

LONG RANGE PROGRAM PLAN

Florida Housing Finance Corporation
Department of Economic Opportunity

Tallahassee

September 30, 2021

Chris Spencer, Director
Office of Policy and Budget
Executive Office of the Governor
1702B Capitol
Tallahassee, Florida 32399-0001

Eric Pridgeon, Staff Director
House Appropriations Committee
221 Capitol
Tallahassee, Florida 32399-1300

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Senate Committee on Appropriations
201 Capitol
Tallahassee, FL 32399-1300

Dear Directors:

Pursuant to Chapter 216, Florida Statutes, our Long Range Program Plan (LRPP) for the Florida Housing Finance Corporation is submitted in the format prescribed in the budget instructions. The information provided electronically and contained herein is a true and accurate presentation of our mission, goals, objectives and measures for the Fiscal Year 2022-23 through Fiscal Year 2026-27. The internet website address that provides the link to the LRPP located on the Florida Fiscal Portal is <https://www.floridahousing.org/about-florida-housing/transparency/long-range-plan>. This submission has been approved by Trey Price, Executive Director.

Sincerely,



Kirstin Helms
Comptroller

Ron DeSantis, Governor

Board of Directors: Ron Lieberman, Chair • LaTasha Green-Cobb, Vice Chair
Ryan Benson • Dane Eagle • Sandra Einhorn • Mario Facella • Bill Gulliford • Dev Motwani • Holly Raschein

Harold "Trey" Price, Executive Director



we make housing affordable

Long Range Program Plan

September 30, 2021

State Fiscal Years 2022-23 through 2026-27

AGENCY MISSION

Access to Affordable Housing

Provide a range of affordable housing opportunities for residents that help make Florida communities great places to live, work and do business.

GOALS, OBJECTIVES, OUTCOMES AND PROJECTION TABLES IN AGENCY PRIORITY ORDER

Goal 1: To maximize the capacity of local governments and the private sector, both for profit and nonprofit, to develop and preserve affordable housing

Objective 1A: To maximize targeted dollars that are allocated to the targeted populations

Outcome: Percent of statutorily targeted dollars that are allocated to the targeted populations

Baseline/ Year	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
64.8%/1999	96%	96%	96%	96%	96%

Objective 1B: To maximize leveraging of state resources

Outcome: Ratio of nonstate resources to state-appropriated dollars

Baseline/ Year	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
2.69:1/1999	2:1	2:1	2:1	2:1	2:1

Objective 1C: To maximize the percentage of set-aside units at designated percentages of median income to total units

Outcome: Percent of units exceeding statutory set asides

Baseline/ Year	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27
105%/1999	105%	105%	105%	105%	105%

LINKAGE TO THE GOVERNOR'S PRIORITIES

FLORIDA HOUSING FINANCE CORPORATION'S GOAL

To maximize the capacity of local governments and the private sector, both for profit and nonprofit, to develop and preserve affordable housing.

ALIGNMENT WITH THE GOVERNOR'S PRIORITIES

Florida Housing's work aligns with and supports several the Governor's priorities, as described below.

Improve Florida's Education System

Increase access to and expand options for quality educational choices for Florida families.

According to housing policy research, affordable housing may provide children with enhanced opportunities for educational success. While schools and teachers bear principal responsibility for children's education, research shows that a supportive and stable home environment can complement the efforts of educators, leading to better student achievement. Florida Housing's mission facilitates the establishment of such supportive and stable home environments. Florida Housing's current Strategic Plan includes strategies to assist homeless families with school-age children to regain and maintain housing stability and greater self-sufficiency. This strategy includes the Housing Stability for Homeless Schoolchildren Program.

Studies have found an association between overcrowding in housing and reduced academic performance for children. Affordable housing can reduce overcrowding in housing and other sources of housing-related stress that lead to poorer educational outcomes by allowing families to afford decent-quality homes of their own. In addition, affordable housing developments can often function as a platform for educational improvement by providing a forum for residential-based after-school programs or, more broadly, by anchoring a holistic community development process that includes new or improved schools.

Economic Development and Job Creation

Prioritize infrastructure development to meaningful projects that provide regional and statewide impact, especially focused on safety and improved mobility.

Florida Housing's mission is to provide a range of safe, decent and affordable housing opportunities for Floridians. These programs aim to help make Florida communities great places to live, work and do business. With a focus on innovative, measurable, data-driven and fiscally sustainable solutions, Florida Housing works to match our programs to the needs of those we serve. The Shimberg Center for Housing Studies publishes a statewide rental housing study triennially, with the most recent in May 2019. This study serves as the basis for identifying the need across the state, both demographically and geographically, resulting in the issuance of comprehensive Requests for Applications (RFAs) aimed at addressing these needs. These RFAs also stipulate requirements for access to support and services, such as public transportation, employment and education opportunities, health care, groceries and the like. Florida Housing's programs are flexible enough that they can be utilized in any area of the state, no matter the local regulatory framework in place. Florida Housing operates within the financial and real

estate markets, working to align programs with private investor interests to ensure that public resources leverage private financing.

Florida Housing's programs annually generate billions of dollars in economic impact, providing a level of support that positively impacts the business climate in Florida. In 2019, the most recent year for which we have analysis, the total economic impact to the state from Florida Housing programs was \$5.06 billion in economic output, 39,378 full- and part-time jobs and \$3.03 billion in value added impact to the state's Gross Domestic Product.

Public Integrity

Protect taxpayer resources by ensuring the faithful expenditure of public funds.

Promote greater transparency at all levels of government.

The effective and efficient use of taxpayer resources is paramount to the operations of Florida Housing. As such, Florida Housing and its Board of Directors use a robust process for the awarding of state and federal resources dedicated for affordable housing, particularly as it relates to the development of rental housing units. Each summer, the Board adopts the plan for the geographic and demographic allocation of competitive funding for the upcoming year, including the anticipated timeline for each RFA. In 2020, Florida Housing issued 15 RFAs and held at least one public workshop for comments related to the specific criteria and requirements for each RFA. Each document along with all public comments are available on the website and accessible to all stakeholders and interested parties. As a result, this process welcomes a great deal of transparency, openness, and public input while also maintaining the flexibility needed to address concerns that may arise during the process.

TRENDS AND CONDITIONS

An adequate supply of affordable housing is the foundation of healthy communities because people vital to these communities, such as teachers, nurses and firefighters, can live in the same area where they work. Living in decent housing provides a safe environment and an opportunity for people to hold jobs, excel in school and contribute to their communities.

STATUTORY RESPONSIBILITIES

Chapter 420, Florida Statutes, assigns the following responsibilities to Florida Housing Finance Corporation:

- To carry out analyses of housing needs within the state and ways of meeting those needs;
- To participate in federal housing assistance and federal community development, insurance, and guarantee programs, including proposing allocation plan strategies for the National Housing Trust Fund and the provision of the match requirement for the HOME Investment Partnerships Program federal funding;
- To develop and administer the State Apartment Incentive Loan Program, which offers low interest first, second or other mortgage loans to developers who build or rehabilitate affordable rental properties;
- To develop and administer the State Housing Initiatives Partnership (SHIP) program, which provides funding to all 67 counties and 53 cities to finance affordable housing based on locally determined needs;
- To develop and administer the Florida Homeownership Assistance Program, which provides down payment assistance, construction financing and permanent loans for construction and rehabilitation of affordable single family homes;
- To develop and administer competitive solicitations for the allocation of competitive state and federal funding resources to developers of affordable housing;
- To develop and administer the Florida Affordable Housing Guarantee Program, which creates security mechanisms to allow lenders to sell affordable housing loans in the secondary market and encourages affordable housing lending opportunities that would not have taken place otherwise, or that serve persons who would not have been otherwise served;
- To develop and administer the Predevelopment Loan Program, which provides technical advisory services and below market interest rate financing for preliminary activities necessary to obtain the financing to construct or rehabilitate affordable housing;
- To designate and administer private activity allocation for tax-exempt mortgage revenue bonds received by Florida Housing pursuant to Part VI of Chapter 159 between single family homes and multifamily developments;
- To establish procedures necessary for proper allocation and distribution of federal low income housing tax credits;
- To set standards for residential housing financed by Florida Housing and to provide for inspections to determine compliance with those standards;
- To provide for the development of infrastructure improvements and rehabilitation primarily in connection with residential housing consistent with the applicable local government comprehensive plan;
- To establish subsidiary corporations for the purpose of taking title to and managing and disposing of property acquired by Florida Housing;

- To adopt rules for the intervention and negotiation of terms or other actions on properties to further program goals or avoid default of a program loan;
- To conduct demonstration programs and projects which further the statutory purposes of Florida Housing;
- To administer the Affordable Housing Catalyst Program;
- To establish requirements for periodic reporting of data and for participation in a housing locator system; and
- To provide assistance to the Affordable Housing Study Commission when it is funded.

POPULATION TRENDS AND HOUSING AFFORDABILITY

Millions of low income households in the United States lack decent and affordable housing. More households are plagued by the high cost of housing, but substandard housing conditions also exist. Households that rely on income from service sector jobs are the most likely to have housing affordability problems, but other factors may come into play, such as low fixed incomes experienced by many older persons. This is true in Florida.

The University of Florida’s Bureau of Economic and Business Research (BEBR) reports that approximately 8.6 million households resided in Florida in April 2020, and the average household size was 2.46 persons. According to the September 2021 Long Range Financial Outlook by the Legislature’s Office of Economic and Demographic Research (EDR), the state’s average annual growth rate is projected to remain at 1.2 percent per year between 2021 and 2030, exceeding the anticipated national average annual growth of 0.66 percent. All of Florida’s population growth through 2030 will mostly be from net migration. By 2030, BEBR projects Florida’s population to reach approximately 24.4 million.

Demographic forecasts from EDR suggest Florida’s uniquely diverse and ethnic population will continue to become more nonwhite and older. The first cohort of Baby Boomers became eligible for retirement (age 65) in 2011. Slightly over half of the state’s baby boomers (born 1946 through 1964) have now reached retirement age. Florida’s population aged 60 and older is already greater than any other state’s and will account for 53.7 percent of the population growth between 2010 and 2030. This so-called “senior tsunami” is forecasted to result in 24.4 percent of all Floridians being 65 or older by 2030 compared to 20.5 percent in 2020 and 17.3 percent in 2010. As the ratio of workers-to-retirees tilts to fewer workers per retiree, labor force issues like affordable housing will become increasingly challenging.

The *2019 Rental Market Study* by the Shimberg Center for Housing Studies (Shimberg Center or the Center) offers additional context around population projections and affordability. In the study, a “low-income” household is defined as one with an income at or below 60 percent of the area median income (AMI), adjusted for household size. A housing unit is considered “affordable” if gross rent (rent + utilities) costs no more than 40 percent of household income¹. Households paying more than that amount are considered to be “cost burdened.” Statewide, approximately 723,000 low-income renter households are cost burdened. For every 100 low-income renters, there are just 51 rental units that are affordable and available to them. Florida’s affordable housing shortage stems from an increase in renters at all income levels without a corresponding increase in modestly priced rental units, as well as the growing gap between wages and housing costs. Between 2000 and 2018, the state added over 718,000 rental units with rents above \$1,000 but lost nearly 44,000 units renting for less than \$1,000. During that same time period, Florida added 751,965 renter households. While the availability of rental

¹ See Glossary of Terms section for commonly used ‘affordable’ definition.

units increased by 751,965, only 36 percent of the total units available rented for \$1,000 or less per month

To provide perspective, the National Low Income Housing Coalition (NLIHC) estimates the fair market rent for a two-bedroom apartment in Florida is \$1,290. To afford this level of rent and utilities paying 30 percent of one's income on housing, a household must earn an hourly wage of \$24.82. According to NLIHC, the average renter wage in the state is only \$17.69. The data is even more stark for people earning less than the average. NLIHC estimates that a person earning the Florida minimum wage of \$8.65 an hour would have to work 93 hours a week to afford a one-bedroom apartment at fair market rent.

HOUSING STOCK AND CONDITION

According to data compiled by the Shimberg Center, most occupied single-family homes in the state were built after 1980 with more of these homes built between 2000 and 2009 than any other decade. In contrast, Florida's multifamily housing is considerably older than the single-family stock. The Center found that more units in 50+ unit structures were built in 1970-1979 than any other decade. Housing units at this age, 40 years and older, often have reached a point when rehabilitation and remodeling are required to maintain the life of the unit.

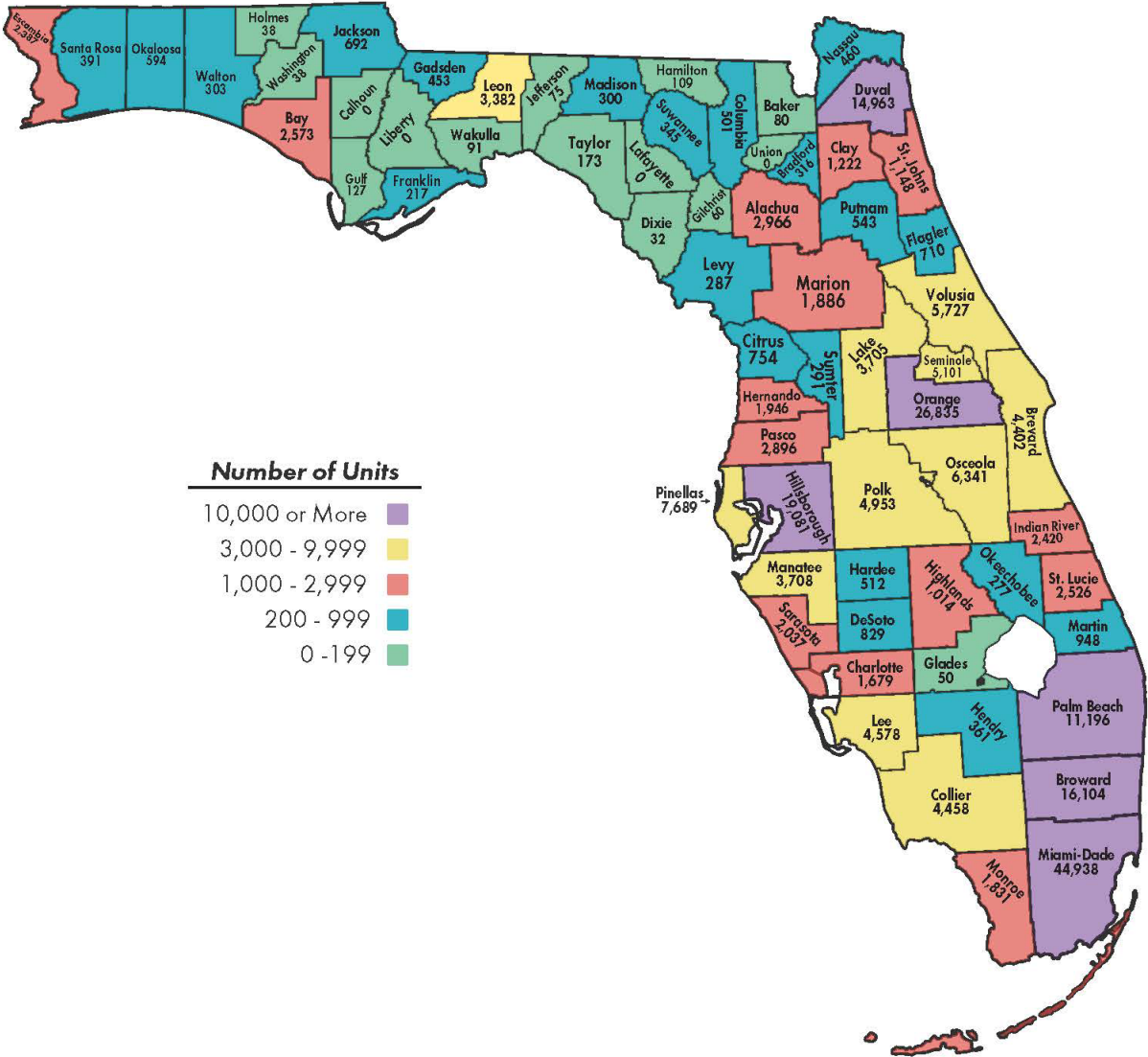
From 1992, when the SHIP program was established by the Florida Legislature, through the 2017-18 year close-out (the last year for which reporting is complete), approximately 223,000 households have been assisted by this program, with approximately 85 percent of these funds going for homeownership assistance.

On the rental side, with financing from federal and state programs administered by Florida Housing Finance Corporation, 226,649 rental units statewide were available to residents or in the construction pipeline at the end of 2020. Most of these units are targeted to households at or below 60 percent of area median income. The graphic on the next page shows the breakdown of these units by county.

However, the state still does not have enough housing that is both affordable and available for many residents – particularly on the rental side, and especially for extremely low income renters. A unit is affordable and available if that unit is both affordable and vacant, or is currently occupied by a household at the defined income threshold or below. The 2019 Rental Market Study shows that for households in Florida earning 50 percent or less of AMI, there is a statewide deficit of over 570,000 affordable, available rental units.

RENTAL UNITS AVAILABLE OR IN THE PIPELINE FINANCED BY FLORIDA HOUSING

This map is shaded to display a by-county count of all the currently active and pipeline rental units that have received an allocation of resources through Florida Housing's rental programs since 1982. These 226,649 units currently provide affordable housing or are in the construction pipeline. A majority of these units serve households earning 60% of the area median income or less.



*Note: The rental unit count is as of December 31, 2020.

FLORIDA'S ECONOMIC RECOVERY

The 2021 Long-Range Financial Outlook acknowledges that the state's economy has been significantly shaded by the pandemic over the past 18 months. However, the economy is showing signs of recovery and is expected to return to normal over the next year, primarily due to Florida's aggressive stance to lead the nation in reopening businesses and schools and staying open. After Florida's economy shrank 0.5 percent in Fiscal Year 2019-20, it increased 2.0 percent in Fiscal Year 2020-21.

Florida's quarterly Gross Domestic Product (GDP) movements have nearly matched the nation as a whole. For the first quarter of 2021, Florida's GDP increased to 7.0 percent, topping the national average of 6.4 percent and ranking 15th in the country. Although Florida's GDP tracked 1.7 percent below the estimates made prior to the pandemic in both Fiscal Year 2019-20 and Fiscal Year 2020-21, EDR projects the state will move above the pre-pandemic estimates in Fiscal year 2021-22. For the longer term, annual growth is projected to average a more characteristic 2.5 percent.

EDR's 2021 Economic Overview found that the state's unemployment rate was at historic lows in February 2020, however, with the onset of the pandemic, the unemployment rate spiked to 14.2 percent in May 2020, surpassing the prior peak rate of 10.9 percent experienced in the first four months of 2010 during the Great Recession. Florida's economy lost nearly 1.2 million jobs (14.0 percent) between February 2020 and April 2020. Florida's aggressive stance to lead the nation in keeping businesses open has led to a strong recovery of consumer demand and returned 373,000 Floridians to the workforce over the last five months. As of July 2021, Florida had regained 953,400 jobs (75.0 percent) of the 1.2 million lost, Florida has experienced 16 consecutive months of job growth, and Florida continually has more jobs available than Floridians claiming unemployment. Florida's tourism industry has even recovered across the majority of economic metrics, frequently surpassing comparable 2019 metrics.

In the first quarter of 2021, Florida's personal income growth increased 61.9 percent. The state's personal income will decrease at an annualized 24.7 percent in the second quarter of the 2021 calendar year to produce a final growth rate for the 2020-21 fiscal year of 8.5 percent. According to the most recent EDR Long-Range Financial Outlook, personal income is expected to increase by 1.5 percent in 2021, as furloughed and laid off workers return to their jobs or find new opportunities. Thereafter, the annual growth rate is expected to remain solidly above 4.0 percent.

HOUSING FLORIDA'S HOMELESS

Florida's Council on Homelessness (Council) provides an annual report summarizing the extent of homelessness in the state and the Council's recommendations for ending homelessness in the state.

Data collected through the Annual Point In Time Count is similar to a Census count with volunteers canvassing local communities to identify individuals living in places not meant for human habitation (i.e., cars, parks, sidewalks, abandoned buildings, on the streets, in the woods, etc.) – also known as unsheltered individuals. Additionally, communities conduct a count of individuals residing in more traditional emergency shelter and transitional housing settings. The Annual Point In Time Count data that was provided in the 2021 Council Report is not comparable to previous years' counts. Due to the COVID-19 pandemic, the U.S. Department of Housing and Urban Development (HUD) issued guidance waiving the requirement of a survey/count of unsheltered individuals. Each community was still required to conduct a count of individuals residing in homeless shelter settings. In 2021, only six of 27 Continuum of Care (CoCs) conducted a full unsheltered and sheltered Point In Time Count; 10 CoCs

conducted a sheltered count only; and the remaining 11 conducted a modified unsheltered count and full sheltered count.

In order to provide a more complete picture of the homelessness need, Florida Housing recommends using the data collected from the 2020 Annual Point In Time Count. The 2020 Point in Time Count totaled 27,487. Those numbers included 2,378 homeless veterans, 6,640 persons in homeless families, and 5,233 chronically homeless and disabled persons. The latest homeless student count data available from the Florida Department of Education identified 79,949 students as homeless during the 2019-2020 school year, a decrease of almost 13 percent over the prior year.

The above statistics clearly indicate that Florida still has work to do to meet the Council's goal of ending homelessness in Florida when looking at year to year statistics, however it is critical to examine the long-term progress that has been achieved. A particular emphasis of recent Council Annual Reports has been "the dire need for more affordable housing, especially housing targeting those who are homeless, those with special needs, and those with extremely low incomes." Additionally, the Council continues to embrace evidence-based permanent housing solutions and increased collaboration and investment across the systems of care to expand permanent housing options to reduce and end homelessness in Florida.

MARKET FORCES CHALLENGE AFFORDABLE HOMEOWNERSHIP EFFORTS

As Florida's median price has been increasing, the national median has increased even more. From a median high of approximately \$257,800 in June of 2006, existing home sales prices fell below \$130,000 in January 2012 before starting to rise again. Florida Realtors® data shows that in July 2021 the statewide median sales price for single family homes was \$351,000 confirming the steady upward trend and representing a 20.3 percent year over year increase.

Florida demographers note that during the boom, Florida's homeownership rate, which was more than 65 percent for many years, increased because financing was so easy for homebuyers to obtain. As a result, the homeownership rate soared to 72.4 percent. This rate could not be sustained, both because it was derived from financing tools that are not now available to homebuyers, and because the number of foreclosures lowered the rate over time. From 2013 to 2019, Florida was below its long-run average homeownership rate, although the 2019 calendar year nearly matched it at 66.0 percent. In 2020, the state rate finally rose above the long-run average to a 68.7 homeownership rate for the 2020 calendar year. The state homeownership rate has dropped slightly below this level to 68.1 percent in the first quarter of 2021 and 67.0 percent in the second quarter of 2021.

FORECLOSURES, LOWER-COST HOME INVENTORY CONCERNS AND CREDIT FINANCING

The foreclosure filings in Fiscal Year 2019-20 and Fiscal Year 2020-21 were affected by both the temporary court office closings and the moratoriums on foreclosures issues at both the state and federal level as a result of the pandemic. This trend is expected to continue for the first half of Fiscal Year 2021-22. A significant portion of the activity that was delayed is expected to return during the latter part of Fiscal Year 2021-22 and Fiscal Year 2022-23. As a result, the latest EDR forecast of foreclosure filings shows decreased foreclosure filings in FY 2021-22 and an increased estimate for foreclosure filings in FY 2022-23 and Fiscal Year 2023-24, for an overall net reduction of filings in the first three years of the forecast. Foreclosure filings appear to return to more typical levels starting in Fiscal Year 2023-24.

The most recent EDR Long-Range Financial Outlook reports that the excess number of homes that moved into the market from the foreclosure process came to an end prior to the pandemic. While the downward pressure on the homeownership rate from foreclosures has eased, the state as well as the nation may maintain a higher rental rate than previous years due to the increased cost of housing and more limited building of new, lower cost housing. As many younger households have emerged from the recession, they seem less interested in moving into homeownership as quickly as these households did before the recession. With foreclosures ebbing, the once robust supply of lower-cost housing, especially in urban markets, has now become a major constraint for potential homebuyers in Florida.

In recent years, most mortgages were government insured loans but now, Florida Housing's conventional loans make up approximately 50 percent of current loan activity. Although mortgage availability has evolved, the lack of home inventory for sale at the lower end of the market is creating challenges for many residents in the state who are contemplating first-time homeownership. Florida Realtors® data reveals that July 2021 closed sales in the \$100,000 to \$149,999 sales price range across the state declined by 52.9 percent year over year. The year over year rate declined by 42.4 percent in the \$50,000 to \$99,999 sales price range.

Existing home sales volume in each of the calendar years from 2014 to 2020 exceeded the 2005 peak year. The story is similar for home sales price. Florida's existing home price gains roughly tracked national gains over the past six years, including the mid-year acceleration in single family home prices during 2020. The market environment supporting this rise primarily resulted from the record low interest rates generated by the Federal Reserve's actions to stem the severity of the pandemic's economic disruption in the second quarter of 2020. These low interest rate levels likely induced potential homebuyers to act earlier than they otherwise would have acted. The volume of existing home sales at the currently high sales price levels is not expected to be sustainable as affordability increasingly becomes an issue.

CHALLENGES FACING RENTAL HOUSING PROGRAMS

Private sector interest in affordable housing financing has returned after the recession. From a market point of view, during the recession the apartment industry was impacted by the homeownership decline and high number of foreclosures, which led to a glut of single family homes and condominium units in the rental market. However, this is no longer the case.

The rental market, particularly for affordable units, is particularly tight with occupancy rates above 96 percent. Current expectations are that Florida's rental market will remain tight over the next 3-5 years - significantly in some areas - as the need for housing expands. As always, Florida Housing carefully targets any new rental construction to those areas of the state where there is demand for such housing and investor interest. Moreover, we consider the impacts of new construction on Florida Housing's existing portfolio of privately owned properties that have loans or guarantees through Florida Housing.

HOW STATE FUNDING CAN ADDRESS CURRENT NEEDS

Homeownership. Florida Housing uses our suite of Homebuyer Loan Programs to originate 30-year, fixed-rate, high loan-to-value mortgage loans for eligible first-time homebuyers who meet credit worthiness tests, have incomes within federal program limits and receive homebuyer education. Florida Housing funds homebuyer loans through various transaction types. Key types of transactions used to settle loans purchased are: (1) the specified pool market, (2) tax-exempt bonds and (3) forward delivery/To Be Announced (TBA) market. What really makes these programs work is that Florida Housing generally pairs some type of second mortgage purchase assistance with these mortgages to

assist homebuyers, through state or federal funding if available, or uses these funds to reduce the overall cost of the mortgage loan to the borrower. The state Homeownership Assistance Program (HAP) provides critical resources for this purpose. The average acquisition price across all Homebuyer Loan Programs as of June 2021 was \$198,379 and the average first mortgage loan amount was \$191,554.

To qualify for a mortgage in Florida Housing's Homebuyer Loan Programs, homebuyers must have a minimum FICO (credit) score of 640 or greater for FHA, VA, USDA-Rural Development (RD) loans, Freddie Mac and Fannie Mae (FNMA) loans.

Rental Housing. The need for new affordable rental housing is uneven throughout Florida. Some areas continue to have strong need, especially in southeast Florida where households often stand in line when a new affordable housing property opens. Even when homes are available for sale at reasonable prices, most low income Floridians do not have the credit score or savings to buy a new home. These families who are working in a range of lower paying occupations – for example, childcare workers, tellers, entry-level teachers, sales clerks – simply desire a decent place to live with their children that is close to schools and work.

Aging Affordable Rental Housing Stock. With rapid growth and available land, Florida was in a perpetual land boom for 30 years; most of the state's development occurred over this time. Historically, Florida Housing's primary rental goal was to finance as many new multifamily units as possible to keep up with the state's burgeoning population. The state has now reached the point that the rental units financed by Florida Housing need reinvestment to maintain them in good condition for our residents.

Housing units financed over the last 30-40 years are aging and many need rehabilitation. This is especially true of the subsidized affordable multifamily stock. These older properties require rehabilitation to maintain them as decent housing for low income renters. Many of the oldest assisted properties have expiring affordability periods, and for a variety of reasons these properties may go to market rate in more economically robust areas.

The 2019 Rental Market Study tracks all assisted housing developments, including those that are not part of Florida Housing's portfolio, built before the end of 1988 (30+ years old) and developments built from 1986 to 2003 (15-29 years old). These categories exclude developments that have received more recent funding from Florida Housing for preservation or rehabilitation. According to the Study, statewide, 743 developments with 67,759 units were at least 30 years old and 707 developments with 82,683 units were 15-29 years old. The 30+ years old inventory made up 17 percent of assisted units, while the 15-29 year old inventory made up 41 percent.

While some of these units may be functionally obsolete, many are worth saving but need more rehabilitation funding than is appropriated by the federal government. The oldest of these units are the ones most likely to have precious federal rental assistance and be serving Florida's lowest income renters. Most of these units are deteriorating – they have never been rehabilitated.

These older properties were financed into the 1980s through U.S. HUD or USDA Rural Development. They are particularly critical to preserve, because they serve extremely low-income renters with federal project-based rental assistance (PBRA). Most developments in both the 30 year and older and 15-29 year old categories have at least some PBRA units on-site. The oldest developments have particularly high concentrations of PBRA units. Many of the developments with PBRA in the 15-29 year old category are relatively small (50 units or less) developments subsidized by the U.S. Department of Agriculture

Rural Development program (RD). Florida Housing has chosen to target more financing to units for these lowest income residents in the past few years because the need is so extraordinary for these units. This strategy has resulted in financing fewer new affordable rental units each year. In part this is because additional costs to develop units targeted to these residents consumes a greater portion of resources per unit in order to minimize long term debt on these units in order to make rents more affordable. This means that existing federal rental subsidies are precious to maintain.

Florida Housing Portfolio Preservation. Florida Housing finds that, in the long run, it is less costly per unit to rehabilitate older properties than to build new ones. Even if this is a less expensive, more sustainable alternative, it means diverting resources to this preservation effort from the construction of new units. Florida Housing is currently working to develop an array of strategies to preserve the existing rental stock already in its portfolio, many which are more than 20 years old. With over 226,000 units in the corporation's portfolio, Florida Housing will be unable to provide financing to every property for preservation. This means that we must create a comprehensive approach with a menu of market-based preservation opportunities that incorporate policy priorities. Implementation of these strategies during this LRPP's 2022-23 through 2026-27 time frame will not only preserve units but will also provide an important economic benefit to the state keeping Florida's construction engine moving.

Serving Lower Income Floridians. Florida Housing has been working to reshape its rental programs to better meet state housing needs. Florida has been successful in financing thousands of rental housing units to meet the needs of households above 45 percent of area median income. However, federal programs that have traditionally served 0-50 percent area median income households (considered very low income) have not kept pace, creating a much greater need at the lowest income levels.

As the federal government has decreased funding to serve these lower income households, Florida Housing programs have been updated to help meet these housing needs. It is difficult to work within federal and state parameters to serve these lowest income Floridians while maintaining economic feasibility. However, with additional state funding targeted to extremely low income residents in the last decade, Florida Housing has been able to target a small portion of units to these lower income Floridians.

Serving Persons with Special Needs and the Link Initiative. Recent budget provisions and legislation have increased the state's commitment to providing affordable housing to persons with special needs. Chapter 2016-210, Laws of Florida, codified several initiatives previously addressed through proviso. Among these initiatives is a requirement for Florida Housing to reserve a minimum of 5 percent of its annual appropriation from the State Housing Trust Fund for housing projects designed and constructed to serve persons who have a disabling condition with first priority given to projects serving persons who have a developmental disability.

One critical tool to facilitate this commitment to housing for persons with special needs is the Link Initiative (Link), an integrated housing approach to link affordable housing with supportive services. Florida Housing works with state agencies, including the Department of Children and Families, the Department of Elder Affairs and the Florida Department of Veterans Affairs to carry out Link. The initiative incentivizes affordable housing developers to set aside a few rental units in each apartment complex for persons who are homeless and/or have special needs, such as persons with disabilities and youth aging out of foster care. The idea is to provide residents who are receiving supportive services with an opportunity to live in an affordable independent community setting. Florida Housing began

implementing this strategy with its 2009 rental development cycle. Since 2009, approximately 3,500 Link units had been funded in rental developments.

THE FLORIDA HOUSING DATA CLEARINGHOUSE

Florida Housing's decisions on how to target scarce federal and state resources are based on available housing, demographic and market data. Through the Florida Housing Data Clearinghouse free website, a variety of data is also available to the public. The Clearinghouse provides the state with a one-stop data source for all the programs – federal, state and local – providing affordable housing in Florida. Clearinghouse staff also responds to one-time requests for housing data from Florida Housing and other entities. The website address is: <http://flhousingdata.shimberg.ufl.edu/index.html>.

WEB-BASED AFFORDABLE RENTAL LOCATOR FOR THE PUBLIC (FLORIDAHOUSINGSEARCH.ORG)

Florida Housing also provides free, web-based affordable housing locator services to assist individuals and families in their search for affordable rental housing across Florida. Florida Housing's web-based locator is a one-stop clearinghouse of up-to-date information about available rental units throughout the state. The locator provides detailed information on units, amenities, accessible features and rents, along with mapping capabilities that allow prospective tenants to search for housing near schools, community services and places of employment. Florida Housing also provides a toll-free call center that helps people without computer access to conduct rental searches. Both services are available to Spanish speaking people. The locator has become an important resource to Florida's citizens in normal times, as well as in response to economic crises and natural disasters. As an immediate response to the most recent hurricanes, Florida Housing executed an agreement with the locator's provider to implement disaster recovery services in impacted counties. Nearly 235,000 affordable rental units statewide are registered with the locator. As of August 31, 2021, 761,523 affordable rental searches have been conducted this calendar year. The call center has handled over 30,000 calls during this time.

EXISTING AND RECENT TASK FORCES

Florida Housing is responsible for providing administrative support for the Affordable Housing Study Commission, a standing commission made up of 21 gubernatorial appointees. The Commission, which was created in 1986, examines affordable housing issues and recommends policy and program changes to the Governor and Legislature. Due to a lack of state funding, the Commission is currently dormant.

The 2017 Legislature created the Affordable Housing Workgroup to review and report on housing related issues including affordability, land use and building code restrictions and various affordable housing programs, to develop strategies and pathways for affordable housing, and to issue a report by December 2017. A final report summarizing the Workgroup's efforts was presented to the Governor, the Senate President and the Speaker of the House on December 22, 2017 ([link to the report](#)). Many of the approved Workshop recommendations are administrative and Florida Housing has been working to evaluate and implement them, including recommendations related to SHIP compliance reporting, set aside commitments in the Link Strategy and a needs assessment to identify statewide supportive housing needs by special needs and homeless populations.

WORKING WITH THE DEPARTMENT OF ECONOMIC OPPORTUNITY AND OTHER AGENCIES ON STATE ECONOMIC DEVELOPMENT COLLABORATION EFFORTS

Florida Housing is functionally related to the Department of Economic Opportunity (DEO) through a performance contract featuring quarterly performance measures and targets. The DEO Secretary (or designee) sits as an ex officio, voting member on Florida Housing's Board of Directors. Florida Housing

works closely with DEO and other agencies to support and enhance the economic development efforts outlined in Florida's Statewide 5-Year Strategic Plan for Economic Development. This support takes many forms, whether by providing financing for workforce housing in key areas of the state where new businesses are locating, or by connecting current housing financing programs to economic development initiatives – for example, building relationships between developers of affordable housing and local education efforts (including workforce programs) to ensure that lower income tenants have the opportunity to pursue training and education to develop skills and knowledge in high need industries.

FLORIDA HOUSING FINANCE CORPORATION'S JUSTIFICATION OF PROJECTED OUTCOMES

To maximize the funding that Florida Housing administers out of the State Housing Trust Fund, Florida Housing has set three objectives with corresponding outcomes.

Objective 1A: To maximize targeted dollars that are allocated to the targeted population.

Outcome: Percent of statutorily targeted dollars that are allocated to the targeted population.

Justification: The final projection for this outcome is based on current efforts of Florida Housing in making affordable housing available to hard-to-serve populations. Safe, decent affordable housing is a critical issue for all Floridians, including farmworkers, homeless people, elders and persons with special needs. In light of the Legislature's goal to ensure that decent and affordable housing is available for all residents, continued appropriation of available documentary stamp tax collections is required in order to meet the need as indicated by the most recent rental and homeownership studies.

Objective 1B: To maximize leveraging of state resources.

Outcome: Ratio of nonstate resources to state-appropriated dollars.

Justification: The final projection for this outcome is based on historical Affordable Housing Services contracts between Florida Housing and the Department of Economic Opportunity. The outcome represents Florida Housing's target in leveraging private, federal and local resources.

Objective 1C: To maximize the percentage of set-aside units at designated percentages of median income to total units.

Outcome: Percent of units exceeding statutory set asides.

Justification: The final projection is based on historical Affordable Housing Services contracts between Florida Housing and the Department of Economic Opportunity. The outcome represents Florida Housing's target in maximizing the percentage of set-aside units affordable to households at designated percentages of median income compared to total units funded.

PERFORMANCE MEASURES AND STANDARDS LRPP EXHIBIT II

LRPP Exhibit II - Performance Measures and Standards

Department: DEPARTMENT OF ECONOMIC OPPORTUNITY	Department No.: 400000
Program: Florida Housing Finance Corporation	Code: 40840100
Service/Budget Entity: Affordable Housing Finance	Code: 40300600

NOTE: Approved primary service outcomes must be listed first.

Approved Performance Measures for FY 2020-21 (Words)	Approved Prior Year Standard FY 2020-21 (Numbers)	Prior Year Actual FY 2020-21 (Numbers)	Approved Standards for FY 2021-22 (Numbers)	Requested FY 2022-23 Standard (Numbers)
Percent of targeted dollars that are allocated to the targeted population	96%	98%	96%	96%
Ratio of non-state funding to state appropriated dollars	2:1	4:1	2:1	2:1
Percent of units exceeding statutory set-asides	105%	188%	105%	105%
Number of applications processed	563	2,411	563	563
Number of affordable housing loans funded	540	2,361	540	540
Number of local governments under compliance monitoring for the State Housing Initiatives Partnership (SHIP) program	115	120	115	115
Number of local governments served (SHIP) program (incentive funds)	115	120	115	115

PERFORMANCE MEASURE VALIDITY AND RELIABILITY LRPP EXHIBIT IV

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Percent of targeted dollars that are allocated to the targeted population

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2021

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Ratio of nonstate resources to state appropriated dollars

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2021

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Percent of units exceeding statutory set-asides

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

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Validity:

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Reliability:

Office of Policy and Budget – June 2021

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Number of applications processed

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2021

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Number of affordable housing loans funded

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2021

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Number of local governments under compliance monitoring for the State Housing Initiatives Partnership (SHIP) Program

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2021

LRPP EXHIBIT IV: Performance Measure Validity and Reliability

Department: Department of Economic Opportunity

Program: Florida Housing Finance Corporation

Service/Budget Entity: Affordable Housing Finance

Measure: Number of local governments served through the SHIP program

Action (check one): N/A

- Requesting revision to approved performance measure.
- Change in data sources or measurement methodologies.
- Requesting new measure.
- Backup for performance measure.

Data Sources and Methodology:

Validity:

Reliability:

Office of Policy and Budget – June 2021

ASSOCIATED ACTIVITIES CONTRIBUTING TO PERFORMANCE MEASURES – LRPP EXHIBIT V

LRPP Exhibit V: Identification of Associated Activity Contributing to Performance Measures			
Measure Number	Approved Performance Measures for FY 2020-21 (Words)		Associated Activities Title
1	Percent of targeted dollars that are allocated to the targeted population		Sadowski Programs (SAIL only)
2	Ratio of non-state funding to state appropriated dollars		Sadowski Programs (SAIL, HAP, PLP, and HOME Match)
3	Percent of units exceeding statutory set-asides		Sadowski Programs (SAIL, HAP, PLP, and HOME Match)
4	Number of applications processed		Sadowski Programs (SAIL, HAP, PLP, and HOME Match)
5	Number of affordable housing loans funded		Sadowski Programs (SAIL, HAP, PLP, and HOME Match)
6	Number of local governments under compliance monitoring for the State Housing Initiatives Partnership (SHIP) Program		State Housing Initiatives Partnership Program Compliance Monitoring
7	Number of local governments served (in the SHIP program)		SHIP Program

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AGENCY-LEVEL UNIT COST SUMMARY LRPP EXHIBIT VI

GLOSSARY OF TERMS AND ACRONYMS

Affordable – For homeownership housing to be affordable, the national standard is that monthly mortgage payments, including taxes and insurance, should not exceed 30 percent of a household’s gross annual income. For rental housing, the affordable standard includes rent plus utilities. Florida Housing Finance Corporation uses 40 percent as the cost burden standard because households just under the maximum income eligible to rent units in its portfolio are not considered to be cost burdened.

Affordable Housing Catalyst Program – This program provides staff of state and local governments and community based organizations with training and technical assistance on federal, state and local affordable housing programs.

Affordable Housing Study Commission (AHSC) – Created by the Legislature in 1987, the Commission evaluates affordable housing programs for people with very low to moderate incomes and recommends public policy changes to the Governor and the Legislature that will ensure that Floridians have access to decent, affordable housing. The Governor appoints 21 commissioners who are required to represent various interests pursuant to Section 420.609, F.S.

Area median income – The amount that divides the income distribution in a locale or region into two equal groups, one having incomes above the median and the other having incomes below the median. Median income figures are published each year by the U.S. Department of Housing and Urban Development and housing programs target households based on these figures.

Commercial Fishing Worker – A laborer who is employed on a seasonal, temporary, or permanent basis in fishing in salt water or fresh water and who derived at least 50 percent of her or his income in the immediately preceding 12 months from such employment.

Community Housing Development Organization – An organization that is organized pursuant to the definition in 24 CFR Part 92.

Compliance – The act of meeting the requirements and conditions specified under the law, specific program rules and/or loan documents. Each program has specific compliance period requirements.

Consolidated Plan – The plan prepared in accordance with U.S. Department of Housing and Urban Development (HUD) regulations, 24 CFR Section 91, which describes needs, resources, priorities and proposed activities to be undertaken with respect to certain HUD programs, including the HOME program.

Credit Underwriting – The loan pre-approval process where it is determined whether a project is feasible given the financing mechanisms available.

Development – Also known as a project or property, a development is any work or improvement located or to be located in the state, including real property, buildings, and any other real and personal property designed and intended for the primary purpose of providing decent, safe, and sanitary residential housing for persons or families, whether new construction, the acquisition of existing residential housing, or the remodeling, improvement, rehabilitation, or reconstruction of existing housing, together with such related non-housing facilities as Florida Housing determines to be necessary, convenient, or desirable.

Elderly – Persons 62 years of age or older. With respect to the State Apartment Incentive Loan and HOME programs, persons meeting the Federal Fair Housing Act requirements for elderly are considered elderly.

Essential services personnel – Persons in need of affordable housing who are employed in occupations or professions in which they are considered essential services personnel by the county or municipality, including but not limited to, local school and college educators, childcare workers, police and fire employees, health care personnel and skilled building trades personnel.

Extremely low income – When one or more natural persons or a family has a total annual gross income that does not exceed 30 percent of the median annual adjusted income for households within the state; Florida Housing Finance Corporation may adjust this amount annually by rule to provide that in lower income counties, extremely low income may exceed 30 percent of area median income and that in higher income counties, extremely low income may be less than 30 percent of area median income.

Farmworker – A laborer who is employed on a seasonal, temporary, or permanent basis in the planting, cultivating, harvesting, or processing of agricultural or aquacultural products and who derived at least 50 percent of her or his income in the immediately preceding 12 months from such employment.

Florida Homeownership Assistance Program (HAP) – The program established pursuant to section 420.5088, F.S. for the purpose of providing subordinated loans to eligible borrowers for down payment or closing costs or for permanent loans related to the purchase of the borrower's primary residence. The program also provides subordinated loans to nonprofit sponsors or developers for construction financing of housing to be offered for sale to eligible borrowers as a primary residence at an affordable price.

HOME Investment Partnerships Program – A federally funded rental and homeownership program administered in accordance with the goals of the Consolidated Plan. Funds are provided to local participating jurisdictions and the state, and may be used for acquisition, construction, rehabilitation, conversion and reconstruction of low income single and multifamily housing.

Homeless – An individual or family who lacks a fixed, regular and adequate nighttime residence, or an individual or family with a residence that: is a supervised shelter or institution that provides temporary living accommodations or is a public or private place not designed for, or ordinarily used as, as regular sleeping accommodation for human beings. The term does not refer to any individual imprisoned or otherwise detained pursuant to state or federal law.

Local Government Housing Trust Fund – The trust fund established pursuant to Section 420.9079 F.S.

Local Housing Assistance Plan - A concise description of the local housing assistance strategies and local housing incentive strategies adopted by local government resolution with an explanation of the way in which the program meets the requirements of sections 420.907-420.9079, F.S. and Florida Housing rule. Local governments applying for SHIP funding are required to submit an annual Local Housing Assistance Plan to Florida Housing for review and approval.

Low income person or household – When one or more natural persons or a family has a total annual gross income that does not exceed 80 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the metropolitan median for the state, whichever amount is greatest.

Land use restriction agreement – An agreement between Florida Housing, the trustee and the developer restricting the use of the development (e.g., maintaining the affordability of the units for low income households for a certain number of years).

Moderate income person or household – When one or more natural persons or a family has a total annual gross income that does not exceed 120 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the metropolitan median for the state, whichever amount is greatest.

Predevelopment Loan Program (PLP) – The program established pursuant to Section 420.523 F.S. for the purpose of providing financial and technical assistance to local governments, housing authorities, and not-for-profit organizations that will provide for the sponsorship of housing to be financed by federal, state, local or private resources.

Rehabilitation – Repairs or improvements to an existing structure which are needed for safe or sanitary habitation, correction of substandard code violations or the creation of additional living space.

Real property – All lands, including improvements and fixtures thereon and property of any nature appurtenant thereto or used in connection therewith, and every estate, interest, and right, legal or equitable, therein, including terms of years and liens by way of judgment, mortgage, or otherwise and the indebtedness secured by such liens.

Single room occupancy (SRO) – Housing consisting of single room dwelling units that is the primary residence of its occupant(s). An SRO does not include facilities specifically designed for students.

State Apartment Incentive Loan Program (SAIL) – The program established pursuant to Section 420.5087 F.S. for the purpose of providing first, second or other subordinated mortgage loans or loan guarantees to sponsors, including for-profit, non-profit, and public entities, to provide housing affordable to very low income persons.

State Housing Initiatives Partnership Program (SHIP) – The program established pursuant to Section 420.9072 F.S. for the purpose of providing funds to counties and eligible municipalities as an incentive for the creation of local housing partnerships, to expand the production of and preserve affordable housing, to further the housing element of the local government comprehensive plan specific to affordable housing, and to increase housing-related jobs.

State Housing Trust Fund – The trust fund established pursuant to Section 420.0005 F.S.

Substandard – Any unit lacking complete plumbing or sanitary facilities for the exclusive use of the occupants; a unit which is in violation of one or more major sections of an applicable housing code and where such violation poses a serious threat to the health of the occupant; or a unit that has been declared unfit for human habitation but that could be rehabilitated for less than 50 percent of the property value.

Technical assistance – The PLP Program provides technical advisory services through third party contracts. These services include formulation of a Development Plan consisting of a preliminary budget, timeline, and predevelopment activities necessary to obtain construction and permanent financing for the development, and a determination to the extent possible, the amount of PLP funds expected to be needed.

Very low income person or household – When one or more natural persons or a family has a total annual gross income that does not exceed 50 percent of the median annual income adjusted for family size for households within the metropolitan statistical area, the county, or the metropolitan median for the state, whichever amount is greatest.

Workforce housing – Housing affordable to natural persons or families whose total annual household income does not exceed 140 percent of area median income, adjusted for household size, or 150 percent of area median income in the Florida Keys.

FREQUENTLY USED ACRONYMS

AHSC – Affordable Housing Study Commission
AMI – Area median income
CFR – Code of Federal Regulations
CHDO – Community housing development organization
DEO – Florida Department of Economic Opportunity
FHFC – Florida Housing Finance Corporation
FMR – Fair market rent
ELI – Extremely low income
ESP – Essential services personnel
HAP – Florida Homeownership Assistance Program
HOME – HOME Investments Partnership Program
HUD – U.S. Department of Housing and Urban Development
LHAP – Local housing assistance plan
LURA – Land use restriction agreement
MSA – Metropolitan statistical area
PHA – Public housing authority
PJ – Participating jurisdiction
PLP – Predevelopment Loan Program
RD – Rural Development (section of U.S. Department of Agriculture)
SAIL – State Apartment Incentive Loan Program
SHIP – State Housing Initiatives Partnership Program
SRO – Single room occupancy
TA – Technical assistance