



RECORD \$443 MILLION APPROPRIATED FOR HOUSING FROM THE HOUSING TRUST FUNDS

2005 LEGISLATIVE UPDATE

BY MARK HENDRICKSON

The legislature appropriated a record \$443 million for housing in FY05-06, with \$250 million of the spending for hurricane housing, and another \$193 million for ongoing affordable housing programs. Without the continued existence of the Housing Trust Funds and the dedication of doc stamp revenues to those funds, the monies would not have been available for these expenditures.



language that would classify the \$243 million as “recurring revenue”—the amount that is in the base appropriation level each year.

WHAT THIS MEANS IS THAT:

- \$443 million is appropriated for FY05-06;
- There is no cap on distributions to the Housing Trust Funds nor on housing expenditures for FY06-07; and,
- The cap for distributions to the Housing Trust Funds beginning in FY07-08 is \$243 million, \$50 million higher than current appropriations for ongoing programs.

While the \$443 million represents the largest annual appropriation in Florida’s history, the funding for existing programs remained at \$193 million. During the debate on HB 1889 (the cap on future distributions of doc stamp revenues to the Housing Trust Funds), several Senate and House members noted that there is no cap on housing expenditures for FY06-07, and that the legislature may appropriate amounts above \$193 million for that or future fiscal years.

HB 1889 capped future distributions to the Housing Trust Funds—but not until July 1, 2007. While an earlier version placed that cap at \$193 million per year, beginning July 1, 2006, with no annual increase—the final legislation enacted (Senate’s version) set the cap at \$243 million beginning July 1, 2007, with a very small annual increase related to doc stamp collections. The final bill also included technical

The success of housing funding and in achieving a better than proposed future cap was due in large part to the effective and unprecedented alliance of industry, local government, and advocacy groups—known in 2005 as the Workforce Housing Coalition. The Florida Association of Realtors, Florida Bankers Association, Florida Association of Counties, Florida League of Cities, Florida Legal Services, 1000 Friends of Florida, Florida Housing Coalition, Florida Catholic Conference, Florida Impact, Florida Association of Local Housing Finance Authorities, AARP Florida, and the Coalition of Affordable Housing Providers all worked in concert to achieve our successes, and to mitigate our setbacks.



While current and future funding levels were at the center of the housing debate in 2005, other legislation impacting housing was also passed during the session. A summary of funding and other legislation:

HURRICANE HOUSING FUNDING— \$250 MILLION

The Hurricane Housing Work Group, ably chaired by Lieutenant Governor Toni Jennings, provided the analysis of housing needs caused by the four hurricanes that hit Florida in 2004. The Work Group recommended \$354.4 million in one-time hurricane housing recovery funds, with detailed program recommendations that included monies for local governments, rental housing, farmworker housing, special needs housing, tax credits, and training and technical assistance. Governor Bush included the full \$354.4 million in his budget request to the legislature; however, the legislature funded only \$250 million of that request. As a result, only two of the recommended programs were funded:

- \$207.48 million to local governments for the Hurricane Housing Recovery Program, a SHIP-like block grant to counties most impacted by the hurricanes. See Table 1 for projected allocations for each of the 28 eligible counties. While extremely flexible, the program does have a general requirement that 65 percent of the funds go to homeownership and has an extremely low income component (15 percent of funds).
- \$42.0 million to Florida Housing Finance Corporation (“Florida Housing”) for the Rental Recovery Loan Program, a gap financing program that would provide rental housing with 50-year affordability restrictions in communities impacted by the hurricanes.
- \$520,000 (that was not part of the Work Group recommendations) was given to Florida Housing for monitoring.

No funding was appropriated for the Farmworker Housing Recovery Program (recommended at \$20 million), the Special Housing Assistance and Development Program (recommended at \$20.5 million), nor for Training and Technical Assistance (recommended at \$400,000).

HOUSING PROGRAM FUNDING— \$192.9 MILLION

The legislature appropriated the same level of funding for SHIP, Florida Housing Programs (including SAIL, PLP,

HAP, and Catalyst Training and Technical Assistance), Homeless Programs, and other ongoing programs. See Table 2 for details. “However, the Governor vetoed \$500,000 for the Low Income Emergency Home Repair Program with the Department of Community Affairs. This program funds emergency repairs for very low and low income homeowners, most often the elderly. The Governor vetoed a \$2 million appropriation for that program last year.”

CAP ON DISTRIBUTIONS OF DOC STAMPS TO HOUSING TRUST FUNDS—\$243 MILLION WITH DELAY UNTIL FY07-08

The session began with a proposal by the governor’s office to permanently cap distributions of doc stamp revenues to the Housing Trust Funds at \$193 million, with no annual increase for population growth or cost, effective July 1, 2006. The \$193 million was described as the “historical expectation” for funding, when in fact the historical expectation is 20 cents of doc stamp revenues, whatever dollar amount that may be.

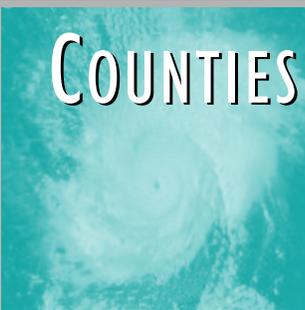
In fact, \$193 million was the level of doc stamp transfers to the Housing Trust Funds in FY00-01; since that time the cost of an existing home has increased by over 71 percent while incomes have risen less than 10 percent. The need for funding has increased dramatically, as families that needed no assistance five years ago now need significant help to buy the same home they could have bought then with no assistance from state government, and working families who then needed only small downpayment assistance, now need subsidy in the tens of thousands of dollars.

The Workforce Housing Coalition was formed to educate legislators on the need for housing funding at higher levels, and to advocate for a cap (if one was to be enacted) at a level that reflected current housing costs, and which had an annual increase for both population and housing cost. The Coalition pushed for a cap at a level of \$331 million—reflecting the 71 percent increase in the cost of the median existing home in Florida between 2000 and 2004.

The House passed HB 1889, with a permanent cap at \$193 million (no increases for population or cost), effective July 1, 2006. Rep. Nancy Detert (R-Venice) offered an amendment that would have raised the cap to \$331 million, with annual increases for both population and housing cost; however, her amendment failed 71-43.

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TABLE 1

 COUNTIES ELIGIBLE FOR HURRICANE FUNDING	Hurricane Housing Recovery Program Projected Allocation by County	Supplemental Funds for Extremely Low Income Households Projected Allocation	Supplemental Funds for Community Collaboration Projected Allocation
	Bradford	\$378,475	\$75,695
Brevard	\$14,673,648	\$2,934,728	\$1,956,486
Charlotte	\$14,339,973	\$2,867,995	\$1,911,996
DeSoto	\$8,147,644	\$1,629,529	\$1,086,353
Dixie	\$451,839	\$90,368	\$60,245
Escambia	\$17,862,236	\$3,572,447	\$2,381,632
Glades	\$382,944	\$76,589	\$51,059
Hardee	\$5,924,895	\$1,184,979	\$789,986
Hendry	\$487,199	\$97,440	\$64,960
Highlands	\$2,326,849	\$465,370	\$310,247
Indian River	\$10,922,421	\$2,184,484	\$1,456,323
Lake	\$773,192	\$154,638	\$103,092
Lee	\$2,502,896	\$500,579	\$333,719
Levy	\$383,163	\$76,632	\$51,088
Marion	\$1,045,924	\$209,185	\$139,457
Martin	\$6,605,068	\$1,321,014	\$880,676
Okaloosa	\$1,004,135	\$200,827	\$133,885
Okeechobee	\$5,380,098	\$1,076,020	\$717,346
Orange	\$4,393,483	\$878,697	\$585,798
Osceola	\$3,986,312	\$797,262	\$531,508
Palm Beach	\$6,401,838	\$1,280,368	\$853,578
Polk	\$13,284,043	\$2,656,809	\$1,771,206
Putnam	\$789,079	\$157,816	\$105,211
Santa Rosa	\$10,930,493	\$2,186,099	\$1,457,399
Seminole	\$1,649,821	\$329,964	\$219,976
St. Lucie	\$16,417,481	\$3,283,496	\$2,188,997
Sumter	\$434,729	\$86,946	\$57,964
Volusia	\$3,730,122	\$746,024	\$497,350
TOTAL	\$155,610,000	\$31,122,000	\$20,748,000

Total Projected Allocation: \$207,480,000

The Senate took up its own version of the cap bill, SB 1110. In one committee, members voted to strip the cap on housing entirely. However, a cap on various trust funds was part of Senate President Lee's long-term budget management strategy, and a cap was going to be enacted—the only questions being how high, when, and with what annual increase. Sen. Ken Pruitt (R-Port St. Lucie) offered

amendments that increased the cap from the House's \$193 million to \$243 million, delayed the implementation until July 1, 2007, and included a modest annual increase related to increased doc stamp collections. Another part of the amendment by Sen. Pruitt is highly technical but very important. The \$243 million distributed to the Housing Trust Funds when the cap takes effect are treated as

TABLE 2

FY 2005-2006 BUDGET- SADOWSKI ACT FUNDING				
ADMINISTERING AGENCY	PROGRAM	TOTAL FUNDING	FUNDING FROM SADOWSKI	CHANGE IN SADOWSKI \$ FROM FY04-05
Florida Housing	SHIP	*\$130,886,000	*\$130,886,000	-0-
Florida Housing	SAIL HAP PLP HOME Match Guarantee Fund Catalyst Training Affordable Housing Study Commission	*\$55,906,623 <i>[Neither the appropriation act nor the budget backup has a breakout among these programs]</i>	*\$55,906,623	-0-
Florida Housing	Hurricane Housing Recovery Program <i>(Grants to Local Governments)</i>	\$207,480,000	\$207,480,000	+\$207,480,000
Florida Housing	Hurricane Rental Recovery Loan Program	\$42,000,000	\$42,000,000	+\$42,000,000
Florida Housing	Hurricane Program Monitoring	\$520,000	\$520,000	+\$520,000
Florida Housing	Housing Data Clearinghouse	\$251,725 <i>[50% from SHIP and 50% from Florida Housing's above listed appropriations]</i>	\$ 251,725	N.A.
Florida Housing	SHIP Monitoring	\$200,000	\$200,000	-0-
Florida Housing	Program Administration	N.A.	-0-	-0-
DCA	Low Income Emergency Home Repair	**\$500,000	-0-	N.A.
Department of Children and Family Services	Homeless Emergency Shelter Grants	\$5,840,050	\$900,000	-0-
Department of Children and Family Services	Homeless Housing Assistance Grants	\$5,000,000	\$5,000,000	-0-
TOTAL		\$448,332,673 <i>(\$447,832,673 after veto)</i>	\$442,892,623	+\$250,000,000

*Less Clearinghouse funding **Vetoed by Governor

The Community Contribution Tax Credit Program was increased to \$12 million annually, up from \$10 million. The program provides tax credits to businesses that make donations to sponsors of various developments, with an emphasis on homeownership for low-and very low-income families. The Front Porch Florida initiative received \$3,180,332 of General Revenue appropriations of which \$180,322 is for DCA administration. The balance of Front Porch monies is used to fund liaisons in each community, and a group of grants programs. Additionally, Florida Housing received directly from the federal government HOME funding of over \$23.11 million and American Dream Downpayment funding of over \$705,000, neither of which is part of the Appropriation Act.

“recurring” revenues—meaning that the entire amount would be appropriated in a continuation budget. HB 1889 was amended to include Sen. Pruitt’s improvements, passed the Senate, and was returned to the House where the amended version was passed on the last day of the session.

THE REAL SCOOP ON THE CAP:

As advocates, we would love to continue a system with no cap, and with the full 20 cents (over \$400 million each year) of doc stamps dedicated to the Housing Trust Funds appropriated each year. However, in the real world the choice was between a \$193 million cap (proposed by the Governor and passed by the House), or the Senate/Senator Pruitt’s amendment: a \$243 million cap, delayed until 2007, with an annual increase formula (that can be modified in the future), and important technical language that would help translate a \$243 million cap into at least \$243 million of appropriations (\$50 million more than the appropriation for recurring programs over the last two years and the coming year). A summary of where we have gone in the past three years:

- In 2003, attempts were made by the Governor and House to eliminate the dedication of doc stamp revenues to the Housing Trust Funds, a move that would have gutted funding forever. The legislation was defeated.
- In 2004, the Housing Trust Funds had to be reauthorized by law, or they would have gone out of existence. The House and Senate unanimously passed the reauthorization legislation, and the Governor signed the bills into law.
- In 2005, the Governor and House moved to cap future distributions of doc stamp revenues to the Housing Trust Funds at \$193 million, with no mechanism for annual increases. The final bill that passed delayed the cap for two years, set it at \$243 million, and included a mechanism for annual increases.

COMMUNITY CONTRIBUTION TAX CREDIT—INCREASED TO \$12 MILLION FROM \$10 MILLION

SB 202 increased the Community Contribution Tax Credit by \$2 million, for a total of \$12 million annually. The tax credit is available to businesses and persons who make donations to certain low-income housing and community development projects. In addition to the increase in the credit, the program was extended until 2015, and revises the process by which the credits are allocated (including preference for homeownership).

PUBLIC HOUSING AUTHORITIES— GRANTED MORE FLEXIBILITY

SB 334 amended the statute that governs public housing authorities to grant more flexibility to PHA’s to create for-profit and not-for-profit subsidiaries, to enter into public-private partnerships, and to engage in mixed income financed developments.

GROWTH MANAGEMENT BILL— AFFORDABLE HOUSING GIVEN “SMALL SCALE AMENDMENT” STATUS; HOUSING ADVOCATE TO SERVE ON IMPACT FEE TASK FORCE

SB 360, the major growth management bill of the 2005 Session, impacts housing by granting the favorable “small scale amendment” status to tax exempt bond and tax credit developments, and by inclusion of an affordable housing advocate on the newly created Florida Impact Fee Review Task Force.

- Local government comprehensive plan amendments are generally limited to two times per year, except for “small scale amendments,” generally those of less than 10 acres. SB 360 clarifies that the limitation on density for small scale amendments (which are generally limited to a density of 10 units or less per acre or no more than the density allowed in the existing future land use category) does not apply to tax exempt bond and tax credit affordable housing developments. In other words, an affordable housing development can qualify for the beneficial small scale amendment process even though the density requested may exceed that which is generally permitted for a small scale amendment.
- SB 360 creates the Florida Impact Fee Review Task Force, which will have 15 members to be appointed by August 1, 2005, including two appointed by the Governor. One of those gubernatorial appointments will be “an affordable housing advocate who shall have no current or past direct relationship to local government, school boards, or the development or homebuilding industries.” The Task Force is charged with making a comprehensive report on the current state of impact fees including “methods used by local governments to ameliorate the effect of impact fee costs on affordable housing.” The Task Force report is due to the Governor, the Senate President, and Speaker of the House by February 1, 2006.

