

## Legislative Wrap-Up

Mixed results for housing

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By: Terry Sheridan

**T**he latest legislative session brought victories for affordable housing and community associations, but lawmakers left the trickiest issue of property tax cuts to a special session next month.

State Rep. Mike Davis, R-Naples, who also represents part of Pembroke Pines, won kudos for a far-reaching bill that would give funding and planning perks to local governments for work force housing.

The measure is considered one of the most significant affordable housing bills in years, said state Sen. Steve Geller, D-Hallandale Beach.

The bill requires counties to adopt a plan for "affordable work force" housing if the gap between what a family of four can afford to buy and the median county home price is more than \$170,000. If governments don't comply, they won't get state housing grants.

A key change allows local governments to use State Housing Initiative Partnership funds for work force housing intended for buyers earning up to 140 percent of the area median income.

That would mean if the bill is signed by Gov. Charlie Crist, a family of four earning \$63,280 in Miami-Dade County, \$81,760 in Broward County and \$85,680 in Palm Beach County could buy into housing built with state money.

SHIP funds traditionally have been used for low-income housing projects.

The change drew criticism from attorney Jaimie Ross, president of the Florida Housing Coalition and affordable housing director for 1000 Friends of Florida.

"A higher income person now needs assistance who didn't need it before," she said. "That doesn't mean lower income people stopped needing assistance. They need it more."

Last year, Davis' benchmark Community Workforce Housing Innovation pilot program received \$50 million in funding, and low-income programs got \$30 million, she said.

This year lawmakers allocated \$65 million to work force housing programs and \$15 million to low-income, Ross said.

Ross wasn't counting \$50 million allocated to the State Apartment Incentive Loan program for low-income rental housing, Davis said.

Davis' bill also would allow local governments to adopt ordinances deferring property taxes on affordable rentals providing they target lower-income tenants for a certain time period. The measure also would limit the "highest and best use" tax valuation on rentals, reducing tax increases on affordable and workforce properties.

While Davis was pleased with the bill's outcome, he said bigger housing fund troubles loom.

Next year marks the reauthorization deadline for the trust fund created in 1992 by the William E. Sadowski Affordable Housing Act, which gives grants to local governments for the SHIP and SAIL programs.

"That's a huge issue, and no one is talking about it," he said.

Without reauthorization, "we really lose our focus on affordable housing," Davis said. "The money won't even be there for any purpose. That's a story by itself."

Making good on earlier efforts, House Bill 7031 and Senate Bill 314 would allow groups of at least three condo and homeowner associations to self-insure and permit condo association to dissolve without a unanimous vote.

HB 7031 sponsored by state Reps. Mark Mahon, R-Jacksonville, and Kevin Ambler, R-Tampa, allows three or more associations to self-insure for an amount equal to their probable maximum loss in a 250-year hurricane. The insurance cost would be included in common expenses divided among unit owners.

The bill also would require developers to estimate condo association budgets and update cost estimates if purchase closings are delayed.

Developers who convert apartments to condos must tell buyers what was changed and its condition.

SB 314 sponsored by state Sens. Evelyn Lynn, R-Daytona Beach, and Geller has been in the works for at least three



State Rep. Mike Davis

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years and was vetoed last year by then-Gov. Jeb Bush. The bill targets the dissolution of condo associations.

Associations dealing with hurricane damage or extremely costly repairs and upgrades would be allowed to terminate with the approval of the lowest percentage of unit owners that association documents require.

In cases where developers approach condo associations about selling, the bill would allow termination if at least 80 percent of unit owners agree and no more than 10 percent reject the plan.

Condo law currently requires 100 percent approval of unit owners and their lenders unless an association's documents state otherwise. But associations routinely have trouble getting responses from some owners, and even a single holdout can hold veto power.

Condo attorney Donna Berger of Katzman & Korr in Fort Lauderdale said a poll of her clients indicated mixed reactions.

"It puts the burden on people who don't want to do it to actively object to it," said Berger, executive director of the Community Advocacy Network, an advocacy group for community associations. "The problem being that you have a lot of communities that will be targeted by developers."

The bill sets up competing interests, she said. Unit owners don't want just one resident to hold up a sale, but residents who don't want to leave could be uprooted unless more than 10 percent formally oppose it.

Geller points to the years it took to dissolve the four Naranja Lakes condo associations and a subsequent bankruptcy to force a sale of the property after Hurricane Andrew devastated the neighborhood in 1992.

The bill's goal was to try to avoid requiring all owners to agree to terminate, although most association documents have a lower voting threshold.

"All you need is 10 percent to vote no, and you can block a sale," Geller said. "That's the point in communal living. You don't want one or two people out of 200 to block a deal so they can extort money from their neighbors."

SB 1844 sponsored by state Sen. Jeremy Ring, D-Margate, would create a new section of community association law for homeowner associations only for liens on unpaid assessments by establishing protocol for notice of fees and payments.

Berger opposes a section she calls "explosive," which makes lenders who take title to a home responsible for payment of past due assessments.

With condos, lenders currently are responsible for only six months of overdue fees or 1 percent of the original mortgage debt, she said.

The biggest unresolved issue of the session is cutting property taxes.

"If we put housing out there and built 200,000 [affordable] homes but don't get taxes under control, it's irrelevant," said state Rep. Ellyn Bogdanoff, R-Fort Lauderdale, who is an attorney. "It's all tied together."

The special session scheduled June 12-22 will seek relief for homeowners who feel they can't move again in Florida without exposing themselves to a giant tax hike.

Since 1995, Save Our Homes has limited annual increases on homesteaded property tax bills to 3 percent or the rate of inflation, whichever is less. But properties are reassessed at market values when they are sold, and taxes rise with the assessments.

The cap doesn't extend to seasonal residents without homestead benefits and commercial property owners. Their tax bills are adjusted annually at market rates.

The housing boom brought reassessments that are triple and quadruple the old bills.

Gov. Crist has not yet acted on any of these bills sent to him as of press deadline Monday afternoon.

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**State Rep. Mike Davis photo by Meredith Hill**

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