



July 14, 2022

Dear Director Stricklin,

Thank you for the opportunity to provide additional information and ideas to inform possible further changes to the County's Tenant Bill of Rights ordinance. The areas covered by this letter focus on those points raised during the County Commission meeting on June 21st.

Income Standard

As we noted previously, the income standard language in the ordinance is confusing, but based on our experience with similar language in other jurisdictions, we believe this language would require rental properties to employ a special income standard based on the Tenant's portion of rent in instances that involve government rental assistance programs, and this approach would lead to the approval of residents with little to no income. Rental properties use income standards to ensure that residents not only have sufficient income to cover the rent they are responsible for, but also regular living expenses that could compete with their rent obligations. Additionally, many leases require residents to cover costs in addition to the rent as a condition of the lease, such as utilities or renter's insurance, where failure to do so is a material breach of the lease. We believe adoption of the language as is will force housing providers to approve residents without sufficient income to cover these expenses and thereby lead to delinquencies and possibly evictions. We further note that even housing providers that specialize in taking vouchers and who do not use a traditional income to rent ratio standard still require a minimum yearly income sufficient to cover living costs, utilities, and other such expenses. This approach would be disallowed under the County's ordinance since any financial or income standard must be "based on the portion of the rent to be paid by the tenant . . ."

It is also our understanding that the County's interest in using the current language is focused on making it easier for prospective residents utilizing housing vouchers to income qualify for rental housing. However, the language proposed by the County implicates a vast array of assistance programs beyond those administered by local public housing authorities, since it references "government rent subsidy or assistance." This broad language could implicate housing programs with any local, State, or Federal funding, regardless of their rules, requirements, level of support, duration of support, or due diligence in the prospective resident's ability to financially maintain housing, any of which could create untold burdens on housing providers. For instance, this language could be interpreted to require a housing provider to income qualify a resident for a yearlong lease based on assistance provided for only one month, leaving open the question of how the resident will manage the rent for the rest of the lease. One way to address this specific issue would be for the County to adopt St. Petersburg's language that focuses their ordinance on "government assistance programs that are not of a limited or defined duration of less than one year."

A cleaner and more effective way of addressing our concerns would be removal of the income standard language altogether from the ordinance, which would also bring it more in line with St. Petersburg's ordinance. However, if the County intends to keep language regarding an income standard, the County may want to narrowly tailor it to a rent-to-income standard specifically for programs administered by public housing authorities and include language that protects the ability of



housing providers to continue to require a minimum yearly income of these residents sufficient to cover at least the very basic expenses.

In the case of a Housing Choice Voucher or Veterans Affairs Supportive Housing Voucher, to use a rent-to-income standard in assessing eligibility for the rental of a Rental Unit that is not based on the portion of rent to be paid by the Tenant. This provision does not prohibit a person from requiring a Tenant to show a minimum income sufficient to cover living costs, utilities, and other costs required under a lease that are not covered by the Housing Choice Voucher or Veterans Affairs Supportive Housing Voucher.

Addressing Insurance Costs

Insurance providers fall into either admitted carriers directly regulated by the State, or non-admitted carriers that must pay additional fees to operate in the State. Most admitted carriers do not insure multifamily properties, and thus apartment operators must turn to the smaller pool of the non-admitted market for coverage. In the process to secure insurance, properties are required to disclose the percentage of units that receive some sort of rental subsidy ([Example 1](#), [Example 2](#), [Example 3](#)). Once all information from the property is provided, an underwriter will compare the submitted information against coverage that insurers offer. After speaking to various experts familiar with this process, it is our understanding that carriers will base their rates, in part, on the number of subsidized units that are disclosed, and that some carriers that provide insurance to multifamily housing will not insure properties with more than a nominal number of vouchers ([Example](#)). Also, experts have told us that insurers who provide coverage for properties that accept subsidized residents will often only insure a portion of the overall insurable value, and charge a premium rate based on nonpublic actuarial data that is considered confidential business information. This leads properties to have to secure multiple policies to insure their full risk, which results in insurance costs two to three times as much as they otherwise would have. Experts also tell us that those providers that do provide coverage for properties that accept subsidized residents follow a prevailing industry standard that limits the percentage of subsidized units to 20% before they drop coverage (see attached example that lists conditions subject to change including subsidized units). To address these concerns, we continue to request consideration of the St. Petersburg insurance exception language, or at least a version that would allow housing providers to demonstrate their insurer will drop existing coverage if they go over a predetermined percentage of units rented with vouchers.

Notice of Rent Increase

We have been informed that Pinellas County plans to include in the proposed ordinance a notice of rent increase requirement. Florida Statute speaks to notice requirements for leases with a specific term, such as the typical one year lease most housing providers use, and 83.575(1) limits notices to a maximum of sixty days. In practice, the vast majority of our members provide lease renewal offers to current tenants with sixty days notice. Such notices are delivered within fifteen days prior to this notice period as required by Section 83.575(2). Renewal offers cover any changes in lease terms, including increases in rent, if applicable, thus residents with lease agreements are already given notice similar to other local ordinances that speak to rent increases. As such, we do not understand the value of the County moving forward with including a similar provision in its ordinance.



If the County does move forward with inclusion of a notice of rent increase section in its ordinance, we ask that the language be applicable to lease agreements signed after the effective date of the ordinance. Some lease agreements already spell out in their terms resident and landlord notice obligations and applying this new requirement retroactively could impair existing contracts.

Another concern is the effect of this notice requirement on Low Income Housing Tax Credit (LIHTC) housing, which allow for rental rate increases during the lease period based on HUD published AMI data. We note the City of Tampa drew a distinction in their ordinance related to LIHTC properties, clarifying that their ordinance does not apply to rental rate increases during the life of the lease because their ordinance was specifically directed to lease renewals which occur at the end of their lease term. It would be helpful to have similar clarity in the County's ordinance.

Thank you for considering the additional concerns regarding the ordinance outlined in this letter. We appreciate the opportunity to work with the County to find language that better addresses these concerns and minimizes as much as possible the additional costs and challenges housing providers will have under such an ordinance. We would be happy to answer any questions you may have regarding these points.

Kind regards,

Eric Garduño

Eric Garduño
Government Affairs Director

CC: Barry Burton, County Administrator
Tom Almonte, Assistant County Administrator
Commissioner Dave Eggers
Commissioner René Flowers
Commissioner Pat Gerard
Commissioner Charlie Justice
Commissioner Janet C. Long
Commissioner Kathleen Peters
Commissioner Karen Williams Seel

(The Attaching Clause needs to be completed only when this endorsement is issued subsequent to preparation of the policy.)

ENDORSEMENT 1

This endorsement, effective on _____, at 12:01 A.M. standard time, forms a part of:

Account No. _____

Certain Underwriters at Lloyds, London

Indian Harbor Insurance Company

QBE Specialty Insurance Company

General Security Indemnity Company of Arizona

United Specialty Insurance Company

Lexington Insurance Company

HDI Global Specialty SE

Old Republic Union Insurance Company

GeoVera Specialty Insurance Company

Transverse Specialty Insurance Company

SAMPLE

Issued to:

By: See Contract Allocation Endorsement AR CA

Authorized Representative

1. This policy shall comply with laws and regulations of the controlling jurisdiction regarding cancellation and nonrenewal, and any provisions that conflict are hereby modified to comply minimally with such laws or regulations.
2. The Compass Commercial Property Form, Section II, B, Exclusion 14 is deleted and replaced by the following:
 - Lack of incoming electricity, fuel, water, or refrigerant, or outgoing sewerage, or incoming or outgoing data lines, all of which are caused by an Occurrence away from the premises under this Policy, unless physical damage not excluded by this Policy results, in which event, this Policy shall cover only
3. Terrorism is provided as per AR 07 20, subject to:
 - a. Limit - As per schedule, per Occurrence.
 - b. Deductible - \$10,000 Per Occurrence.
4. Replacement Cost Valuation shall apply as regards to Real & Personal Property; Except roof coverings to be Actual Cash Value if originally installed or last fully replaced prior to 2009.
5. Coverage explicitly excludes all Flood, including but not limited to Flood during windstorm events.
6. Coverage excludes all loss or damage directly or indirectly caused by any Named Storm in existence at time of written request to bind or inception of any new or additional exposure.

SAMPLE

7. All Buildings with outstanding damage are subject to Underwriter if waiver needed.
8. Any additional premium of \$500 shall be waived, except additional premium for new perils covered.
9. Warrant no losses in the last 5 years on properties to be covered unless specified in Property Application - Statement of Values.
10. Warrant no expiring markets that are quoted herein unless exception by the underwriter.
11. Warrant no Exterior Insulation and Finish Systems (EIFS) Construction.
12. Warrant no known sinkhole activity at the insured Location(s) or within 1,000 feet of the insured Location(s).
13. Warrant no more than 20% Section 8 subsidized units.
14. The complete named insured listing (if any) is per schedule on file with the Program Manager.

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