



# MEMORANDUM

AGENDA ITEM #IV.G

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DATE: NOVEMBER 23, 2020

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: TCSF RESOLUTION 20-04 (AFFORDABLE HOUSING TRUST FUND)

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At the October 16<sup>th</sup> SFRPC / TCRPC Joint Meeting the Councils adopted TCSF Resolution 20-04 with one amendment. Pursuant to the proposed conceptual amendment by TCRPC Councilmember Peter O’Bryan, staff was directed to research and incorporate as part of TCSF Resolution 20-04, Proposed Policy 4, related to Affordable Housing. Proposed Policy 4 was the subject of a recent deliberation of the Florida Association of Counties (FAC) Community and Urban Affairs Committee.

Proposed Policy 4 proposed to change “... the formula for local housing fund distribution so that counties can allocate housing funds in a manner most effective for their local housing market, this includes reducing percentage of funds required to be distributed for homeownership and allowing counties to increase the percentage reserved for rental housing up to 50% of the funds available.” Of note, this proposed policy was not adopted by the FAC Community and Urban Affairs Committee.

Initial staff research and consultation with the Sadowski Coalition, which spearheaded the passage of the William E. Sadowski Affordable Housing Act of 1992, indicates this proposal is more complex than it appears on the surface and is likely to be opposed by the Sadowski Coalition. While the proposed amendment seeks to address a significant and important issue related to the urgent need for greater affordable multi-family housing in Southeast Florida, Council staff does not have at this time sufficient information to adequately advise the Councils with respect to the potential positive or negative impacts or “unintended consequences” of the proposed policy amendment.

After consultation with TCRPC Councilmember Peter O’Bryan, the sponsor of the proposed amendment, and TCRPC Executive Director Tom Lanahan, the TCRPC withdraws the amendment in favor of the original resolution until the policy recommendation can be studied further and perhaps reconsidered in the future.

## Recommendation

Adopt Resolution 20-04 as proposed and transmit to the Treasure Coast Regional Planning Council for approval.



South Florida Regional Planning Council  
1 Oakwood Boulevard, Suite 250, Hollywood, Florida 33020  
954.924-3653 Phone, 954.924-3654 FAX  
[www.sfregionalcouncil.org](http://www.sfregionalcouncil.org)



## RESOLUTION TCSF #20-04

**A JOINT RESOLUTION OF THE SOUTH FLORIDA AND TREASURE COAST REGIONAL PLANNING COUNCILS REPRESENTING THE LOCAL GOVERNMENTS OF MONROE, MIAMI-DADE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, AND INDIAN RIVER COUNTIES, FLORIDA; URGING FULL APPROPRIATION OF STATE AND LOCAL HOUSING TRUST FUNDS FOR HOUSING; URGING THE REPLACEMENT OF THE LOTTERY SYSTEM FOR 9% TAX CREDIT DEALS USED BY THE FLORIDA HOUSING FINANCE CORPORATION WITH AN ALLOCATION SYSTEM THAT PRIORITIZES AND FORMULATES DISTRIBUTION ON ACTUAL NEEDS CONSIDERING LEVERAGING AND LONG-TERM AFFORDABILITY; PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the South Florida and Treasure Coast Regional Planning Councils' seven county geographical area is comprised of Broward, Indian River, Martin, Miami-Dade, Monroe, Palm Beach, and St. Lucie counties and 122 municipalities, which contain over 6.8 million residents or nearly one-third of the State's population, responsible for generating over one-third of the State's gross domestic product; and

**WHEREAS**, the Councils are multi-purpose regional governmental entities with policy responsibility in the areas of affordable housing, economic development, emergency preparedness, energy, regional health, natural resources, urban planning, and regional transportation; and

**WHEREAS**, a diversity of housing options along income ranges is an essential component of economic development and new job creation; and

**WHEREAS**, college graduates and entry-level hires who would otherwise relocate or stay in Southeast Florida are leaving the region due, in part, to high housing costs; and

**WHEREAS**, rising property values, low wages, high transportation costs, and economic hardships caused by COVID-19 have led to high unemployment, business closures, and has priced workers and businesses out of Southeast Florida exacerbating an existing housing crisis; and

**WHEREAS**, high housing costs and the loss of employment mean that households have less money for nutritious food and health care, education, transportation, family emergencies, dependent care, and other necessities, and leading to homelessness, stress and depression, and economic and family insecurity; and

**WHEREAS**, the 2020 ALICE Report (Asset Limited, Income Constrained, Employed) by the United Way of Florida presents pre-COVID 2018 data and defines ALICE households as households that earn more than the Federal Poverty Level but less than what it costs to survive in the state; and

**WHEREAS**, the 2020 ALICE Report, reporting pre-COVID 2018 data, indicates the following percentages for ALICE households in Southeast Florida: Indian River - 33%, Martin - 33%, St. Lucie - 34%, Palm Beach – 34%, Broward – 37%, Miami-Dade - 37%, and Monroe - 29%; rates which match or exceed the state average of 33%; and

**WHEREAS**, Southeast Florida, particularly the Miami-Fort Lauderdale-Pompano (West Palm Beach) MSA and Monroe County, have been the most adversely impacted in terms of sickness, death, business closings, loss of tourism, loss of employment, negative economic impact, and length of economic shutdown due to COVID-19 in Florida and many other states; and

**WHEREAS**, South Florida’s rental affordability crisis was found to be the worst in the nation according to The State of the Nation’s Housing Report by the Harvard Joint Center for Housing Studies; and

**WHEREAS**, affordable housing is housing that is affordable to the elderly, young families with children, and essential workers including firefighters, police officers, teachers, and other workers that drive the region’s service and professional economy; and

**WHEREAS**, the William E. Sadowski Affordable Housing Act of 1992 deliberately used the documentary stamp tax as its revenue source because of its nexus with the development of housing and because the source of funding needed to grow to keep pace with escalating land and housing costs; and

**WHEREAS**, the William E. Sadowski Affordable Housing Act has worked as planned, providing needed revenues into the State and Local Housing Trust Funds; and

**WHEREAS**, the Governor and Legislature provided full funding from the Housing Trust Funds every year from Fiscal Year 1992-1993 through Fiscal Year 2002-2003; and

**WHEREAS**, since that time, and until FY 19-20, the Legislature failed to appropriate all the housing trust fund monies for housing; and

**WHEREAS**, in 2020 the Governor and Florida Legislature recognized the need to appropriate the entirety of the housing trust funds for housing; and

**WHEREAS**, the veto of the State Housing Initiatives Partnership (SHIP) funding from the FY 20-21 budget means that these funds are still available in the trust fund for appropriation by the Florida Legislature; and

**WHEREAS**, the full appropriation of the \$225 million in SHIP Funds for FY 19-20 would bring more than \$62 million to Southeast Florida; and

**WHEREAS**, more than \$2 billion for affordable housing has been diverted from state and local housing programs by the Florida Legislature over the past seventeen years to other programs; and

**WHEREAS**, Florida’s affordable housing needs far exceeded the funds available prior to the exacerbation of affordable housing need related to Hurricane Irma, Hurricane Michael, and the COVID-19 Pandemic; and

**WHEREAS**, the need for affordable housing in Florida is greater than ever and affordable housing funds can aid in responding to the pandemic by helping Floridians who have lost employment due to COVID-19 stay in their rental housing, homes, and fund critical repair home programs including emergency repair initiatives for low- to moderate-income families.

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH FLORIDA AND TREASURE COAST REGIONAL PLANNING COUNCILS THAT THEY STRONGLY URGE:**

**Section 1.** That the Florida Legislature continue to support state and local housing programs by appropriating 100% of the monies deposited in the State and Local Housing Trust Funds for housing for FY 2021-22; and

**Section 2.** That the Governor and Florida Legislature support full appropriation of existing funds in the State and Local Housing Trust Funds for housing; and

**Section 3.** That all local governments, economic development organizations, the Florida League of Cities, the Florida Association of Counties, and other public, private, non-profit, and philanthropic partners adopt this position as one of their top, “must have” priorities for the upcoming 2021 Florida Legislative Session and beyond, and deploy their state legislative advocacy staff and lobbying teams to secure the support of the Florida Legislature and Governor for appropriating 100% of the \$225 million in SHIP funds from the 2020-21 session and 100% of the monies available in the State and Local Housing Trust Funds for housing in the 2021-22 session; and

**Section 4.** Replacement of the lottery system for 9% tax credit deals by the Florida Housing Finance Corporation with an allocation system that prioritizes and formulates distribution based on actual needs considering leveraging and long-term affordability; and

**Section 5.** That this Resolution shall take effect immediately upon adoption hereof.

**DULY ADOPTED** by the South Florida and Treasure Coast Regional Planning Councils this 16<sup>th</sup> day of October, 2020.

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Steve Geller  
Chair, SFRPC

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Michael Houston  
Chair, TCRPC

Reaffirmed and adopted as amended  
by the SFRPC on November 23, 2020

Reaffirmed and adopted as amended  
by the TCRPC on \_\_\_\_\_.



## **CUA-PP-4: AFFORDABLE HOUSING - SHIP**

**COMMITTEE RECOMMENDATION:** Adopt

**PROPOSED POLICY:** FAC **SUPPORTS** changing the formula for local housing fund distribution so that counties can allocate housing funds in a manner most effective for their local housing market, this includes reducing the percentage of funds required to be distributed for homeownership and allowing counties to increase the percentage reserved for rental housing up to 50% of the funds available.

**BACKGROUND:** The two critical cites are 420.9075 (5)(a) which "requires" 65% of the awarded SHIP funding to be used for home ownership and (5)(b) which indicates 25% of the funding "may" be used for rental housing.

**ANALYSIS:** Since the Great Recession, all of the urban counties in Florida have a much greater need for rental housing than home ownership. Also, due to the extreme home prices in Broward County specifically, only 13% of ALL families in the county can afford the median priced home (\$365,000 per home). Florida Housing Finance Corporation also has confirmed that Broward County is the last ranked county in the State and has less than 25 affordable units for every 100 families earning less than 60% of area median income. We strongly suggest that the language in FS 420.9075 be modified to allow up to 50% of funding for home ownership and up to 50% of the funding for multifamily rental housing. A Countywide Affordable Housing Analysis conducted by Florida International University's Jorge M. Perez Metropolitan Center for Broward County supports this conclusion. Full Report: <https://metropolitan.fiu.edu/research/services/economic-and-housing-market-analysis/affordable-housing-needs-2018.pdf> . No direct fiscal impact, but it would allow for a redistribution of existing strategies.

**FISCAL IMPACT:** None

**SUBMITTING COUNTY AND CONTACT:** Commissioner Nan Rich, Broward County

**ASSIGNED COMMITTEE:** Community and Urban Affairs

**BOARD SUPPORT:** No Action

## **State Housing Initiatives Partnership (SHIP)**

Florida Housing administers the State Housing Initiatives Partnership program (SHIP), which provides funds to local governments as an incentive to create partnerships that produce and preserve affordable homeownership and multifamily housing. The program was designed to serve very low, low- and moderate-income families.

SHIP funds are distributed on an entitlement basis to all 67 counties and 52 Community Development Block Grant entitlement cities in Florida. The minimum allocation is \$350,000. In order to participate, local governments must establish a local housing assistance program by ordinance; develop a local housing assistance plan and housing incentive strategy; amend land development regulations or establish local policies to implement the incentive strategies; form partnerships and combine resources in order to reduce housing costs; and ensure that rent or mortgage payments within the targeted areas do not exceed 30 percent of the area median income limits, unless authorized by the mortgage lender.

SHIP dollars may be used to fund emergency repairs, new construction, rehabilitation, down payment and closing cost assistance, impact fees, construction and gap financing, mortgage buy-downs, acquisition of property for affordable housing, matching dollars for federal housing grants and programs, and homeownership counseling. SHIP funds may be used to assist units that meet the standards of chapter 553.

A minimum of 65 percent of the funds must be spent on eligible homeownership activities; a minimum of 75 percent of funds must be spent on eligible construction activities; at least 30 percent of the funds must be reserved for very-low income households (up to 50 percent of the area median income or AMI); an additional 30 percent must be reserved for low income households (up to 80 percent of AMI); and the remaining funds may be reserved for households up to 140 percent of AMI. No more than 10 percent of SHIP funds may be used for administrative expenses. Funding for this program was established by the passage of the 1992 William E. Sadowski Affordable Housing Act. Funds are allocated to local governments on a population-based formula.

## State Apartment Incentive Loan (SAIL)

The State Apartment Incentive Loan program (SAIL) provides low-interest loans on a competitive basis to affordable housing developers each year. This money often serves to bridge the gap between the development's primary financing and the total cost of the development. SAIL dollars are available to individuals, public entities, not-for-profit or for-profit organizations that propose the construction or substantial rehabilitation of multifamily units affordable to very low-income individuals and families.

A minimum of 20 percent of the development's units must be set aside for families earning 50 percent or less of the area median income. Developments that use housing credits in conjunction with this program may use a minimum set-aside of 40 percent of the units for residents earning 60 percent of the area median income. Developments in the Florida Keys Area may use a minimum set-aside of 100 percent of the units for residents with annual household incomes below 120 percent of the state or local median income, whichever is higher.

Loan interest rates are set at zero percent for those developments that maintain 80 percent of their occupancy for farmworkers, commercial fishing workers or homeless people. The interest rates are set at one percent for all other developments. Loans are issued for a maximum of 15 years unless housing credit syndication requirements or FannieMae requirements dictate longer terms or if the Corporation's encumbrance is subordinate to the lien of another mortgage, in which case the term may be made coterminus with the longest term of the superior loan. In most cases, the SAIL loan cannot exceed 25 percent of the total development cost and can be used in conjunction with other state and federal programs.

Eligible applicants should apply for funding through Florida Housing's **Request for Applications (RFA) process** or contact our office for further information. This program is governed by Rule 67-48 of the Florida Administrative Code.