At first blush this legislation may seem pro-affordable housing, but it seems likely to be of value only to those who intend to sell the affordable rental development for market rate uses in the future. Alternatively, this deferral could amount to an exemption if the property remains in the affordable stock. This provision was put in Representative Davis' bill by the Senate. See 197.307-197.3079, Florida Statutes. This is the bulk of the fifty page Housing Bill.

• CWHIP

The CWHIP program now requires less private sector investment and less leveraging of funds (down from 15% to 10% of total development cost or \$2 million, whichever is less). Revisions were made to the process for applications (no more Request For Proposals) and choosing winning CWHIP applications, including allowing three people to serve on the application review committee who are not employed by the Florida Housing Finance Corporation, and allowing applicants to cure errors in their applications. Also, all commitments can be evidenced by as little as a memorandum of understanding or "other written instrument" and local government regulatory incentives and public-private contributions no longer must be adopted, so long as the jurisdiction or public-private partnership is "committed to adopting" such incentive or contribution. SHIP funds can now be used for higher income residents (140% in high income and high growth counties, and 150% of area media income in Monroe County) provided it is for a CWHIP application.



On the last day of the session, HB 7203 was amended to provide that the CWHIP program be renamed "The Mike Davis Community Workforce Housing Innovation Pilot Program."

Comprehensive plan amendments to accommodate CWHIP projects are now exempt from the twice a year limitation on comp plan amendments. See 420.5095, F.S.

• Workforce Housing Plans

By July 1, 2008, each county in which the gap between the buying power of a family of four and the median county home sales price exceeds \$170,000 (this is basically the high cost counties for the CWHIP program) shall adopt a plan for ensuring affordable workforce housing. At a minimum, the plan shall identify adequate sites for housing up to 140% of area median income. If the plan is not adopted the local government will be ineligible to receive any state housing assistance grants, until the plan is adopted. See 163.3177 (6)(h) and(i), F.S.

• Transportation Concurrency

There is an exemption from transportation concurrency requirements for affordable housing (up to 140% of area median income) in Developments of Regional Impact that provide employee housing within 5 miles of an employment center. See 163.3180 (17), F.S.

• Expedited Comp Plan Amendments

An expedited comprehensive plan amendment process is available at the local and state level for comp plan amendments to accommodate affordable housing developments that are consistent with local housing incentive strategies in the SHIP plan, and which are identified in the comprehensive plan for that purpose. See 163.3184 (19), F.S.

Comprehensive plan amendments that are consistent with the SHIP incentive strategies can be made outside of the two year limitation on comprehensive plan amendments. See 163.3187 (1) (p), F.S.

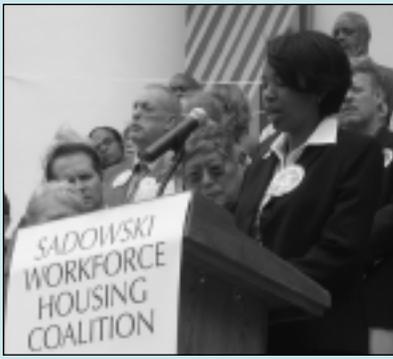
• SAIL

SAIL loans may be forgiven for that portion of the loan attributable to the units in a project reserved for extremely low income elderly non profit organizations, where the project has provided affordable housing for the elderly for 15 years or more. See 420.5087(3) (d), F.S.

• Predevelopment Loan Program

Predevelopment Loan Program funds can now go up to \$750,000 per applicant, rather than the maximum of \$500,000. See 420.526(7) (b), F.S.

(Continued on page 6)



Officer Anitra Highland, a law enforcement officer shared her personal story at the Housing Rally in Tallahassee on April 11th. The following are excerpts from her emotion-filled address:

"In 1997 I lost my mother in a traffic crash. When my mother died she left behind 7 children; I was the oldest, but only 19 at the time. The foundation and everything our mother had laid for us was gone. We didn't have a place to live or call home. I promised my mother, my siblings and myself, I would find a way to take care of my brothers and sisters.

By 2001 I obtained custody of my 5 siblings. As I looked at my financial situation, I felt there was no hope in us owning a home. At the time I was 23, a dispatcher for the Tallahassee police Department, student and raising 5 children alone. My siblings and I had been living in an apartment for years. Many times the thought crossed my mind, what if something happened to me? Where would my siblings go, where would they call home?

Home ownership went from being a dream to being a reality for me because of a combination of funding assistance from the State and Local Housing Trust Funds.

A combination of low interest mortgage money and down payment assistance from the State Housing Finance Corporation, and SHIP down payment assistance program leveraged my first mortgage with a local lender. And my mortgage payments became even more affordable because the City of Tallahassee waives water and sewer fees for affordable housing.

Since moving into my home, I have gone from being a telephone dispatcher with the Tallahassee Police Department to becoming a law enforcement officer. I am currently in school while working full-time and also parenting all the time.

Being able to purchase my own home is one of the greatest things that could have ever happened to me. I know being able to purchase a home, stabilized my life and the life of my siblings so we could accomplish the many things in our lives we have this far.

It is my honor and pleasure to give back to the City of Tallahassee through my work as a law enforcement officer and a parent. And I want others like me to have this same opportunity, so I truly hope the Florida Legislature will make sure these funds are available now and in the future."

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• PHA Insurance

Certain public housing authorities are authorized to create a self-insurance fund. See 624.46226, F.S.

• SHIP Advisory Committees

The nine member affordable housing incentive advisory committees are now eleven member committees, with the inclusion of one citizen who represents employers and another who represents essential services personnel, as that term is defined in the local housing assistance plan. This provision does not apply in those small counties which receive the minimum (\$350,000) SHIP allocation. See 420.9076, F.S.

The local advisory committees will now make a report every three years (minimum allocation counties are exempt from the triennial requirement) to recommend actions or initiatives to encourage or facilitate affordable housing, including recommendations to amend the local government comprehensive plan and corresponding regulations, ordinances, and other policies. At a minimum, each advisory committee shall submit a triennial report to the local governing body that includes recommendations on and evaluates the implementation of all the affordable housing incentives listed in 420.9076 (4) (a) (k). This statutory provision also expands the list of regulatory incentives to include "The support of development near transportation hubs and major employment centers and mixed-use developments. It also expands the duties of the advisory committees to include mentoring services and the creation of best practices for the development of affordable housing in the community. The advisory committee shall be cooperatively staffed by the local government department or division having authority to administer local planning or housing programs to ensure an integrated approach to the work of the advisory committee" See 420.9076

(8) and (9), F.S. Because these statutory revisions are fairly substantial, they are covered more comprehensively on page 30-31 of the Journal.

• Teacher Down Payment Money

A Teacher Down Payment Assistance Pilot Program (\$1,000,000), is created by in Section 45 of the Appropriations Implementing Bill (SB 2802). SHIP communities that want to apply for these funds will have to waive all impact fees on the teacher homes and provide a strategy for this program in their LHAP. The local school board will have to commit to provide verification of eligibility and compliance with the conditions for this program. The Teacher DAP provides for \$4,000 down payment assistance in the form of forgivable loans to: full time K-12 classroom teachers who are certified exceptional student education, mathematics, or science, who declare homesteaded residency and demonstrate a minimum 5-year commitment to teach in public school in the county where currently employed. Liens on the down payment assistance loans will be released upon fulfillment of all above criteria for five years. 

JAIMIE ROSS is the Affordable Housing Director at 1000 Friends of Florida and the President of the Florida Housing Coalition. She initiated and facilitates the Sadowski Coalition. Jaimie is the Chair of the Affordable Housing Committee of the Real Property Probate & Trust Law Section of the Florida Bar.

MARK HENDRICKSON the president of The Hendrickson Company, is the immediate past Chair and serves as an Executive Committee member for the Florida Housing Coalition. He served as Executive Director of the Florida Housing Finance Agency from its inception in 1981 to 1994. As its first Chief Executive Officer, he led the way in creation of the Sadowski Act.