



HOME MATTERS

REPORT FROM THE FLORIDA HOUSING COALITION



**Summary Edition
on Pages 15-23**

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on the Coalition's Website.**



HOME IS WHERE WE
FIND RESPITE;
where we feel safe where we
CONNECT with our **FAMILY**
keep our belongings and establish
ourselves within **OUR COMMUNITY.**

QUICK FACTS:

Florida has an affordable housing crisis

- Over 920,000 very low-income Floridians—including hardworking families, seniors, and people with disabilities—pay more than 50% of their incomes for housing.
- Florida has third highest homeless population of any state in the nation, with 41,542 people living in homeless shelters and on the streets. This includes 4,552 veterans and 8,579 children.*
- Florida's economy is dominated by low-wage jobs, particularly in the service industry. In many occupations, workers do not earn enough to rent a modest apartment or buy their first home.

*Note that these numbers only include people who are unsheltered or staying in emergency or transitional shelters. They do not include people who are doubled up or living in hotels/motels.

WHY DOES HOME MATTER?

The health, safety, and welfare of Floridians and the strength of Florida's overall economy hinges on an adequate supply of affordable housing for Florida's working families, elders, and people with disabilities living on fixed incomes.

AFFORDABLE HOUSING REDUCES TAXPAYER EXPENSES

- Affordable, community-based housing for seniors and people with disabilities is about one-third of the cost of institutional care.
- Chronically homeless persons often cycle through jails, hospitals, and other crisis services. Permanent supportive housing for this high-need population can reduce taxpayer costs by about \$20,000 per person per year.
- Affordable housing can improve the health and educational outcomes of low-income families and children, reducing the public costs associated with illness and poor school performance.

AFFORDABLE HOUSING BOOSTS THE ECONOMY

- Money spent on affordable housing construction and rehabilitation has a ripple effect on local economies. Contractors and suppliers spend money on materials and labor, and workers spend their earnings locally.
- If the Sadowski Housing Trust Fund money is fully appropriated for housing, it will create nearly 25,000 jobs and \$3.1 billion in positive economic impact in just one year, while creating homes that will last far into the future.*

*Based on historic data and the December Revenue Estimating Conference projecting documentary stamp collections deposited into the state and local housing trust funds of approximately \$266.87 million.



The Florida Housing Coalition has produced this report in support of Home Matters® (www.HomeMattersAmerica.com), a national movement to make Home a reality for everyone by elevating the importance of Home's impact on people's health, education, personal success, public safety, and the economy. Participating in Home Matters is a coast-to-coast coalition composed of members of the general public, leaders of housing and community development organizations, as well as other organizations concerned about increasing the positive impact of Home in their communities.

SECTION 5:

The Sadowski Housing Trust Funds: A Proven Track Record of Producing and Preserving Affordable Housing

As this report has demonstrated, hundreds of thousands of low-income Floridians struggle with high housing costs. Many factors affect the supply of affordable housing, including low wages for common occupations, high market prices for homes and apartments in decent condition, and limited federal funding for housing programs⁶⁰. Moreover, the situation is getting worse, with an increasing share of Florida's low-income renters paying more than they can afford for housing. Florida's homeownership rate has declined steadily since its peak in 2007, due in part to tightened home sale markets, restricted credit, and the mismatch between home prices and wages. Add the tradeoff in housing and transportation costs to the mix, and it seems as if every door to housing affordability is slamming shut for many of Florida's low- and moderate-income families.

It is very challenging for Florida's policymakers and community advocates to directly influence these factors in the near term, but we do have control over a simple and powerful tool at the state level: the Sadowski State and Local Housing Trust Funds. These dedicated funding sources allow thousands of low- and moderate-income families to rent, buy, and renovate affordable homes each year, while leveraging substantial public and private funds and boosting Florida's economy.

Sadowski History and Major Programs

More than 20 years ago, a diverse coalition of Florida's affordable housing advocates, business and industry groups, and faith-based organizations recognized the need for a dedicated state

revenue source for affordable housing. In 1992, the state legislature passed the William E. Sadowski Affordable Housing Act, named after a Department of Community Affairs secretary who had recently died in a plane crash. The Sadowski Act raised the state documentary stamp tax on deeds by ten cents per \$100 of the property's value⁶¹, and directed the new funds to two trust funds, one for local governments and one for the state.

The Local Housing Trust Fund supports the State Housing Initiatives Partnership (SHIP) program, which primarily funds the production and preservation of affordable ownership housing for low- and moderate-income households. The Florida Housing Finance Corporation uses a population-based formula to distribute SHIP funds to all 67 counties and to cities that receive Community Development Block Grant (CDBG) funds. SHIP is most commonly used to support home construction, rehabilitation to make homes safe and/or handicapped accessible, and down payment assistance. It gives local governments plenty of flexibility to meet local needs and preferences, as long as a few basic requirements are met. These requirements, found in Florida Statue 420, include:

- At least 65% must be spent on homeownership activities
- At least 75% must be spent on construction (including new construction and rehabilitation)
- At least 30% must be used to assist very low-income households
- At least 60% must be used to assist low-income households
- No more than 10% may be used on administration

Each SHIP Dollar is Required to Meet the Following Criteria:

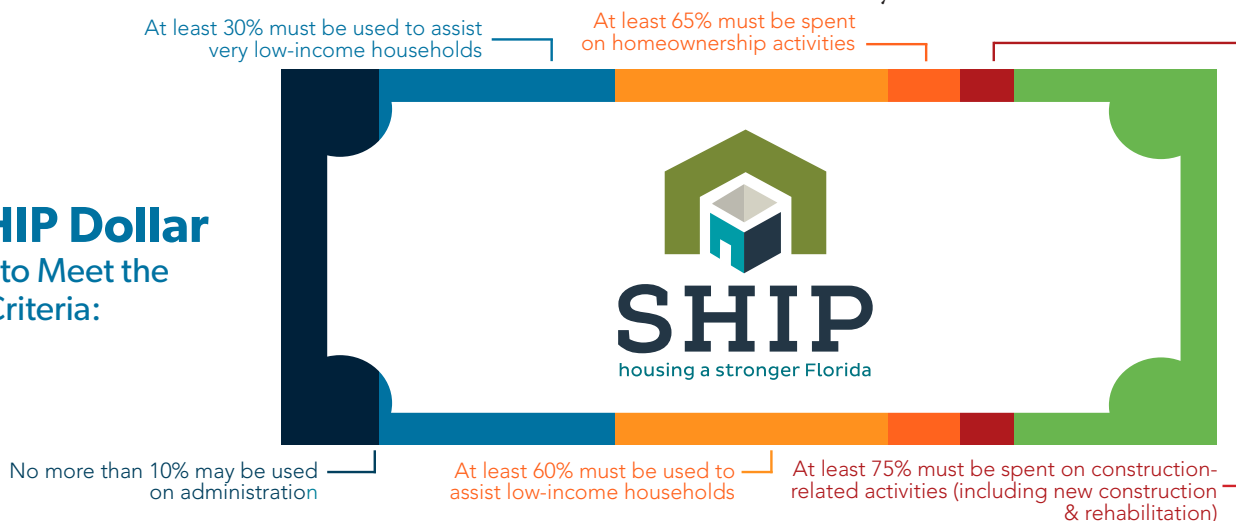


Table 5. Estimated Economic Impacts of Fully Funding Sadowski Housing Trust Funds in Fiscal Year 2015-16.

Type of Impact	SHIP	SAIL	Total
Projected Trust Fund Revenue in FY 15/16 (\$ million)	\$187.01	\$79.86	\$266.87
Total economic activity generated (\$ million)	\$2,434.77	\$710.04	\$3,144.81
Total jobs created	19,345	5,607	24,951
Total income/earnings generated (\$ million)	\$859.54	\$247.01	\$1,106.55

(Source: Sadowski Coalition 2014.)

The State Housing Trust Fund supports several activities, including administration of the Sadowski funds by Florida Housing. The main Sadowski-funded state program is the State Apartment Incentive Loan (SAIL) program. SAIL provides funding on a competitive basis for the construction of affordable multifamily rental housing. SAIL usually serves as “gap financing” for developments with other funding sources, such as the Low Income Housing Tax Credit.

Impact

In Fiscal Year 2015-16, a projected \$266.87 million in documentary stamp tax revenues will be available for appropriation to the Sadowski trust funds. This funding level is over 10 times the amount of annual funding (\$25 million) that Florida is projected to receive from the National Housing Trust Fund⁶². If State Legislature appropriates the full amount to the trust funds, the economic impact will be considerable, as shown in Table 5. The housing investments leveraged by SHIP and SAIL will produce an estimated \$3.1 billion in economic output, nearly 25,000 jobs, and \$1 billion in labor income.

In addition, Sadowski funds give low- and moderate-income families around the state a hand up that can be extended to their children and grandchildren. Between the 2006-07 and 2011-12 fiscal years, for example, SHIP had a profound impact on Florida communities, even though the program’s funding was swept into general revenue by the State Legislature for much of that period.

A total of 34,872 households were assisted, of which:

- 500 were homeless households
- 1,000 households had a member with developmental disabilities
- 8,300 were households headed by an elderly person (age 62 and up)⁶³

From fiscal years 2009-10 to 2011-12, when SHIP communities were feeling the worst effects of the Local Housing Trust Fund

being swept, an average of 2,036 units were assisted per year. (Much of this activity was made possible by SHIP funds carried over from previous years and by program income.) However, when Local Housing Trust Fund monies are fully appropriated for housing and available to SHIP communities, 8,000 to 10,000 units can be assisted each year^{64,65}. Clearly, full SHIP funding would allow local communities to significantly scale up their efforts to provide housing for key populations, including those who are homeless or have developmental disabilities.

SAIL has also been a lifeline for many low-income individuals and families. In 2013, the Florida Housing Finance Corporation’s portfolio of developments with outstanding SAIL loans had a total of 61,206 units. Of these units:

- 736 were for homeless households
- 7,700 were for elderly households

These numbers significantly underestimate SAIL’s impact because, like the Local Housing Trust Fund, the State Housing Trust Fund had most of its funds swept into general revenue between the 2008-09 and 2013-14 fiscal years. Additionally, these numbers do not include developments that have already paid off their SAIL loans. At a time when thousands of privately owned, subsidized rentals are being lost from the affordable housing stock each year, SAIL is an engine for constructing and rehabilitating housing for elders, people experiencing homelessness, and other vulnerable populations.

In short, if we fully appropriate the State and Local Housing Trust Fund monies for housing, our investment will have huge payoffs. Thousands of low- and moderate-income Floridians will move into affordable homes or renovate existing homes, which they will use as a platform to improve their lives. At the same time, the affordable housing development leveraged by Sadowski programs will generate tens of thousands of jobs and billions of dollars of economic output and labor income annually. The Sadowski housing programs are truly a win-win.

HOW ARE FLORIDA'S SADOWSKI HOUSING PROGRAMS FUNDED?

The doc stamp tax on all real estate transactions was increased in 1992. The additional money generated is dedicated to the state and local housing trust funds. 70% is directed to local governments (all 67 counties) and Florida's entitlement cities to fund the SHIP program. 30% is used by the Florida Housing Finance Corporation for programs such as SAIL.



\$266,870,000*

IS AVAILABLE FOR APPROPRIATION FROM THE SADOWSKI HOUSING TRUST FUNDS IN FY 2015-2016

THE FLORIDA LEGISLATURE CAN CREATE NEARLY 25,000 JOBS AND OVER \$3.1 BILLION IN POSITIVE ECONOMIC IMPACT FOR FLORIDA IF IT APPROPRIATES THE HOUSING TRUST FUND MONIES FOR HOUSING.

*Based upon documentary stamp projection plus projected balance in housing trust funds as of 12/9/2014

UPLIFTS FLORIDIANS

SAIL provides an essential funding source for meeting the housing needs of homeless veterans.

In Florida, the Fair Market Rent (FMR) for a 2-bedroom apartment is \$1,008. In order to afford this, a household must earn at least \$40,335 annually (\$19.39/hour). For that same 2-bedroom apartment, a minimum wage Floridian earning \$7.93/hour must work 98 hours/week year round or the household must include 2.4 minimum wage earners working year round.

SHIP funds can be used to move the existing housing stock. SHIP provides down payment and closing cost assistance, typically a soft second mortgage that is repaid only upon resale as well as home ownership counseling both pre and post purchase.

SAIL funds produce apartments for Florida's workforce, rehabilitates existing apartments in dire need of repair, as well as apartments that house Florida's most vulnerable populations including the frail elderly and persons with disabilities, who might otherwise need to live in an institutional setting.

In 2014, Florida had the 3rd highest homeless population in the country, and the 2nd largest population of homeless veterans.



CREATES 24,951 JOBS

From construction workers to retailers; an investment in housing creates jobs for Floridians. Housing dollars will put Florida's out-of-work housing industry back to work repairing homes and improving the real estate market. SHIP funds can be used for rehabilitation/renovation of existing empty housing stock to ready it for families to move in.



CREATES
JOBS

UPLIFTS
FLORIDIANS

INVESTS
LOCALLY

FUELS
ECONOMIC
DEVELOPMENT

GENERATES
RESULTS

GENERATES RESULTS

The Florida Legislature can create nearly 25,000 jobs and over \$3.1 billion in positive economic impact for Florida if it appropriates the housing trust fund monies for housing.

SHIP and SAIL have proven track records for performance, transparency, and accountability. Floridians need affordable housing. Using the housing trust fund monies solely for housing is the right thing to do- for Floridian's in need; for the benefit of all Florida taxpayers; and for the growth of Florida's economy.

INVESTS LOCALLY

SHIP has been successfully operating statewide, from large urban areas to small rural communities for more than 20 years

SHIP program flexibility allows local housing programs to meet their community's individual needs and revise strategies in accordance with changes in the local market, provided they continue to meet statutory criteria.

FUELS ECONOMIC DEVELOPMENT

The appropriation would result in a positive economic impact of \$3.43 billion.

\$3.14 BILLION

Conclusion

Affordable Housing Is Essential for Floridians:

Having a healthy, affordable place to call home is the foundation of our lives and the basis of strong local economies. Affordable housing allows low- and moderate-income working families to live near their places of employment, and enables our elderly and disabled family members on fixed incomes to be integrated in their communities.

- Affordable housing construction and rehabilitation stimulates local economies by creating jobs and generating business for contractors and suppliers.
- Affordable housing improves a family's physical and mental health, and helps children excel in school.
- For the elderly and people with disabilities, affordable community-based housing is one-third of the cost of institutional care.
- For people who are chronically homeless, affordable housing breaks the costly cycle through hospitals, jails, and other taxpayer-funded crisis systems, saving about \$20,000 per person per year.

We Don't Have Enough Affordable Housing in Florida:

- 1.93 million low-income Florida households are paying more than 30% of their incomes for housing, the maximum amount considered affordable by experts.
- Of these 1.93 low-income "cost burdened" households, 560,000 households are headed by seniors, and over 590,000 households have a member with disabilities.
- Over 920,000 very low-income Floridians are severely cost burdened, meaning that they pay more than 50% of their incomes for housing.
- Nearly 70,000 school-aged children were doubled up with family and friends, living in motels, in homeless shelters, or on the street in academic year 2012-13, a 150% increase from academic year 2006-07.
- Low-income households in pay more for housing and transportation combined in Florida's major metros than in New York or San Francisco.

There is a Large and Growing Gap Between Income and Housing Costs:

- Nine of Florida's top 15 occupations pay entry-level wages below \$9.23/hour, the amount needed for a single

person's bare-bones "survival budget" according to the United Way of Florida's ALICE Report.

- Nine of Florida's top 15 occupations pay median wages below \$12.38/hour. According to the United Way of Florida's ALICE Report, this is the threshold that allows a single person to live modestly but save for the future.
- Rents are out of reach for low-income workers in many Florida communities. In the Palm Bay-Melbourne-Titusville metro area, for example, a nursing assistant cannot afford a moderately priced one- or two-bedroom apartment.
- Florida has only one affordable and available rental unit for every five extremely low-income renters (those with incomes at or below 30% of the area median).
- Over 43,000 units are at risk of being permanently lost from the privately owned affordable housing stock by 2020.
- The median renter income in Florida is too low to afford median rents, and the gap between rents and renter incomes is wider now than it was at the height of the housing boom.
- Median-priced homes in Florida are out of reach for many workers with medium- and high-skilled jobs. For example, firefighters in the Palm Bay-Melbourne-Titusville metro area cannot afford to buy a median-priced home.
- Tighter mortgage lending standards, rising mortgage interest rates and fees, and a high percentage of cash sales have squeezed many low- and moderate-income homebuyers out of the market.

The Good News

Although the affordable housing need in Florida is daunting, our state has a nationally acclaimed program based on a dedicated revenue source with a proven track record for performance, transparency, and accountability: the State and Local Housing Trust Funds created by the William E. Sadowski Affordable Housing Act. The largest State Housing Trust Fund program is the State Apartment Incentive Loan (SAIL) program, while the Local Housing Trust Fund supports State Housing Initiatives Partnership (SHIP) programs in every county and all of Florida's larger cities.

Since 1992, SHIP and SAIL have helped hundreds of thousands of low- and moderate-income families move into affordable homes or renovate their current homes. SHIP and SAIL are

Florida's most important home-grown tools for providing housing for our most vulnerable populations, including:

- Elderly households
- People with developmental disabilities
- Homeless individuals and families

As we have seen, affordable community-based housing for these populations saves taxpayer dollars as well as improving their quality of life.

The Sadowski programs are also a powerful engine of economic development in Florida. If the State Legislature appropriates all State and Local Housing Trust Fund monies for housing in 2015—estimated at \$266.87 million—the resulting affordable housing development will generate:

- \$3.1 billion in economic output
- Approximately 25,000 jobs
- \$1 billion in labor income

We cannot end Florida's affordable housing shortage overnight, and it is difficult for us to control factors such as the wages for common occupations and funding cuts to federal housing programs. However, the Sadowski Housing Trust Funds are a homegrown, highly successful affordable housing program, and they are fully within our control. With strong public-private partnerships leveraged by consistent state funding, we can help thousands of families move into decent, safe, affordable housing every year, boosting our state and local economies in the process. Fully appropriating Sadowski Housing Trust Fund monies for housing is one of the best policy decisions we can make at this critical moment, when Florida's families and the overall economy are still climbing toward recovery from the Great Recession.



**HOME MATTERS FOR
FLORIDA'S FAMILIES**



**HOME MATTERS FOR
FLORIDA'S SPECIAL NEEDS
POPULATIONS**



**HOME MATTERS FOR
FLORIDA'S ELDERLY**



FLORIDA'S VETERANS



**HOME MATTERS FOR
FLORIDA'S YOUTH AGING OUT
OF FOSTER CARE**



**HOME MATTERS FOR
FLORIDA'S ECONOMY**