

FLORIDA'S WORKFORCE HOUSING COALITION CALLS FOR A RETURN TO FULL FUNDING FOR HOUSING IN FY06-07 & A REPEAL OF THE CAP ON HOUSING TRUST FUNDS SCHEDULED FOR FY07-08

1. The Florida Legislature enacted a dedicated revenue source for affordable housing, known as the William E. Sadowski Affordable Housing Act. The funding was deliberately tied to documentary tax revenues so that as real estate costs and population increases drove up doc stamp receipts, the monies available for housing would increase proportionately.
2. Sadowski Act monies are statutorily dedicated by formula to the state and local housing trust funds with 70% of the revenue is dedicated to local governments through the SHIP program and 30% of the revenue is dedicated to the state to fund successful programs such as SAIL and HAP.
3. The Florida Legislature has closely scrutinized both the state and local housing trust funds and Florida's housing programs. These reviews have shown that **Sadowski Act monies have been an unequivocal success** in promoting home ownership, building quality rental housing, leveraging public dollars with private investments, and providing an economic boost to Florida far in excess of the amount of funds appropriated for housing.
4. Additionally, a the current shortage of affordable housing for our workforce is having a negative impact on business creation and expansion, and has many critical professions out of the market.
5. The Governor has recommended that \$302 million be spent in FY06-07 for hurricane housing recovery programs. We commend the Governor for this request. However, the Governor has recommended that only \$243 million be spent on ongoing successful and needed housing programs such as SHIP and SAIL. While this recommendation is an increase compared to FY05-06, it is actually a 2.6% decrease from the \$249.4 million funding level of FY02-03.
6. Florida used the housing trust fund monies exclusively for housing from 1992 through 2003, fully funding housing each year. The last year of full funding was FY02-03, when housing appropriations were \$249.4 million. Since that time, funding for ongoing programs was reduced to \$193 million, with housing trust fund monies either diverted or left unappropriated. At the same time, the median priced existing home has increased by 77% while the median income has risen by only 1.4%.
7. In FY06-07, over \$939.5 million will be available for appropriation from the housing trust funds (there is no cap on the housing trust funds in FY06-07). This leaves an additional \$394.5 million available for housing appropriations, even after the Governor's recommendations of \$302 million for hurricanes and \$243 million for ongoing programs.
8. Between ongoing programs and hurricanes, the Governor has recommended utilizing over \$500 million from the housing trust funds for the past two years. Combined with increasing pressure to serve additional segments of the workforce, the need for housing funding will far exceed the \$500-\$600 million per year that is being distributed to the trust funds currently.
9. Beginning in FY07-08, the doc stamp distributions into the housing trust funds will be reduced to \$243 million per year. At that time, we will be faced with attempting to force \$500-\$600 million or more of housing funding under that cap—a train wreck in the making.
10. Unlike many a crisis, Florida prepared for this one by creating an effective housing funding system. The Housing Trust Funds were designed to have more money available when housing costs escalated. Coupled with our innovative housing programs, we have enough resources to address the housing crisis—but only if they housing money is utilized for housing and the cap is repealed.

