

DETERRING APPLICATION FRAUD

ASK: Pass Senate Bill 1224 (Sen. Rodriguez) & House Bill 1293 (Rep. Greco) to deter rental application fraud.

BACKGROUND

When it comes to resident screening, application fraud is a major concern for rental housing providers. In fact, according to data from Snappt, **Florida has three (3) of the top 10 cities for fraud:** Orlando Fraud Rate: 7.7%, Jacksonville Fraud Rate: 6.5%, Miami Fraud Rate: 5.9%.

For this reason, most housing providers have multiple layers of “checks” during the resident screening process to ensure the information and the documentation provided by the prospective renter are both accurate and valid. Some common examples of potential fraud in the rental housing application process include, but are not limited to:

- Fake or altered paystubs
- Fake social security numbers, IDs, or Consumer Privacy Numbers (“CPN”)
- False bank statements or employment records
- Inception fraud, where an applicant submits real pay stubs from real companies, but they do not actually work there

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DETERRING APPLICATION FRAUD

Every housing provider or management company may approach resident screening differently when it comes to the specific criteria used to assess an individual's application. Some housing providers utilize fraud detection software as an additional layer of protection, which helps identify false documentation or specific errors in the information submitted by a prospective resident. While these additional screening tools are helpful, the use of artificial intelligence allows fraud tactics to evolve quickly. This results in ever-changing threats despite having technology, tools, and procedures in place to combat fraud.

HOW THIS IMPACTS THE APARTMENT INDUSTRY

The passage of SB 1224 and HB 1293 would deter fraud by clarifying that rental application fraud is a crime in Florida and would establish a clear process for removing individuals who obtain a rental home through fraudulent means.



ENHANCING THE LIVE LOCAL ACT

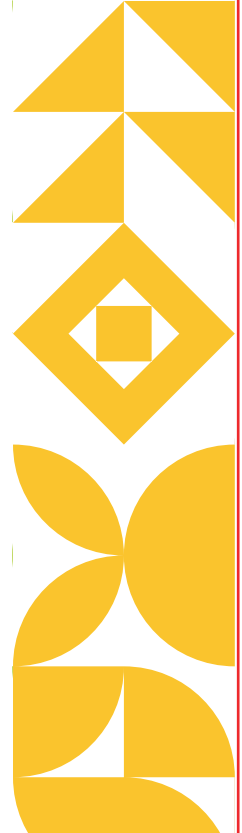
ASK: Pass legislation to enhance the Live Local Act.

BACKGROUND

During the 2023 session, the Florida Apartment Association strongly supported the passage of the Live Local Act because it created powerful tools to stimulate the creation of affordable and workforce housing. Oftentimes, it is difficult for developers to achieve financial feasibility on affordable and workforce housing projects. As a result, these projects must rely on tools like the Live Local Act's property tax discounts to make this type of rental housing development viable in Florida.

In 2024, the legislature amended the Live Local Act to allow local governments to opt out of the missing middle property tax exemption that applies to units serving residents at 80-120% of the area median income (AMI). A qualified taxing authority can opt out of the missing middle property tax exemption serving residents at 80-120% of AMI at any time, so long as the necessary conditions are met, which has created significant uncertainty for lenders, developers, and housing operators. The opt-out can be adopted without a formal housing needs analysis and passed via a simple resolution, with little to no discussion at the local level. To be eligible for the opt-out, a taxing authority must be in a county where there is a surplus of affordable and available units for households at 120% AMI, based on the current Shimberg Center for Housing Studies report. However, the Shimberg Center's data is based on large Metropolitan Statistical Areas (MSAs), which often group counties with significantly different housing supply needs together, limiting its precision.

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ENHANCING THE LIVE LOCAL ACT

Dozens of local governments across the state have already opted out of the missing middle exemption, undermining the Live Local Act's impact on addressing workforce housing needs. At this time, there are no provisions to protect construction projects that are already in the pipeline, have secured financing, or were previously pre-approved for the exemption and are actively in lease-up. This uncertainty can kill a project because an apartment community cannot formally apply for and be approved by the local property appraiser for the tax exemption until after residents with the specified AMIs are actively living in the apartment homes. In many cases, this does not occur until years after financing is secured and construction is complete.

Due to the threat of a local opt-out, many lenders will not even consider the exemption at the time of financing, rendering this once powerful housing development tool potentially useless. **It is for these reasons the Live Local Act should be amended to protect housing developments in the pipeline and establish a higher bar for taxing authorities to meet before they can opt out of the missing middle property tax exemption.**

HOW THIS IMPACTS THE APARTMENT INDUSTRY

The passage of legislation to enhance the Live Local Act and revise the opt-out process should:

- Protect housing developments that are already in the construction pipeline or in the lease-up phase.
- Establish a higher bar for local governments to opt out of the Missing Middle Market property tax exemption.

ASK: Pass legislation to allow adaptive reuse housing developments to take advantage of the property tax discounts in the Live Local Act.

BACKGROUND

The Live Local Act created two (2) new property tax discounts for affordable and workforce housing. Under existing law, properties must have more than 70 units serving households up to 120% of AMI to be eligible for the missing middle exemption. Similarly, the Live Local Act also allows local governments to enact an optional property tax exemption strictly for affordable housing. To qualify for the “Local Option,” the property must have 50 or more units with at least 20% of those units set aside for households making up to 60% of AMI.

Adaptive reuse projects, like converting an aging motel building into apartment homes, provide a unique opportunity to repurpose underutilized or blighted buildings while also increasing Florida’s housing stock. However, these smaller-scale adaptive reuse projects are limited by existing structural components, which can ultimately restrict the number of housing units generated during the redevelopment process. As a result, it can be extremely difficult for some smaller-scale adaptive reuse projects to meet the 70- or 50-unit thresholds for the Live Local Act property tax discount programs.

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ENCOURAGING ADAPTIVE REUSE

HOW THIS IMPACTS THE APARTMENT INDUSTRY

Amending the Live Local Act to allow adaptive reuse projects to tap into the housing development tools in the Live Local Act would:

- Establish a definition for adaptive reuse within the Live Local Act and remove the unit minimums for these developments.
- Instead of requiring a minimum number of units, adaptive reuse projects would be required to set aside at least 20% of the units on the site for affordable or workforce housing to access Live Local property tax discounts.



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BACKGROUND

Over the course of the last several years, the Florida Apartment Association (FAA) has invested over \$500,000 in industry-related research to help policymakers at the local and state levels make informed decisions regarding housing-related issues. The research conducted by FAA is publicly available at buildflorida2030.com and includes data regarding apartment housing scarcity, methods for improving housing affordability, and more.

The association recently launched an interactive multifamily housing development flowchart, a brand new resource for policymakers available at buildflorida2030.com/development. **This resource outlines the typical timeline and financial investment required to bring a new apartment community to market.** The interactive flowchart allows users to explore how project delays at the local level directly impact project costs and the overall construction timeline. This research brought to light that it takes an average of 4-6 years to bring a new apartment community to market and a pre-construction investment of roughly \$2-4 million. These pre-construction costs include impact fees, which can be over \$40,000 for each apartment home within an apartment community.

The research also identified common hurdles in the development process, which can include, but are not limited to, contamination or environmental issues, litigation associated with “not in my backyard” (NIMBY) opposition at the local level, and a cumbersome permit review process that often involves multiple rounds of reviews, and even inspectors imposing required changes after building permits have been approved.

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ACCESS TO RENTAL HOUSING DATA

HOW THIS IMPACTS THE APARTMENT INDUSTRY

The housing development hurdles outlined in this research study have a tangible impact on the price of rent that is required to make new housing construction projects viable in Florida. FAA supports local and state efforts to streamline the housing development process, which will enhance housing attainability for Florida renters.

Scan the QR code to learn more.

