

**AFFORDABLE HOUSING WORKGROUP**  
**Information on Potential Funding Sources**  
**for August 13, 2018 meeting**

**Bond Financing:** a type of long-term borrowing that state and local governments frequently use to raise money, primarily for long-lived infrastructure assets. They obtain this money by selling bonds to investors. In exchange, they promise to repay this money, with interest, according to specified schedules. The interest the state has to pay investors on the bonds it issues for public infrastructure is exempt from their federal and state income taxes, which makes the state's interest cost on the bonds less than it otherwise would be.

Source: [https://lao.ca.gov/2007/bond\\_financing/bond\\_financing\\_020507.aspx](https://lao.ca.gov/2007/bond_financing/bond_financing_020507.aspx)

**Community Challenge Grants:** The Department of Housing and Urban Development's \$28 million Community Challenge Planning Grant Program fosters reform and reduces barriers to achieving affordable, economically vital, and sustainable communities. Such efforts may include amending or replacing local master plans, zoning codes, and building codes, either on a jurisdiction-wide basis or in a specific neighborhood, district, corridor, or sector to promote mixed-use development, affordable housing, the reuse of older buildings and structures for new purposes, and similar activities with the goal of promoting sustainability at the local or neighborhood level. This Program also supports the development of affordable housing through the development and adoption of inclusionary zoning ordinances and other activities to support planning implementation.

Source: [https://www.hud.gov/program\\_offices/economic\\_development/HUD-DOT\\_Community\\_Challenge\\_Grants](https://www.hud.gov/program_offices/economic_development/HUD-DOT_Community_Challenge_Grants)

**Code Enforcement fee:** A percentage of fees collected from liens resulting from code violations could be deposited in an affordable housing trust fund.

**Community Development Block Grant (CDBG):** a flexible program that provides communities with resources to address a wide range of unique community development needs. The CDBG program provides annual grants on a formula basis to 1,209 general units of local government and States. HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

Over a 1, 2, or 3-year period, as selected by the grantee, not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons. In addition, each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

**Community Investment Fund (CIF):** allows community members to invest in a community fund which in turns invests in ventures, revitalization projects, or other mission driven enterprises. CIFs allow communities to build wealth through a cycle of investment, growth, profit (returned to community investors), and reinvestment.

Source: <https://www.cuttingedgecapital.com/community-investment-funds-page/>

**Community Reinvestment Act:** a US federal law designed to encourage commercial banks and savings associations to help meet the needs of borrowers in all segments of their communities, including low- and moderate-income neighborhoods. Affordable housing is a core component of community development under the Community Reinvestment Act (CRA) regulations. National banks and federal savings associations (collectively, banks) may receive CRA consideration for loans, qualified investments, and community development services with a primary purpose of providing affordable housing, including multifamily housing for low- or moderate-income (LMI) individuals.

Source: <https://www.occ.treas.gov/publications/publications-by-type/other-publications-reports/cdi-newsletter/affordable-housing-march-2017/article-04-eanes.html>

**Doc Stamps:** Per Florida Statute 125.0167, the governing authority in each county meeting statutory criteria is authorized to levy a discretionary surtax on documents for the purpose of establishing and financing a Housing Assistance Loan Trust Fund to assist in the financing of construction, rehabilitation, or purchase of housing for low-income and moderate-income families. Includes specific requirements for amounts to be used for things such as the benefit of low-income families and to help finance new construction. The proceeds of the surtax shall not be used for rent subsidies or grants.

*[Note: according to the June 2017 Report of the Florida Legislature Office of Program Policy Analysis and Government Accountability (“OPPAGA”) report on Miami-Dade’s Discretionary Surtax in Support of Affordable Housing, “Hillsborough and Monroe are the only other counties eligible to levy the discretionary surtax” in addition to Miami-Dade County, and “they would have to make significant changes to their Home Rule Charters to do so.”]*

<http://www.oppaga.state.fl.us/MonitorDocs/Reports/pdf/1708rpt.pdf>

**Donor Advised Fund (DAF):** a philanthropic vehicle maintained and operated by a 501c3 public charity. Donations are invested in philanthropically-targeted “impact portfolios” and grow tax free while contributors use the money to grant out to charities of their choice over time.

Source: <http://www.impactcharitable.org/donor-advised-funds-101/>

**Emergency Solutions Grants:** provides funding to:

1. Engage homeless individuals and families living on the street;
2. Improve the number and quality of emergency shelters for homeless individuals and families;
3. Help operate these shelters;
4. Provide essential services to shelter residents;
5. Rapidly re-house homeless individuals and families; and
6. Prevent families and individuals from becoming homeless.

ESG funds may be used for five program components: street outreach, emergency shelter, homelessness prevention, rapid re-housing assistance, and HMIS; as well as administrative activities (up to 7.5% of a recipient’s allocation can be used for administrative activities). Metropolitan city and urban county recipients must match grant funds with an equal amount of contributions, which may include cash, donated buildings or materials, and volunteer services.

Source: <https://www.hudexchange.info/programs/esg/esg-requirements/>

**Escheated Property:** proceeds from property sold go into the local housing trust fund.

Florida Statutes 125.379 Disposition of county property for affordable housing.—

(1) By July 1, 2007, and every 3 years thereafter, each county shall prepare an inventory list of all real property within its jurisdiction to which the county holds fee simple title that is appropriate for use as affordable housing. The inventory list must include the address and legal description of each such real property and specify whether the property is vacant or improved. The governing body of the county must review the inventory list at a public hearing and may revise it at the conclusion of the public hearing. The governing body of the county shall adopt a resolution that includes an inventory list of such property following the public hearing.

(2) The properties identified as appropriate for use as affordable housing on the inventory list adopted by the county may be offered for sale and the proceeds used to purchase land for the development of affordable housing or to increase the local government fund earmarked for affordable housing, or may be sold with a restriction that requires the development of the property as permanent affordable housing, or may be donated to a nonprofit housing organization for the construction of permanent affordable housing. Alternatively, the county may otherwise make the property available for use for the production and preservation of permanent affordable housing.

#### **Florida's Primary Sources of State Funding for Homeless Programs:**

- **Sadowski State & Local Affordable Housing Trust Fund**
  - Challenge Grants – current level \$5,000,000
  - Homeless Training and Technical Assistance – current level \$200,000
  - Provides over \$100 million annually to create and preserve affordable housing
- **State General Revenue**
  - Continuum of Care (CoC) Staffing Grants – current level \$3,000,000
  - Member Projects – varies by project
- **Federal Pass-Through**
  - Emergency Solutions Grant
  - TANF Homeless Prevention
- **Special Focus Grants**
  - Some projects have been funded through DEO SEED
  - Others through funding streams for education, healthcare, workforce, SAMH, etc.

Source: <http://www.flhousing.org/wp-content/uploads/2015/10/Legislative-Wrap-Up-Homeless-Programs-June-2017.pdf>

#### **General Revenue Contribution**

**GRU ConnectFree Program:** Provides financial assistance for the cost of extension and connection to the city's water and wastewater systems to eligible properties located within the Gainesville Regional Utilities' (GRU) service area. Priority will be given to low-income households and/or properties located in low-income areas, and properties with qualified public health, safety and environmental issues, as determined by the City of Gainesville. Households with incomes at or below the 80 percent of the area median income level for Gainesville qualify as low-income households,

and may be eligible to receive additional funding to assist with any necessary on-site plumbing modifications. Other program criteria may apply, as determined by the City of Gainesville. (8/10/2016)

Source: <http://www.cityofgainesville.org/Newsroom/tabid/805/PostID/908/ConnectFree-Applications-Accepted-Starting-Aug-15.aspx>

**Housing Trust Fund:** distinct funds established by city, county or state governments that receive ongoing dedicated sources of public funding to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. Housing trust funds systemically shift affordable housing funding from annual budget allocations to the commitment of dedicated public revenue.

There are now 47 states with housing trust funds, as well as the District of Columbia, and more than 700 city and county housing trust funds in operation. They dedicate an excess of \$1.2 billion annually to help address critical housing needs throughout the country.

Source: <https://housingtrustfundproject.org/our-project/about/>

**HUD:** US Department of Housing and Urban Development. HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all. HUD is working to strengthen the housing market to bolster the economy and protect consumers; meet the need for quality affordable rental homes; utilize housing as a platform for improving quality of life; build inclusive and sustainable communities free from discrimination, and transform the way HUD does business.

“Programs of HUD 2017”, Major Mortgage, Grant, Assistance, and Regulatory Programs –  
<https://www.hud.gov/sites/dfiles/Main/documents/HUDPrograms2017.pdf>

**Linkage fee:** “a way for local governments to collect funds from developments, both residential and commercial, and place those monies in a housing trust fund for others to use to build affordable housing units. Linkage fees reflect the recognition that all commercial, industrial, and up-scale residential construction increase the need for low wage employment in a community. These workers will need affordable housing. Linkage fees will help offset the impact of new development on a community.”

Source: *Affordable Housing Linkage Fee Programs*, by Wendell C. Lawther, The UCF Team, Department of Public Administration, University of Florida, 2005

<https://www.volusia.org/core/fileparse.php/4554/urlt/8-Affordable-Housing-Linkage-Fees-a-UCF-Team-Working-Paper.pdf>

“Linkage programs begin with a nexus study...that establishes the nexus, or linkage, between new developments and the need for housing for the additional employees of those establishments. ... A completed linkage or nexus study will show work-force housing units needed per unit of new development, thus validating an inclusionary housing percentage and the amount of assistance that would be required to make some defined level of housing affordable. A linkage ordinance could then require workforce housing to be provided at those ratios or that a fee in lieu be paid if actual housing is not provided... The City of Winter Park has had a linkage fee ordinance for more than fifteen years.”

Source: “Is There Linkage in Florida’s Future?”, by Dr. James C. Nicholas, undated, probably 2007

<http://www.flhousing.org/wp-content/uploads/2012/06/Is-There-Linkage-in-Florida%E2%80%99s-Future.pdf>

“Model Linkage Fee Ordinance” included in Appendix 4 of The Florida Affordable Housing Study Commission: Final Report <https://www.volusia.org/core/fileparse.php/4554/urlt/28-Affordable-Housing-Linkage-Program-Model-Winter-Park-F.pdf>

Additional information on linkage fees is available at –

“Market Affordable (Workforce) Housing” by Strategic Planning Group, Inc., 2009  
<http://www.spginc.org/pdfs/Affordable%20Housing%2009-%20for%20web.pdf>

January 2015 presentation by Innovative Housing Institute prepared for Jupiter FL on “Workforce Housing” options  
<https://www.jupiter.fl.us/DocumentCenter/View/7269/IHI-Workforce-Housing-Program-PowerPoint-Presentation-01-15-15>

**Local Option Food and Beverage Taxes:** Any county, as defined in Section 125.011(1), Florida Statutes (F.S.), may impose two separate taxes:

- A tax of 2% may be imposed on the sale of food, beverages, and alcoholic beverages in hotels and motels. The funds are used to promote the county and its municipalities as a destination for conventions, trade shows, and pleasure travel.
- A tax of 1% may be imposed on the sale of food, beverages, and alcoholic beverages in certain establishments. The county must use at least 15% of the funds to build and operate domestic violence centers. The remainder is used to help the homeless or those about to become homeless.

Currently, only Miami-Dade County is eligible to levy these taxes. Miami-Dade County administers, collects, and enforces this tax.

*Reference: Section 212.0306, F.S.*

**Low Income Housing Tax Credits:** Created by the Tax Reform Act of 1986, the LIHTC program gives State and local LIHTC-allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

*Source: <https://www.huduser.gov/portal/datasets/lihtc.html>*

**Sadowski Trust Fund:** The Sadowski Coalition is a nonpartisan collection of more than 30 diverse statewide Organizations. The Sadowski Act passed in 1992, creating a dedicated revenue source to fund Florida’s affordable housing programs and funding the Catalyst Program for Training and Technical Assistance.

#### **How are Florida’s housing programs funded?**

- Doc stamp tax paid on all real estate transactions was increased in 1992.
- Those monies were dedicated to the state and local housing trust funds.

- 70% of monies to the Local Government Housing Trust Fund for the State Housing Initiatives Partnership (SHIP) program which funds housing programs in all 67 counties and larger cities.
- 30% of monies to the State Housing Trust Fund for Florida Housing Finance Corporation programs such as the State Apartment Incentive Loan (SAIL) program.

**What do these programs do? Who do they serve?**

- SHIP funds can be used for rehabilitation/renovation of existing housing stock to allow seniors to age in place or to provide retrofitting for persons with special needs;
- SHIP funds can be used to move the existing housing stock and provide first time homeownership with down payment and closing cost assistance, as well as rehabilitation and retrofit;
- SAIL funds can be used to rehabilitate existing apartments in dire need of repair or to build new units where needed; apartments that house Florida’s most vulnerable populations, such as the frail elderly and persons with disabilities;
- SAIL and SHIP programs span from homelessness to the moderate income essential workforce;
- The beauty of both SHIP and SAIL is that they are flexible and can meet changing needs and priorities within the same program framework.

Source: <http://www.sadowskicoalition.org/wp-content/uploads/2017/01/Sadowski-Coalition-Materials-with-Monopoly-1.9.17.pdf>

**SHIP:** State Housing Initiatives Partnership Program 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 provide very low, low and moderate income families with assistance to purchase a home, money to repair or replace a home and many other types of housing assistance.

Source: <http://www.flhousing.org/programs/ship/>

**Surtax (One cent – half cent sales tax):** may be used for

- Land acquisition
- Weatherization
- Workforce housing
- Economic development

*Florida Statutes 212.055*

**Temporary Assistance for Needy Families (TANF)/Florida Department of Children & Families (DCF):** TANF program is designed to help needy families achieve self-sufficiency. States receive federal block grants to design and operate programs that accomplish one of the purposes of the TANF program. The four purposes of the TANF program are to:

- Provide assistance to needy families so that children can be cared for in their own homes
- Reduce the dependency of needy parents by promoting job preparation, work and marriage
- Prevent and reduce the incidence of out-of-wedlock pregnancies

- Encourage the formation and maintenance of two-parent families

Source: <https://www.acf.hhs.gov/ofa/programs/tanf/about>

**USDA:** USDA provides homeownership opportunities to rural Americans, and home renovation and repair programs. USDA also provides financing to elderly, disabled, or low-income rural residents in multi-unit housing complexes to ensure that they are able to make rent payments. USDA works with public and nonprofit organizations to provide housing developers with loans and grants to construct and renovate rural multi-family housing complexes. Eligible organizations include local and state governments, nonprofit groups, associations, nonprofit private corporations and cooperatives, and Native American groups. USDA improves rural community economic health by working with private lenders to guarantee loans to borrowers for the construction of rural multi-family housing units and individual homes.

Source: <https://www.usda.gov/topics/rural/housing-assistance>

**Housing Choice Voucher Program Section 8:** Federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Since housing assistance is provided on behalf of the family or individual, participants are able to find their own housing, including single-family homes, townhouses and apartments. The participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Housing choice vouchers are administered locally by public housing agencies (PHAs). The PHAs receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program.

A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. This unit may include the family's present residence. Rental units must meet minimum standards of health and safety, as determined by the PHA.

A housing subsidy is paid to the landlord directly by the PHA on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program. Under certain circumstances, if authorized by the PHA, a family may use its voucher to purchase a modest home.

Source: [https://www.hud.gov/topics/housing\\_choice\\_voucher\\_program\\_section\\_8](https://www.hud.gov/topics/housing_choice_voucher_program_section_8)

**Weatherization Assistance Program (WAP):** enables low-income families to reduce their energy bills by making their homes more energy efficient. The U.S. Department of Energy (DOE) provides funding to states which manage the administration of the program. These governments, in turn, fund a network of local community action agencies, nonprofit organizations, and local governments that provide these weatherization services.

Multifamily Weatherization of Public and Assisted Housing is a partnership between HUD and DOE aimed at streamlining the use of Recovery Act weatherization funds in HUD-assisted buildings. If a public housing, assisted multi-family building is identified by HUD and included on a list published by DOE, that building meets DOE's weatherization program income requirements without the need for further evaluation or verification - and may also meet certain other program requirements.

Sources: [https://www.hud.gov/program\\_offices/economic\\_development/eeqb/programs/huddoepartnership](https://www.hud.gov/program_offices/economic_development/eeqb/programs/huddoepartnership)

<https://www.benefits.gov/benefits/benefit-details/580>