HOME MATTERS

REPORT FROM THE FLORIDA HOUSING COALITION

2021

Quick Facts

Florida still has a housing affordability crisis.

- Since the beginning of the COVID-19 pandemic, around 18% of renters and 12% of homeowners with a mortgage fell behind on their housing payments. Federal moratoriums and forbearance options stabilized many of those households so far, but without additional assistance hundreds of thousands of Florida families are at risk of eviction or foreclosure in 2021.
- Before COVID-19, 875,259 very low-income Florida households—including hardworking families, seniors, and people with disabilities—paid more than 50% of their incomes for housing. There were over 70,000 fewer severely cost-burdened very low-income households in 2019 compared to the year before.
- Florida has the third-highest homeless population of any state in the nation, with 27,640 people living in homeless shelters and on the streets.
- Low-wage jobs are prevalent in Florida's economy. In many occupations, workers do not earn enough to rent a modest apartment or buy their first home.

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Why Does Home Matter?

The health, safety, and welfare of Floridians and the strength of Florida's economy depend on a sufficient supply of housing affordable to Florida's working families, elders, and people with disabilities living on fixed incomes.

Housing that is affordable reduces taxpayer expenses

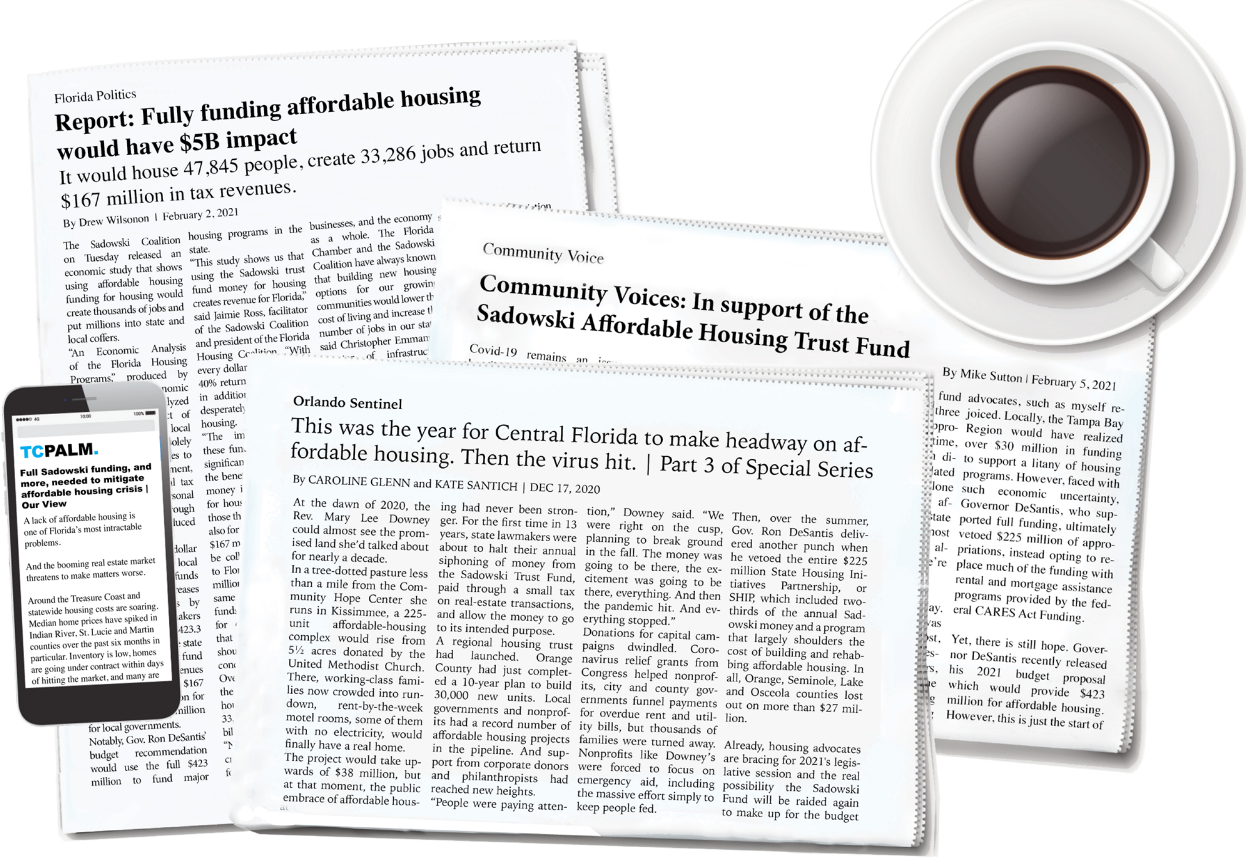
- For seniors and people with disabilities, housing that is both affordable that is community-based is significantly less than institutional care costs.
- Chronically homeless persons often cycle through jails, hospitals, and other crisis services. Permanent supportive housing for this high-need population can considerably reduce the cost to taxpayers.
- Housing that is affordable can improve the health and educational outcomes for low-income families and their children, reducing costs associated with illness and poor school performance.

Housing affordability boosts the economy

- Money spent on 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 Florida Legislature fully appropriates the Sadowski Housing Trust Fund for housing, it will create nearly 33,000 jobs and have $4.9 billion in positive impact in just one year while creating homes lasting far into the future.

Home Matters®

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 ONE:

Introduction: Why Does Home Matter?

When it comes to housing, Florida has seen both triumphs and ongoing challenges in 2020. Compared to other states in the nation, Florida enjoys access to an incredible source of funding for housing: the Sadowski State and Local Government Housing Trust Funds. At the time of this report's publication, the Florida Legislature is considering the appropriations for FY 2021-22, including whether to use all the Housing Trust Funds for housing in Florida. At the same time, community leaders and residents across the state are calling out for help in the face of soaring housing costs and a shrinking supply of housing that is affordable. The COVID-19 pandemic brought a dramatic increase in the cost of homeowner housing while tens of thousands of Floridians fell behind on their rent or mortgage payments.

Everyone needs a safe, stable place to call home. However, because housing is a valuable commodity, priced at whatever the market will bear, the private market by itself is unable to provide homes and apartments for many workers, elders, and people with disabilities. Since the Great Recession, new housing construction has not kept pace with demand in Florida. In many communities, even modest homes and apartments are priced out of reach for essential workers (including teachers and police officers) or are torn down and replaced with high-end houses, apartments, and condominiums. Even in communities with more moderate housing costs, many residents struggle to find good quality affordable housing if they work in low-wage jobs or live on fixed incomes.

The way to correct this market failure is to provide financial incentives that make it profitable for private developers to invest in housing. These incentives come from public-private partnerships among lenders, real estate professionals, community-based nonprofit organizations, and local, state, and federal agencies. Housing funders typically require standards for building quality, amenities, and property management that equal or exceed market rate housing, ensuring that subsidized units look and feel like any other home. Every partner and every funding source in this community effort—public, private, and nonprofit—is an essential piece of the puzzle. This report outlines the need for greater rental and ownership housing affordability in Florida and highlights the Sadowski State and Local Government Housing Trust Funds' importance in meeting this need.housing affordability in Florida and highlights the importance of the Sadowski State and Local Trust Funds in meeting this need.

What is Housing that is Affordable?

Misconceptions are widespread, with many citizens associating "affordable housing" with large, distressed public housing projects in central cities. That conception simply does not fit reality. Plenty of Public Housing Authorities across the nation, from large to small, are well-managed and have quality units. Furthermore, public housing is only one type of housing that is affordable. In this report, "housing that is affordable" refers to privately-owned housing that receives a subsidy to bring its rent or purchase price down to a level affordable to a low- or moderate-income family. Except for the subsidy, this housing is indistinguishable from market-rate housing—it has the same architectural and landscaping styles. It often has basic amenities like energy-efficient appliances and community gathering spaces. Substandard housing is, by definition, not affordable.

The Benefits of Housing Affordability

Economic Benefits

Housing stimulates state and local economies. When a developer creates housing that is affordable through new construction or rehabilitation, the community gains jobs through direct, indirect, and induced economic impacts[1] (see the sidebar on page 3). For example, each dollar of Sadowski State and Local Housing Trust Funds leverages $4 to $6 in private investment, federal tax credits, and other funding sources. If the Sadowski State and Local Housing Trust Fund monies are fully appropriated for housing in the Fiscal Year 2021-22, the projected economic impact will be:

- Nearly 33,000 jobs
- More than $4 billion in total economic output
- More than $167 million returned in sales tax and other revenue[2]

Once a housing development is built and occupied, the residents create demand for ongoing jobs to meet their needs. Additionally, families living in affordable housing have more discretionary income to spend on food, clothing, and other goods and services, thereby boosting the local economy[3].

If the Sadowski State & Local Housing Trust Fund Monies are fully appropriated for housing in FY 2021/22, the

PROJECTED ECONOMIC IMPACT WILL BE:

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Housing affordability is also important for employers trying to attract skilled workers to a region. When the cost of housing near employment is out of reach for entry-level and mid-level employees, employers may find it challenging to attract skilled workers and some face employee absenteeism and turnover [4,5].

An additional economic benefit of affordable housing comes from the foregone costs of providing social services to the elderly, homeless, or disabled. Studies show that home and community-based services for the elderly and permanent supportive housing for persons with disabilities are significantly more cost-effective than institutionalized care or relying on jails and emergency rooms [6,7]. An investment in housing that is affordable is fiscally responsible, with a significant return on investment.

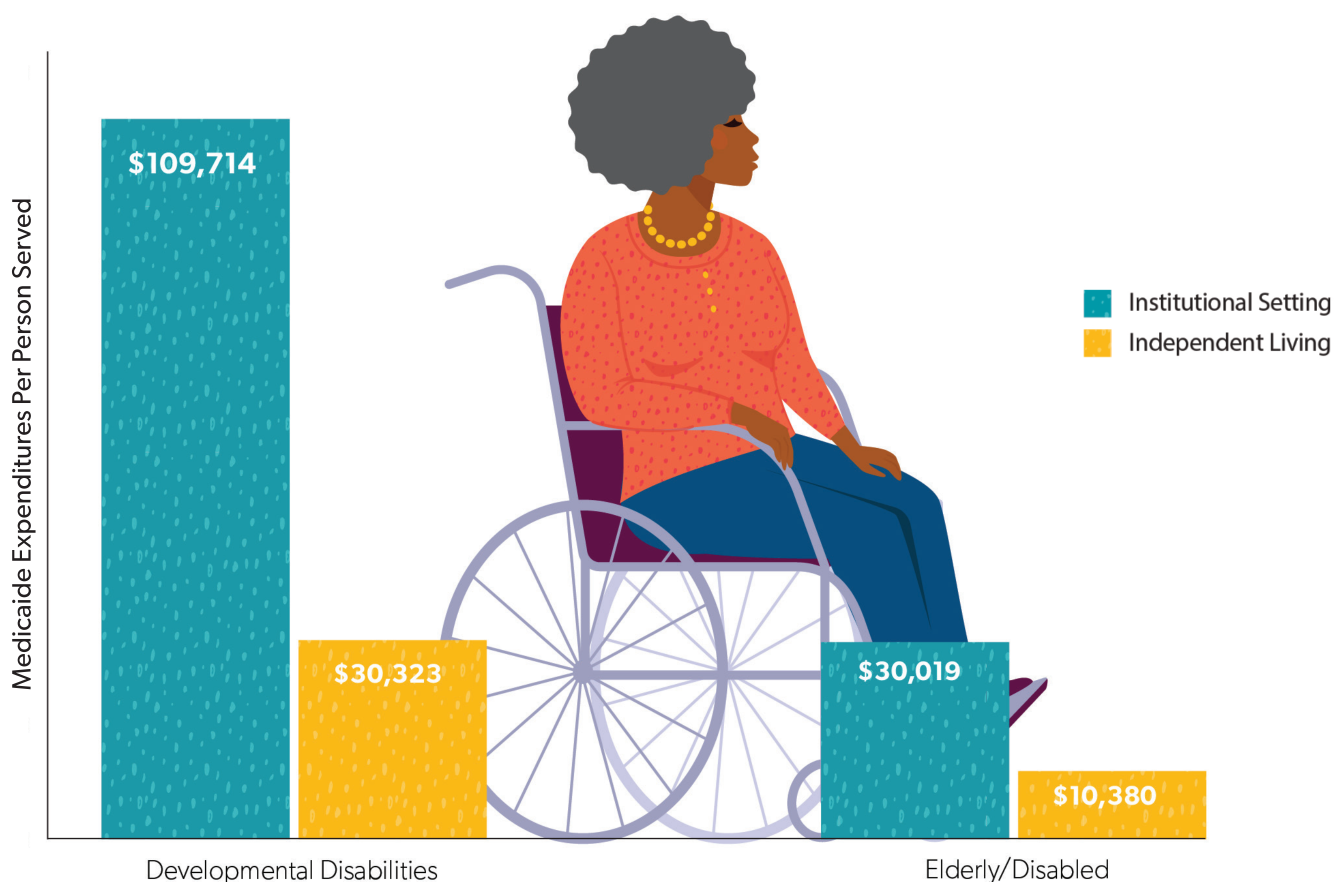
Health and Education Benefits

Housing plays a significant role in our physical and mental health. For low-income individuals and families, lack of housing that is affordable can have a multitude of adverse effects, including:

- Families in unaffordable housing are likely to cut back on nutritious food and health care [8].
- Access to safe, uncrowded housing is central to preventing the spread of COVID-19. Households and individuals that are forced to double up, "couch surf," or with other housing instability issues are more likely to contract and spread COVID-19 [9].

Economic Impacts: A Note On Terminology

Activities such as housing construction and rehabilitation stimulate local economies in several ways. For housing development, "direct" impacts occur when developers hire workers and purchase materials from local suppliers. In turn, the suppliers purchase additional materials and labor to fill the developer's order, producing "indirect impacts." The workers employed, directly and indirectly, further stimulate the economy by spending their wages locally ("induced impacts").



Housing Plays a Major Role

IN OUR PHYSICAL + MENTAL HEALTH

For low-income individuals and families, lack of housing that is affordable can have a multitude of negative effects:

FOOD & HEALTH CARE

Families in unaffordable housing are likely to cut back on nutritious food and health care.

HEALTH HAZARDS

Dust, mold, and cockroaches can cause asthma and allergies, and peeling lead paint can reduce IQs and cause behavioral problems in children. Unsafe structural conditions, such as faulty wiring, increase the risk of fire and injury.

STRESS & DEPRESSION

Frequent moves are associated with stress and depression, and overcrowding has been linked to poor health.

- Substandard housing poses a variety of health hazards. Dust, mold, and cockroaches can cause asthma and allergies, and peeling lead paint can reduce IQs and cause behavioral problems in children. Unsafe structural conditions, like faulty wiring, increase the threat of fire and injury [10, 11].
- Many low-income families move frequently or double up with friends and relatives if they cannot find affordable housing. Frequent moves are associated with stress and depression, and overcrowding has been linked to poor health in children [12, 13], of particular concern during the COVID-19 pandemic.
- Homelessness exacerbates a person's pre-existing health problems, and living on the streets or in shelters poses unique health risks (including exposure to weather, violence, and potentially disease). Homelessness also makes it challenging to rest and recuperate after illnesses, find a place to store medications, or keep wounds clean and dry [14].

Many of the health problems associated with a lack of quality and affordable housing are closely connected to children's educational performance. For example, exposure to lead paint can cause developmental delays in children, while asthma from exposure to dust and mold can cause children to miss school and fall behind. Frequent moves, overcrowding, and homelessness have also been linked to lower educational attainment in children [15].

While a shortage of housing that is affordable can contribute to ill health and educational problems among low-income families and children, housing affordability is a solution for good health and achievement in school. According to a study by Children's Health Watch, infants in food-insecure families are 43% less likely to be hospitalized if their families used rental assistance during the prenatal period, resulting in a health care cost savings of about $20 million [16]. Additionally, both subsidized rental housing and homeownership have been linked to better educational outcomes for children [17,18]. An investment in housing that is affordable strengthens the health and well-being of Florida's families and students.

SECTION TWO:

By The Numbers: Housing Cost Burden in Florida

Housing Costs for Low-Income Families

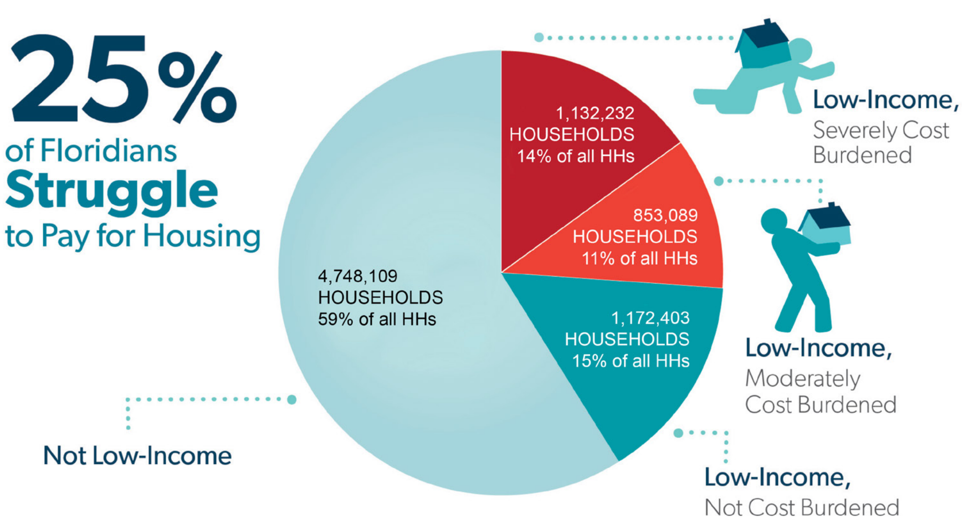
Housing is affordable when it costs no more than 30% of a household's income. Households who pay more than this amount are considered "housing cost-burdened." The 30% threshold is not a perfect benchmark since it is applied equally at all income levels. However, it is a reasonable standard for most low-income households. More conservative analyses of housing affordability focus on households that are "severely cost-burdened" or paying more than 50% of their incomes for housing. See the sidebar on p. 5 for a glossary of terms related to housing costs and incomes.

Figure 1 summarizes the most up-to-date cost burden data for Florida's households. Of Florida's 3,157,724 low-income households, close to 2 million (1,985,321) were cost-burdened in 2019 before the onset of the COVID-19 pandemic and the ensuing recession. This number represents 63% of low-income households and 25% of all Florida households. Of these low-income, cost-burdened households, over 1,132,232 are severely cost-burdened— 36% of all low-income households and 14% of all Florida households. Of all low-income households with severe cost burden, 875,259 (12% of all Florida households) were very low-income (not shown in Figure 1).

Seniors (age 65 or older) are the heads of household for 650,324 low-income, cost-burdened households in Florida. For low-income households that have members with one or more disabilities, 611,553 are cost-burdened, up almost 15,000 from 2018 and one of the few negative trends in housing affordability between 2018 and 2019 [20]. For household heads who are elderly or have disabilities, the availability of affordable housing in their community can make the difference between living independently and moving into a more restrictive setting, such as a nursing home. Parents who care for a child with disabilities may find that high housing costs compete with higher medical costs and time off work associated with their role as caregivers [21].

[a]This data includes households in "regular" housing units. Individuals and households in settings such as group homes, dormitories, residential treatment centers, skilled nursing facilities, homeless shelters, military barracks, and prisons are excluded.

Figure 1. Cost Burdened Low-Income Households in Florida.
(Source: Shimberg Center for Housing Studies 2020a[19].)



GLOSSARY

Area Median Income (AMI): Median annual household income (pre-tax) for a metropolitan area, a subarea of a metropolitan area, or a non-metropolitan county.

Low-Income (LI): Household is at or below 80% of the AMI for households of the same size.

Very Low-Income (VLI): Household is at or below 50% of the AMI for households of the same size.

Extremely Low-Income (ELI): Household is at or below 30% of the AMI for households of the same size.

Housing Costs: Includes the household's rent or mortgage payments, utility payments, property taxes, insurance, and mobile home or condominium fees, as applicable.

Affordable Housing: Housing that costs no more than 30% of a household's gross income.

Cost Burdened: Household pays >30% of its gross income on housing costs.

Moderately Cost Burdened: Household pays >30% but no more than 50% of its gross income on housing costs.

Severely Cost Burdened: Household pays >50% of its gross income on housing costs.

Housing Cost Burden and Tenure

Figure 2 shows the distribution of cost-burdened households by income bracket and tenure in Florida. Not surprisingly, the share of cost-burdened households for each tenure type increases as income decreases. Cost-burden is widespread among low-income renters. In the extremely low-income (ELI) and > 30-50% AMI brackets, 77% and 70% of all households are cost-burdened, respectively.

Black and Hispanic households have far higher cost burden at lower incomes than white households and households of other races. At the very low income level (between 30% AMI and 50% AMI), Black and Hispanic households are almost 20% more likely to be cost burdened than white households. As shown in figure 4, this disparity seems to be primarily driven by the far lower rate of homeownership (and particularly homes owned "free and clear") for Black and Hispanic households.

While Black/African American households and Hispanic households have lower income than white and other races households and would thus face higher cost burden in any case, the vastly lower homeownership rates for Black and Hispanic households leads to higher cost burden for these households, even at comparable incomes.

There was a slight increase in the number of low-income, cost-burdened households in Florida between 2005 and 2019, from 1,794,568 to 1,985,321 but a slight decline in the share of low-income households that are cost-burdened, from 66% to 63%. However, not all tenure types saw a decrease in severe cost burden (Table 1). Severe cost burden increased by 36.3% among renters in the 30%-50% AMI bracket and 58.6% among low-income renters between 50% and 80 % AMI. These numbers are consistent with findings from other sources, which show that the renter cost burden has crept up the income ladder in recent years [22, 23].

Since 2005, there has been a sharp increase in the number of cost-burdened renters but a decrease in the number of cost-burdened homeowners, except for extremely low-income cost-burdened owners without a mortgage. The share of cost-burdened homeowners with a mortgage has decreased for people in the below 330% AMI, 30%-50% AMI, and 50%-80% AMI brackets and remained meaningfully flat for even homeowners making 30% or less of the AMI.

The 58.6% growth in severely cost-burdened renter households making between 50% and 80% AMI is troubling. This trend suggests that while lower interest rates since the Great Recession have made homes more affordable for new buyers, renters do not enjoy these benefits. This trend is likely to continue and even worsen as the COVID-19 pandemic damages the low wage job market while driving interest rates even lower.

Of course, cost-burdened households are not evenly spread across the state. Cost-burden is concentrated in South Florida, with the Miami-Dade, Fort Lauderdale, and West Palm Beach metropolitan statistical areas (MSAs) topping the list of most cost-burdened urban areas. They are followed by Tallahassee, where low housing costs are balanced by large low-income and student populations. At the bottom of the list, rural areas across the state are far less likely to be cost-burdened than urban areas. However, this is somewhat complicated by transportation costs that often lead to higher overall costs than in urban areas (discussed in more detail in Figure 6).

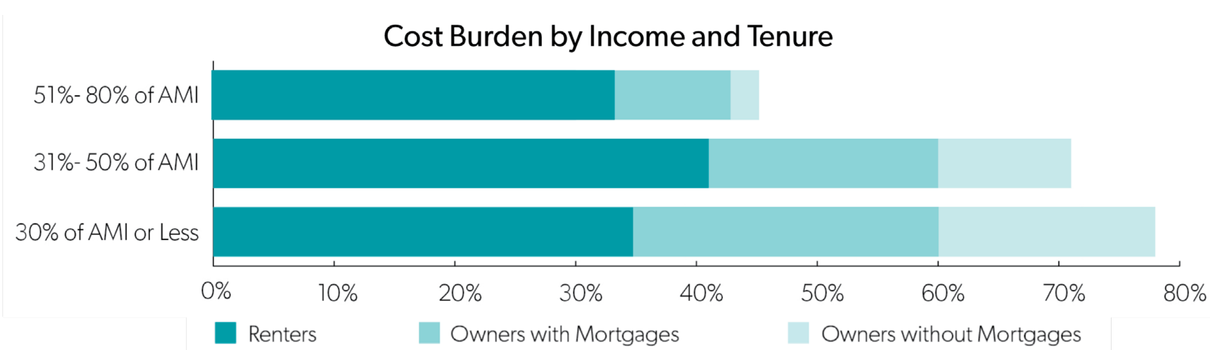


Figure 2. Severely Cost Burdened Florida Households by Tenure.
(Source: Shimberg Center 2020a.)

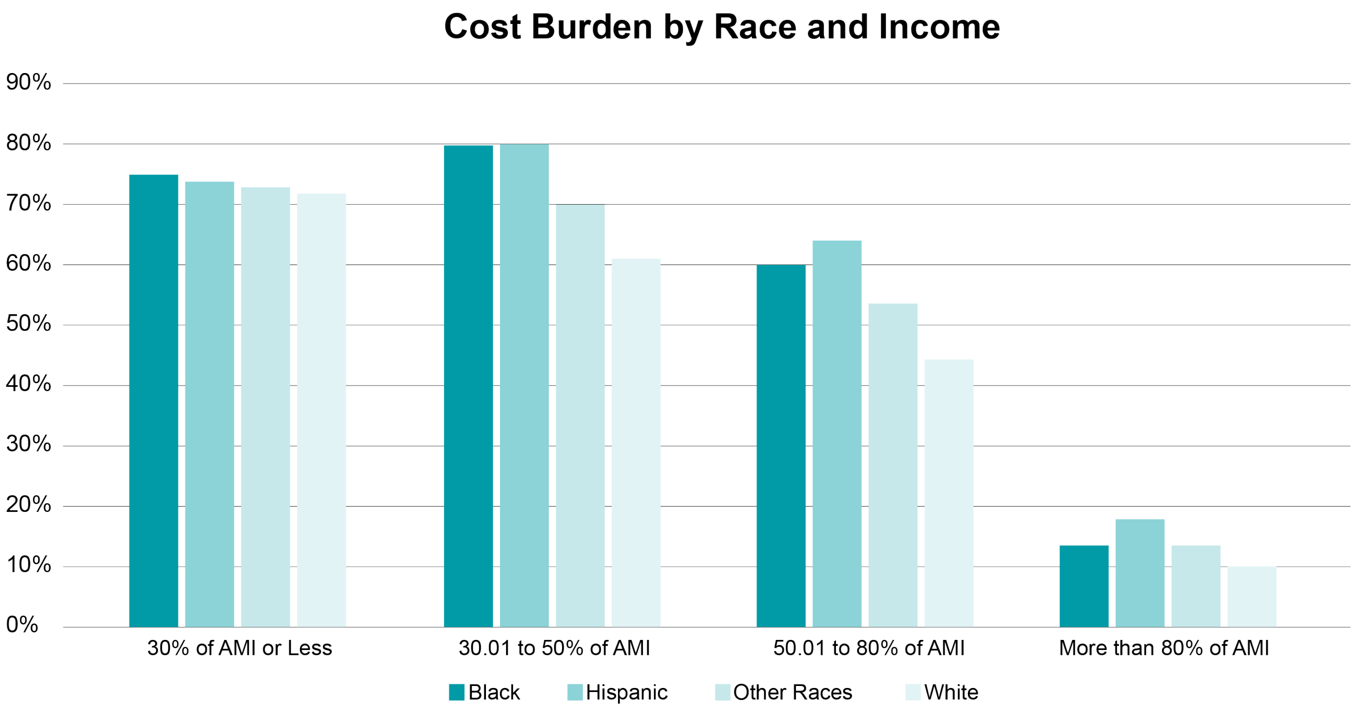


Figure 3. Cost Burden by income and race.
(Source: Shimberg Center 2020a.)

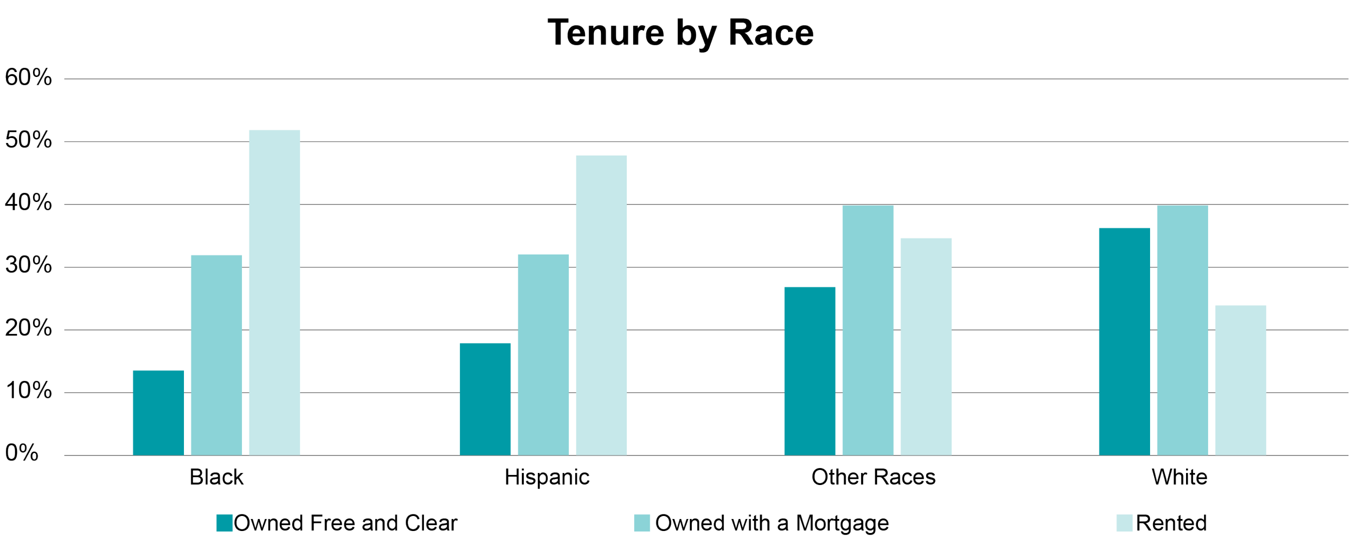


Figure 4. Tenure by Race
(Source: Shimberg Center 2020a.)

Table 1. Changes in Severe Cost Burden Among Florida Households by Tenure and Income Bracket.
(Source: Shimberg Center 2020a.)

Severe Cost Burden	Percentage Point Change 2005 - 2018		
	30% AMI or Less	>30% to 50% AMI	>50% to 80% AMI
Owner Households with Mortgage	-4.9%	-19%	-38.7%
Owner Households without Mortgage	41.9%	-18.3%	-2.3%
Renter Households	21.2%	36.3%	58.6%

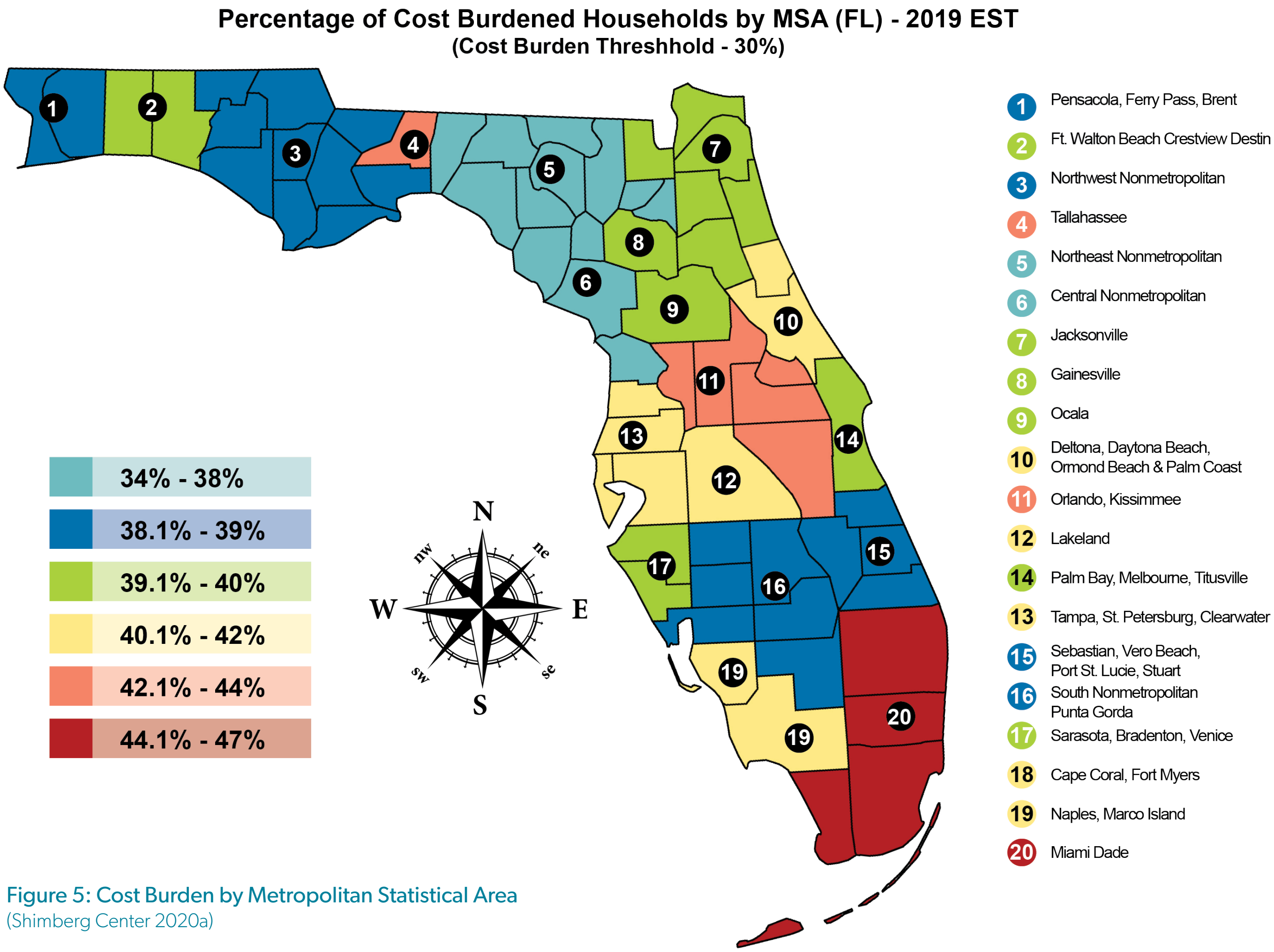


Figure 5: Cost Burden by Metropolitan Statistical Area
(Shimberg Center 2020a)

Homelessness

When a household's rent or mortgage payments compete with other basic needs, such as food and healthcare, that family is at risk of homelessness. In the 2020 Point-in-Time (PIT) counts[b], communities across Florida identified a total of 27,640 "literally homeless" people—those staying in shelters, on the street, or in other places not meant for human habitation. As Table 2 shows, Florida's homeless population declined by 57% since 2007, although this drop masked a peak of 57,551 in 2010. During the same period, the United States PIT count of the homeless population experienced an almost uninterrupted, though slightly slower, decline and was 41% lower in 2019 than in 2007.

Florida has outperformed the nation in reducing homelessness among families in almost all demographic groups. Overall, the state's progress in reducing literal homelessness is a testament to the "Housing First" model's success and strong political support for homeless assistance programs.

When broken out by race, it's clear that some racial and ethnic groups experience homelessness at disprortionate rates. Almost 40% of people experiencing homelessness are Black despite making up only 16% of Florida's population.

The U.S. Department of Education (ED) requires public school districts to identify children and youth who are homeless at any time during the academic year (including summer school). Children who are doubled-up or living in motels due to their family's loss of housing or economic hardship are defined as "homeless" by ED and comprise most of the students identified as homeless. Unfortunately, this data suggests that family homelessness has increased both nationally and in Florida. Florida reported 40,967 homeless students in the 2008-2009 school year. That increased to 95,167 in the 2017-2018 year [24] – a net increase of 132%, indicating an increased need for affordable housing for low-income families.

Homeless Population Category	Population in Florida 2020	Percent Change in Florida
Total Homeless Population (2007-2018)*	27,640	-57%
Persons in Families (2007-2018)*	6,890	-46%

* HUD uses 2007 as a baseline year for most Point-in-Time data.
** 2010 was the first year that HUD had reliable estimates of Veteran homelessness at the state level. (Source: HUD Point-in-Time data, 2007, Florida Department of Children and Families, Point-in-Time Count data, 2020)

Table 2. Point-in Time Counts of Homeless People in Florida and the United States

WHITE	BLACK/ AFRICAN AMERICAN	ASIAN	AMERICAN INDIAN/ ALASKAN NATIVE	NATIVE HAWAIIAN PACIFIC ISLANDER	MULTIPLE RACES	HISPANIC OR LATINO
14,822	10,556	113	316	62	768	3796

Florida Department of Children and Families, State Point in Time Counts (2020) for 66 counties, 2019 HUD Point in Time Count for Pasco County, Florida

Table 3. Point in Time Counts, Homelessness by Race/Ethnicity

Low-Wage Jobs

Low-wage, low-skill jobs are prevalent in Florida's economy and have been particularly affected by COVID-19 (discussed in Section 5). According to the United Way of Florida's 2020 report on Asset Limited, Income Constrained, Employed (ALICE) households, the "survival wage" for a household with two adults, one infant, and one preschooler was $34.76 per hour in 2018 (the report uses 2018 data), $17.38 for two parents working full time, or $12.30 per hour for a single adult. The household Survival Wage is just enough for a bare-bones budget with no cushion for emergencies.

Unfortunately, many of Florida's common occupations do not pay enough for a family to survive, let alone thrive. As the ALICE Report shows, government assistance and private charity are not enough to fill the gap for these families [25].

The 2018 median wage for all Florida occupations is $17.23 (up from 2017), with 59% of jobs in Florida paying a median income of less than $20 an hour. This is below the ALICE family survival wage, even with both parents working full time. Table 4 shows the ten most common of these low-paying occupations, which alone account for

Occupation	Employed	Median Wage
Retail Sales	325,640	$11.40
Customer Service Rep	267,430	$15.56
Fast Food & Counter Help	242,300	$9.63
Cashiers	229,830	$10.58
Wait Staff	208,360	$9.56
Office Clerks	191,650	$15.23
Heavy Laborers	156,120	$13.07
Stockers	140,540	$12.73
Secretaries & Admin Staff	129,470	$16.61
Janitorial	116,830	$11.47
Total All Occupations	8,794,050	$17.23

Table 4. Florida's Most Common Occupations with a Median Hourly Wage under $17.38 (Source: Bureau of Labor Statistics 2018[26])

over 1 in 5 jobs in Florida. Three of the ten occupations have a median wage below $10 per hour. These households are vulnerable to financial crises due to job loss, illness, childcare emergencies, an automobile breakdown, or other disruptions common to any household. When households cannot make ends meet, they tend to cut corners in their budgets in risky ways—including accumulating credit card debt, eating an inadequate diet, forgoing preventative health care, choosing lower-quality child care, or neglecting to register or purchase liability insurance for their automobiles. In the worst cases, these families join the ranks of the homeless households described above.

Housing and Transportation Costs

Faced with high housing costs in the communities where they work, many families live in communities with relatively affordable housing located far from major employment centers. This spatial mismatch between employment and housing creates long commutes with significant associated costs. Not only do long commutes cause stress and consume time, but fuel and car maintenance can eliminate the housing savings that were the reason the household chose this location in the first place. Many of Florida's metro areas are sprawling and heavily car-dependent, minimizing opportunities to save money by using public transit.

To capture the tradeoff between housing and transportation costs, the Center for Neighborhood Technology (CNT) calculates a "Housing + Transportation Affordability Index" for communities across the nation. Just as 30% is the maximum share of income that a family can affordably devote to housing, CNT has determined that 45% is the maximum affordable share of household income that can be spent on combined housing and transportation costs. While considering only cost-burden, rural areas are the most affordable places to live in Florida; when transportation is factored in, rural areas like Wauchula, Palatka, and Okeechobee have some of the highest living costs compared to AMI in the state.

As Figure 6 shows, transportation costs magnify the already high burden of housing costs for households in Florida's metro areas and make many affordable areas out of reach. Particularly in rural areas where housing is relatively affordable, such as Wauchula and Clewiston, high transportation costs offset any affordability gains for the average household. In

these communities, households make relatively low wages while having to commute long distances for work. For the average household, housing costs range from 27% in the Villages to 30% in Jacksonville and 39% in Miami. Households in the The Villages pay the lowest share of household income towards housing and transportation, 50%, due to high average retiree incomes and, again due to retirement, relatively few people commuting. A household making the median income pays around 54% of their income towards housing and transportation in the Jacksonville metro area, 63% in Miami, and 70% in Wachula.

When transportation costs are taken into account, the cost of living in some Florida communities' rivals that of notoriously expensive cities like New York and San Francisco. CNT currently calculates housing and transportation costs for the New York metro at 50% and San Francisco at 48% (though this also factors in much higher median wages) [28].

H + T Index Levels by County in Florida

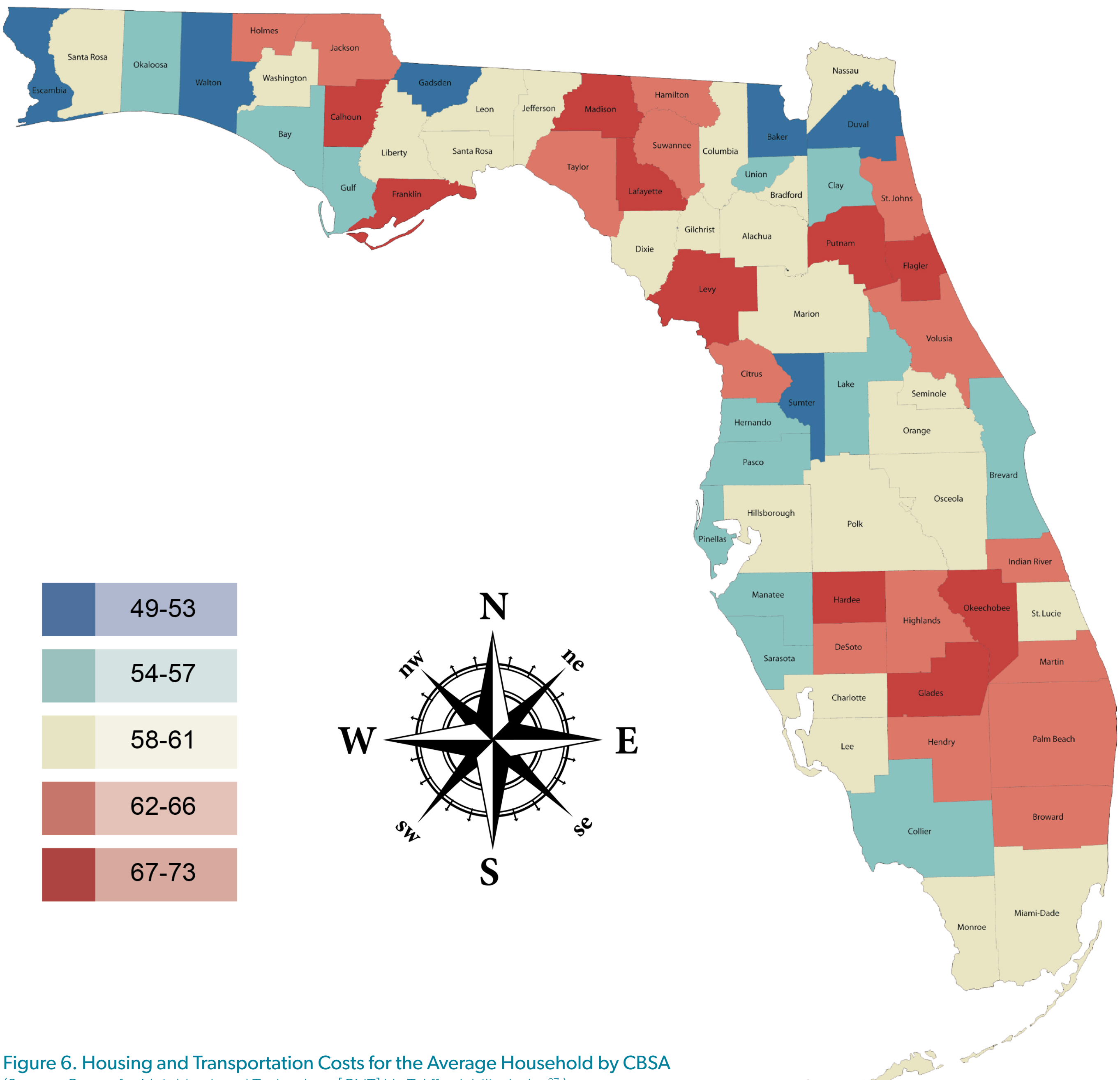


Figure 6. Housing and Transportation Costs for the Average Household by CBSA
(Source: Center for Neighborhood Technology [CNT] H+T Affordability Index[27].)

SECTION THREE:

Challenges for Renters

Over 70% of Florida's low-income renter households are cost-burdened, and 45% of low-income renters are severely cost-burdened [29]. As Section 2 demonstrates, severe cost-burden is especially widespread among very low-income renter households (those with incomes between 30% and 50% AMI). Moreover, the share of renters between 30% and 80% AMI that are severely cost-burdened has increased dramatically since 2005 (see Table 1).

This section dives into further detail about specific factors that drive high housing cost burdens among low-income renters.

Mismatch Between Rents and Wages

As Table 4 shows, jobs with low wages and low to medium skill levels are prevalent in Florida. To determine the wages needed to afford rental housing in different regions, the National Low-Income Housing Coalition (NLIHC) calculates a "housing wage"—the minimum hourly wage required to afford housing at Fair Market Rent (FMR). A metro area's FMR, calculated annually by HUD, is usually equal to the 40th percentile of combined rent and utility costs for all units with a given number of bedrooms — somewhat less expensive than a median-priced unit.

Figure 7 compares median wages for common occupations to the "housing wage" for the 1-bedroom and 2-bedroom FMRs in the Tampa-St. Petersburg-Clearwater metropolitan area, the Deltona-Daytona Beach-Ormond Beach metropolitan areas, and the Ocala metropolitan division. For cashiers, waitresses, janitors, and other low-wage workers that support the economy and quality of life in these regions, paying for rental housing can be a struggle. Only in Ocala do any of the ten occupations shown have a median wage sufficient to afford even a 1-bedroom apartment. Nowhere can the median wage for these common occupations pay for a two-bedroom unit without being cost-burdened.

Of the three metro areas, the mismatch between rents and wages is most pronounced in the Tampa Bay area, where, even with overall higher wages, some median wages

are less than half of the housing wage. Notably, median wages have much less variation than housing costs for the geographic areas shown. Many employers compete in national markets, so they have a limited ability to pay higher wages in regions with higher housing costs[30].

NLIHC uses the 30%-of-income standard of affordability to determine whether rents are "out of reach," and many low-income renters pool housing costs with spouses or roommates. So, some renters in the occupations shown are not experiencing severe hardships. For instance, in the Ocala area, a waitress and an office clerk together earning the median wage could afford a 2-bedroom unit at FMR without their housing costs exceeding 30% of their combined income.

However, this line of reasoning overlooks the complexity and unpredictability in renters' lives. Spouses and roommates may lose their jobs or miss work due to illness, childcare emergencies, or car breakdowns. Moreover, many renter households consist of single mothers and their children. Single mothers in many low-wage jobs struggle to afford even a one-bedroom apartment at FMR, and, as Section 1 discussed, crowded living conditions can be harmful to children. Another alternative for low-income renters would be to rent units below FMR, but there is a dearth of these units discussed in the info graphic on page 12, many of these units are substandard and come with elevated health risks, and many are located in neighborhoods that are unsafe or far from jobs, quality schools, or other services.

Shortage of Affordable and Available Rental Units

Florida's communities have rental units, both subsidized and unsubsidized, affordable to low-income households. However, there are not enough of these units to meet demand, especially in higher-priced metro areas, and higher-income households occupy some of these rentals. Low-income renters find themselves in a game of musical chairs for a limited number of affordable units.

The infographic on page 12 illustrates this shortage of affordable and available units. For low-income households overall, only 77 rental units are affordable and available for every renter household because higher-income households are occupying some of the units that are affordable to these low-income renters. The shortage is most acute for extremely low-income households (≤30% AMI), with only 25 affordable and available units for every 100 ELI renter households[32] .

Loss of Affordable Rental Housing

The limited supply of affordable rental housing for low-income families is continually shrinking. Owners of rental units subsidized by federal, state, and local funding must keep rents affordable for tenants in certain income

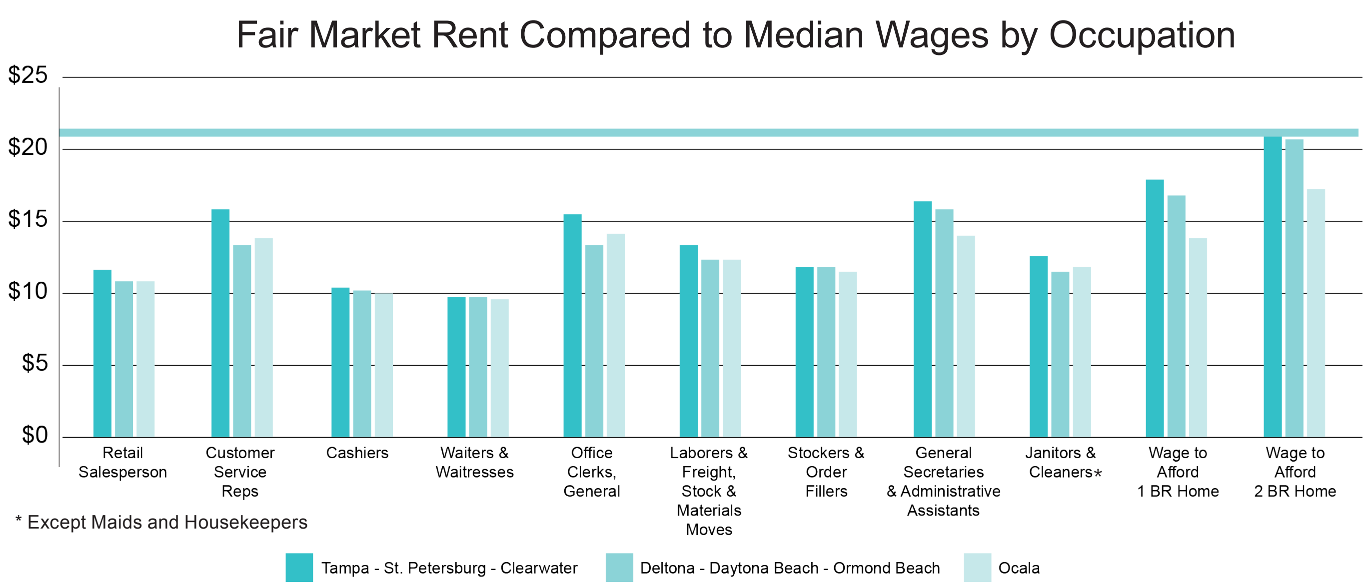


Figure 7. Comparison of Median Wages for Common Occupations and Fair Market Rents.
(Source: DEO 2018, National Low Income Housing Coalition [NLIHC] 2019a[31].)

brackets for a set period of time, usually 15 to 50 years, depending on the housing subsidy used to finance the units. The units may be lost from the affordable housing stock if the affordability period expires, the owner prepays the mortgage to end the affordability period early, the property is foreclosed, or (in extremely rare cases) the subsidy is removed due to poor property management.

Between 1993 and 2020, Florida lost 63,274 units of privately owned, subsidized rental units from the affordable housing stock[33]. The Shimberg Center for Housing Studies has estimated that over 35,000 units are at risk of being lost by 2030, based on the age of the developments, the subsidy source, and the dates when the subsidies will expire. These units represent about 14% of Florida's private, subsidized affordable housing stock[34].

Renter Incomes Lagging Behind

At the national level, the rental market recovered faster than the homeownership market. After peaking in 2009, rental vacancies declined to levels not seen since the early 2000s. As measured by the Consumer Price Index, the nominal value of contract rents (excluding utilities), began to rise in 2010 and outpaced inflation by 2012. This tightening of the national rental market can be attributed to former homeowners entering the rental market after foreclosures[35].

Rental trends at the national level are reflected in Florida. Since 2010, median gross rent has consistently been higher than rent affordable at Florida's median renter income. The gap between median rents and what the average renter could afford to pay has grown from a low of $154 in 2014 to $184 in 2019, though the gap is still smaller than the post-Recession high of $194 in 2011 (Figure 8). Meanwhile, the state's overall rental vacancy rate has dropped from a peak of 13.2% in 2009 to 8.7% in 2019[36].

In many Florida communities, buying a home offers a lower monthly payment than renting and offers better wealth creation opportunities if the buyer stays in the home for at least two years. However, high rents make it difficult for low-income households to save for a down payment[37, 38, 39]. Other challenges and opportunities for low-income homebuyers will be discussed in the next section.

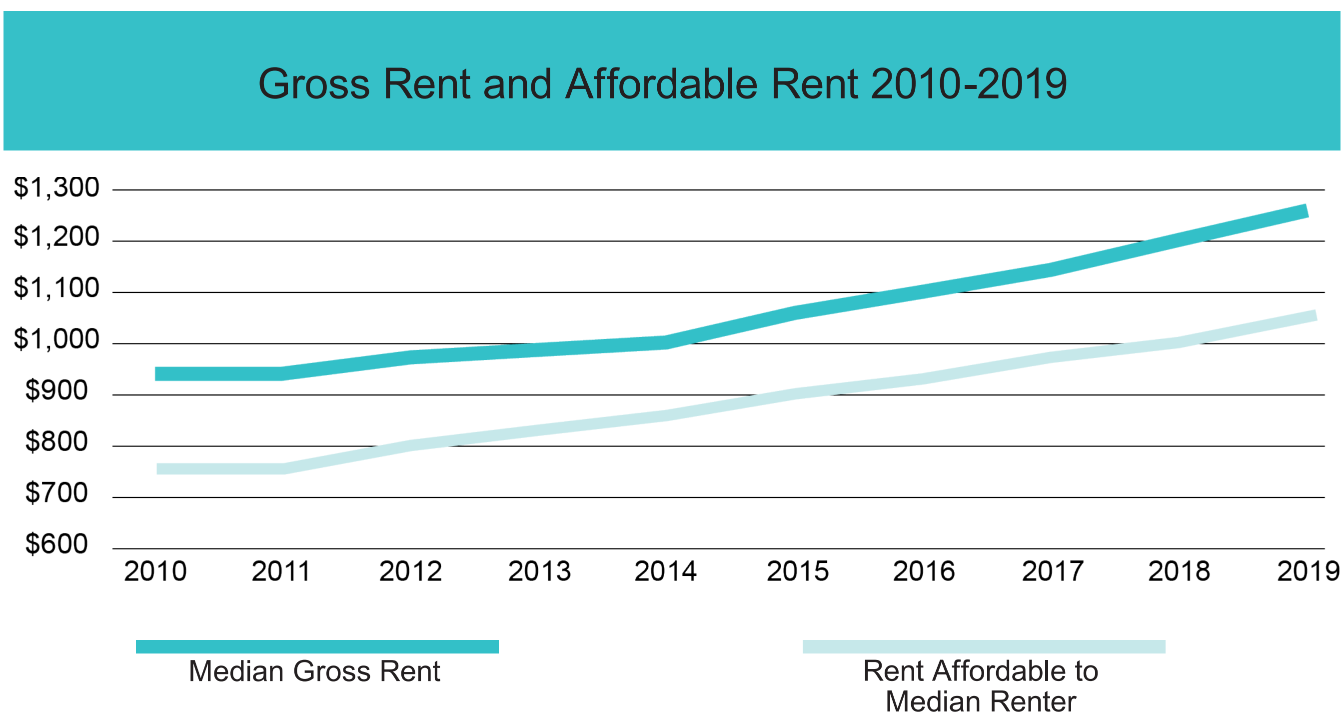


Figure 8. Comparison of Median Gross Rent with Affordable Rent at Median Renter Income in Florida.
(Source: Shimberg Center 2020a)

SECTION FOUR:

Challenges for Homebuyers

Home prices vary widely across Florida. One key indicator of home affordability is the National Association of Home Builders' "Housing Opportunity Index" (HOI), which equates to the percentage of homes for sale in an affordable community for a median-income family, assuming a 10% down payment and standard underwriting criteria. In an HOI analysis of 237 metro areas nationwide in the 3rd quarter of 2020, Florida metros ranged from 45th most affordable (Tallahassee) to 220th least affordable (Miami)[40] . Notably, while extremely affordable based on housing costs and median income, Tallahassee also has an extremely high overall cost burden, primarily due to high renter cost burden. To paint a fuller picture of home affordability, the supply of homes for sale that are affordable to low-income households must be considered. One must also bear in mind that lower-cost homes for sale may be located farther from employment centers, necessitating higher transportation costs, as discussed in Section 2.

Florida's homeownership rate declined steadily from a peak of 70.6% in 2007 to 66.2% in 2019, though that is a slight increase from the all-time low of 63.8% in 2015[41]. Families losing their homes to foreclosure account for some of this decrease, but the factors discussed below prevent many low- and moderate-income families from buying their first homes.

METRO AREA	Affordability Rank Nationally: Q3 2020	Change in Rank Since Q3 2019
Tallahassee, FL	45	-25
Ocala, FL	66	-50
Homosassa Springs, FL	70	3
Gainesville, FL	80	23
Panama City, FL	106	-34
Sebastian - Vero Beach, FL	107	-50
Sebring, FL	109	29
Lakeland - Winter Haven, FL	110	-1
Pensacola - Ferry Pass - Brent, FL	114	12
Palm Bay - Melbourne - Titusville, FL	122	-10
Jacksonville, FL	127	7
Deltona - Daytona Beach - Ormond Beach, FL	133	-13
Port St. Lucie, FL	145	-16
Punta Gorda, FL	147	-6
Tampa - St. Petersburg - Clearwater, FL	147	16
Cape Coral - Fort Myers, FL	149	14
North Port - Sarasota - Bradenton, FL	154	-1
Orlando - Kissimmee - Sanford, FL	162	-3
The Villages - FL	162	12
Crestview - Fort Walton Beach - Destin, FL	169	6
West Palm Beach - Boca Raton - Delray Beach, FL	171	5
Fort Lauderdale - Pompano Beach - Deerfield Beach, FL	179	-3
Naples - Immokalee - Marco Island, FL	181	-2
Miami - Miami Beach - Kendall, FL	220	2

Figure 9. National Affordability Rank of Florida MSAs according to the National Association of Home Builders Housing Opportunity Index (National Association of Home Builders)

Ownership Costs Exceed Wages for Many Occupations

Even in metro areas with relatively low home sale prices, homeownership can be out of reach for many workers that provide essential services, including police officers, firefighters, and nurses. For Figure 10, we calculated the minimum annual income needed to afford a median-priced home in the Tampa-St. Petersburg-Clearwater metropolitan area, the Deltona-Daytona Beach-Ormond Beach metropolitan area, and the Ocala metropolitan division[f.] Only in Ocala is the median income for any of these common, essential occupations high enough to afford a median-priced home. Even in Ocala, firefighters and customer service representatives still make far below the $50,536 necessary to afford a median-priced home without being cost-burdened.

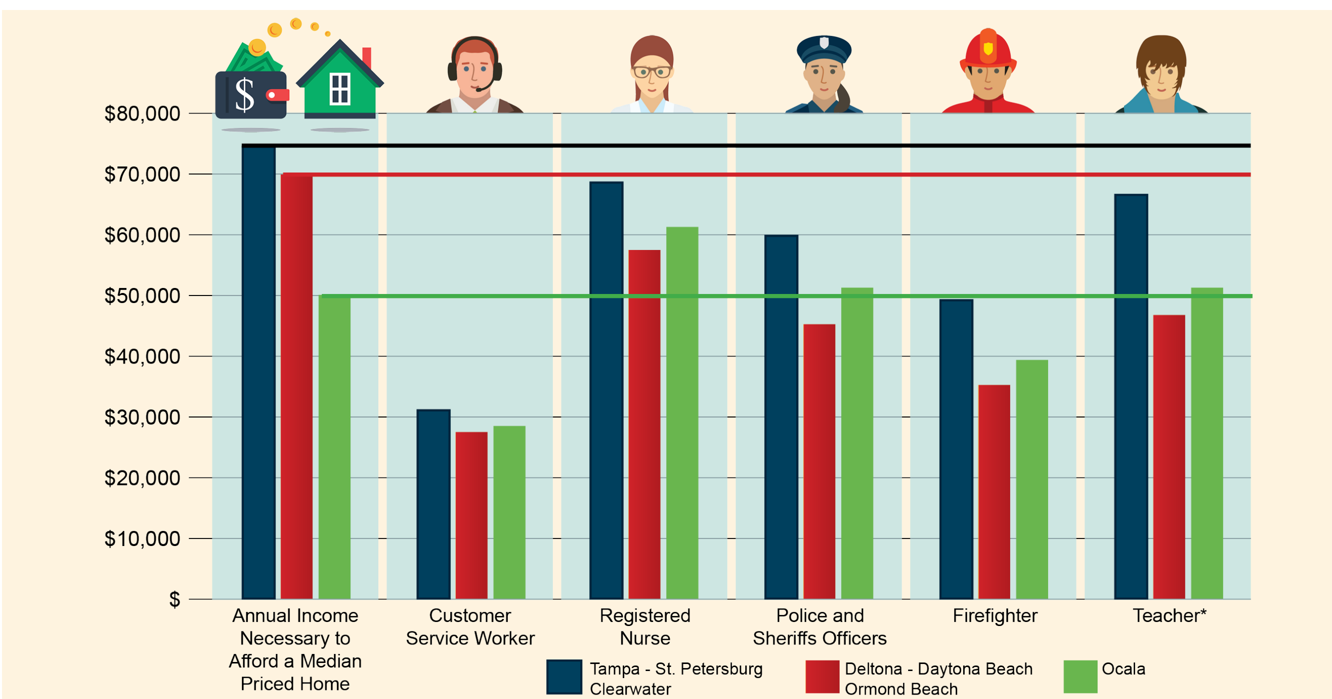
Notably, essential service workers do not always earn higher wages in markets with higher housing costs. For example, customer representatives, police officers, and firefighters in Deltona-Daytona Beach-Ormond Beach make close to the same amount as similar workers in Ocala, even though their housing costs are dramatically higher.

Many homebuyer households have two earners who pool incomes to make mortgage payments. However, homeowners are subject to the same income fluctuations as renters resulting from job loss, illness, and other factors. For each of the three markets shown in Figure 10, almost all occupations have a median income that falls far short of the income needed to buy a median-priced home, leaving these workers vulnerable to foreclosure if the homeowner or another earner in the household loses income. For example, if a firefighter and a spouse with a similar income bought a median-priced home in the Tampa Bay area, they would be over $20,000 short of the annual income needed to afford the home if one spouse lost his or her job.

Rising Home Prices

Freddie Mac's House Price Index, published since 1994 and now indexed to December 2000, presents the appreciation of homes by state using a "repeat transaction" methodology, see Figure 11. This measures the appreciation of homes in Florida by comparing the price of a home over two or more transactions: essentially, the index measures how much a

Income Necessary to Afford a Median Home and the Median Incomes of Essential Workers



The assumptions for calculating "housing wages" for median-priced homes were as follows: 1) 30-year fixed rate mortgage at 4.5% interest, 2) FHA-insured with a 3.5% down payment, 3) Front-end ratio of 28% back-end ratio of 43%, 4) All other household debt service is 15% of annual income, 5) Assessed value is 85% of the purchae price, 6) Homestead exemption is $50,000, 7) Mill levy is $19 and, 8) Property insurance is 0.5% of the purchase price annually Additionally, we assume that the homebuyer works 40 hours per week, 50 weeks per year.

Figure 10. Median Income of Selected Occupations Compared to the Income Needed to Afford a Median Priced Home (2019 Q3)
(Source: DEO 2018, National Association of Home Builders 2019.)

home sold for compared to the previous time(s) it was sold. Because the home is the same, this allows an easy assessment of how quickly already built homes are appreciating without relying on expensive assessments and in a way that does not factor in newly built homes until they have been sold twice.

Since 2012, home prices in Florida have grown steadily. While growth over the last eight years has been slower than the frenzied build-up that preceded the 2008 Great Recession, it has also gone on far longer. Because of this, home prices are at an all-time high in Florida. Homes peaked at 2.21 times their December 2000 value in 2006, before dropping between 2007 and 2011. Now, homes in Florida are selling for almost 2.5 times their value in 2000. While the COVID-19 pandemic has sent renters scrambling and forced homeowners into forbearance, it has done nothing to slow home prices, which have continued their pre-COVID-19 trend[42].

Racial Disparities in Homeownership and Housing Instability

In 2020, Black and Hispanic households increasingly bore the burden of COVID-related housing instability that illuminated and exacerbated existing racial housing disparities. According to public opinion polling by Opportunity Starts at Home, 72% of African Americans and 76% of Hispanics expressed concern that they will lose their housing during the pandemic without additional assistance[43].

These concerns come on the heels of a decade in which Black Americans continued to trail whites in overall homeownership rates. This lack of ownership coupled with the increasing cost of housing has resulted in significant challenges for Black and Hispanic households in Florida: 44% of Blacks and 43% of Hispanics are cost-burdened, compared to 26% of whites. This cost-burdened figure increases to more than half of Blacks and Hispanics when looking solely at renters[44].

This lack of affordable housing exacerbates existing segregation. Due to a legacy of discrimination, Black families and families of color have lower net wealth and incomes than white families. The lower net wealth creates large differences in purchasing power, which, in concert with policies and practices in both the public and private sectors, often results in housing for low-income households being sited in areas that perpetuate racial residential segregation[45].

Private-sector discrimination was a direct consequence of a partnership between the federal government and local bankers and real estate brokers and contributed significantly to our residential segregation patterns today. Federal housing policy gave official sanction to discriminatory real estate sales and bank lending practices through the practice of redlining. Through the Home Owners' Loan Corporation, the Federal Home Loan Bank Board developed Residential Security Maps and Surveys used by brokers and lenders to determine eligibility for mortgages and home loans.

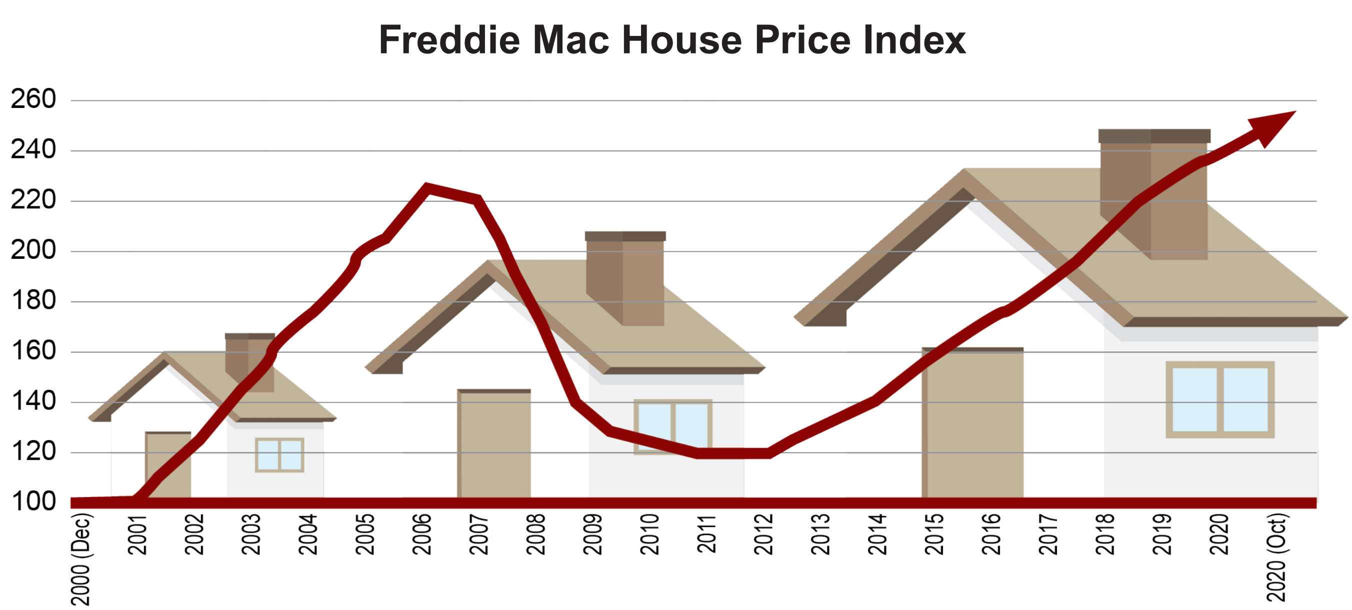


Figure 11. Freddie Mac's House Price Index between 2000 and October 2020
(Source: Freddie Mac)

The maps divided and ranked areas in American cities from A to D, with corresponding colors, considering factors such as building conditions, amenities and infrastructure, and—most importantly—the neighborhoods' racial, ethnic, and economic composition. Areas with even small populations of Black Americans were deemed "hazardous" and colored red – hence the term "redlining."

These inequitable practices perpetuated a vicious cycle of neighborhood decline, a legacy that continues to have lingering effects in American cities. Most of the neighborhoods the HOLC graded as "hazardous" eight decades ago are low-to-moderate income today, and nearly 64% are still predominately minority neighborhoods today[46].

This legacy has also had a lingering impact on financing Black homeownership: The Federal Housing Administration regularly refused loans to Black homebuilders while underwriting the construction of homes by whites and refusing to back Black residential development in or near white neighborhoods. To this day, Black buyers face difficulties finding high quality financing and are often targed by predatory lending efforts, including those that led to the subprime mortgage crisis. White Floridians are more likely to own a home either free and clear or with a mortgage than any other racial/ethnic group. At the same time, Black Florida families have the lowest homeownership rates in the state, and more than half of households are renters[47].

Unfortunately, there have been only small improvements in housing equity over the last 50 years. In 1970, two years after the passage of the Fair Housing Act, the African American homeownership rate was 41.6%. Black homeownership would rise over the following decades to an all-time high in Florida in 2007 at just over 50% (though it remained 20% lower than the state as a whole and 30% lower than white residents). Since 2007, and particularly after the 2008 Great Recession, the black homeownership rate fell to 43% in 2015, less than 2% higher than the black homeownership rate in 1970, when African Americans had only just been allowed to buy homes in most parts of the US. Since 2015, the homeownership rates for all racial and ethnic groups have grown, with black homeownership rising to just under 48%, Hispanic homeownership at 52%, the other, non-Hispanic group (which includes Asian American, people of multiple races, native Americans, and Hispanics and Latino who do not identify as Hispanic or Latino) at 65%, and the white homeownership rate at 76%.

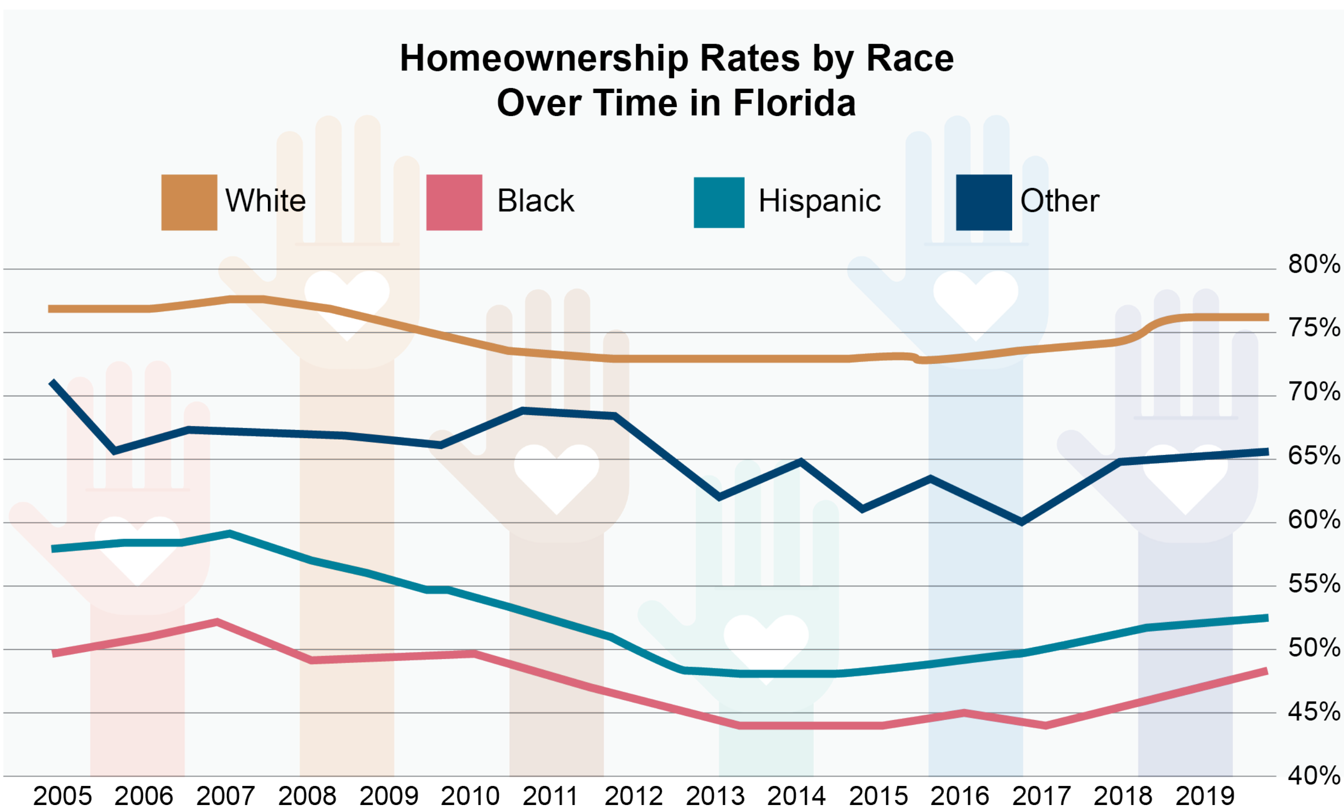


Figure 12. Home Ownership Rate by Race Since 2005 (Source: Shimberg Center 2020a)

SECTION FIVE:

The Impact of COVID-19 on Housing in Florida

Prior to March 2020 (the beginning of the economic impacts caused by COVID-19 in the United States) Florida's unemployment rate was at a record breaking low of 2.8%. By April 2020, the unemployment rate spiked to 13.8%, the largest in recorded history surpassing the 11.3% experienced during the Great Recession. In March and April, employment in Florida dropped by nearly 1.2 million jobs. According to Florida's Office of Economic and Demographic Research, over "the space of two months, the unemployment rate shifted from a near 50-year low to a near 50-year high." The Florida Economic Estimating Conference does not expect unemployment levels to reach pre-pandemic numbers until Fiscal Year 2029-30[51].

This widespread and sudden economic crisis created housing insecurity for hundreds of thousands of Floridians who lost their jobs or saw their work hours reduced. This spurred the public and private sectors to act in various ways to help stave off eviction and foreclosure. Starting in mid-March, eviction moratoriums were established at the local level by City and County Commissions, Sherriff's Offices, and by local court jurisdictions. This was followed by the federal CARES Act, passed on March 27, 2020, which provided eviction and foreclosure moratoriums for households living in properties with various federally-backed assistance and funding for emergency housing assistance programs. In early April, the Governor of Florida implemented a statewide eviction and foreclosure moratorium which lasted until October. When it lapsed, the CDC's Eviction Moratorium took precedence.

Local government SHIP offices in particular moved quickly and effectively to provide emergency housing assistance to households and individuals negatively impacted by the pandemic. Immediately after federal and state disasters were declared in April and May 2020, local governments began deploying emergency rent and mortgage assistance programs using SHIP, Coronavirus Relief Fund (CRF) dollars, CDBG, ESG, and in some cases, general revenue funds. These swift actions kept thousands of Floridians stably housed during early months of the public health crisis.

In June, the Governor announced the state would deploy $250 million of its Coronavirus Relief Fund (CRF) dollars to the Florida Housing Finance Corporation for emergency housing assistance, $120 million of which would be deployed through the 119 SHIP offices. The money was a huge success and a testament to the vital housing infrastructure put in place by the Sadowski Act. SHIP offices were able to spend over $130 million in CRF funds to assist over 30,000 households.

Although local governments have done a fantastic job expending emergency COVID-19 housing assistance to date, hundreds of thousands of households are still experiencing housing instability in Florida and our affordable housing stock remains limited. As shown in figure 15, evictions have begun to rise again after falling as the state and federal eviction moritorums took affect. The demand for assistance has far outpaced the available funding resources. There are still many gaps to fill to respond equitably to the COVID-19 pandemic and to ensure all Floridians have a safe and affordable home.

COVID-19 Exacerbated the Affordable Housing Shortage

Although the housing market boomed in 2020 due to favorable demographics, a change in consumer demand, and historically low interest rates, only some households benefited from the boom. Florida suffered an affordable housing shortage before the pandemic and COVID-19 has only exacerbated the issue. According to the Florida Realtors, as of December 2020, the active inventory of single-family homes is down a staggering 44.1% since December 2019 (figure 13). In the same report, the Florida Realtors show that Florida has a record low supply of single-family housing inventory.

This lack of inventory has put an upward pressure on home prices as the median sale price increased from $270,000 in December 2019 to $309,000 in December 2020, an increase of 14.4% statewide. MSAs across the state have seen large volume in home sales, a decline in inventory, and a similarly large uptick in home prices[48].

RAPID & EFFECTIVE RENTAL ASSISTANCE RESPONSE

Florida's City and County SHIP offices quickly expended CARES funds on housing assistance to renters and homeowners experiencing COVID hardships. Each of the 67 county and 52 city SHIP offices established a new disaster housing assistance program, reached out to those in need, and processed a large volume of applications. SHIP offices hired temps and engaged staff from other government departments to get the work done. Many set up an online application process while offering an alternative for those needing help in applying. In the end, SHIP offices expended over $130 million in CRF funds to help 30,000 households experiencing hardships.

119 SHIP housing a stronger Florida

Local SHIP Housing Offices expended **$130 million** in CRF funds to help **30,000 households** in less than six months

RAPID COVID RENTAL ASSISTANCE IS **SHIP**

The SHIP offices are best positioned and staffed to quickly expend 2021 ERA funds for rental assistance. Most SHIP offices currently have waiting lists of applicants in need and are ready to get started the moment ERA funds are deployed.

Higher-income households, who are more likely to have been able to work at home throughout the pandemic, have been able to take advantage of historically low interest rates to purchase a home during the 2020 housing "boom," or owned homes before the pandemic that have seen record breaking appreciation. Lower-income workers, who are more likely to work in the highly affected industries like retail, leisure, and hospitality, are six times less likely to be able to work from home, more likely to have lost income during the pandemic, and have felt the brunt of the economic crisis. With lower-income households largely left out of new homeownership opportunities, we will likely see wealth disparities increase after the pandemic.

SHIP Funding is Needed to Address Housing Inequality

In June 2020, Governor DeSantis vetoed the $225 million SHIP appropriation in favor of $250 million for emergency housing assistance using federal Coronavirus Relief Funds. With this veto, SHIP offices were largely left without funding for their traditional housing programs. These COVID-19 funding sources lacked much of the flexibility of the SHIP Program and were not able to be used for purchase assistance and were far more difficult to use for new construction or home repairs. Prices for new homes continues to increase in the current market, propped up by the current low-interest rate environment and low housing supply. Without purchase assistance, cost-burdened low-income renters, unable to save for a down payment, may miss this opportunity for increased buying power. This also has significant implications in addressing the stubbornly large gap in the homeownership rate of Black and Hispanic households compared to whites and other races. As Black and Hispanic households are more likely to be cost-burdened, purchase assistance is a key tool communities need in closing the homeownership gap. Without traditional SHIP funding, many SHIP offices have been forced to halt their down-payment assistance programs.

The 2020 SHIP veto stalled housing rehabilitation activities as well as the development of new affordable housing construction across the state. Both the initial and subsequent COVID-19 funds have limited applications to rehabilitation and could only be used to assist in new housing construction in extremely rare instances. Many homeowners, particularly the elderly population, were in need of housing rehabilitation prior to the onslaught of COVID-19. Owner-occupied rehabilitation inproves the lives of the individual household and improves property values for communities and can serve as a source of income for small, minority contractors. Unfortunately, many rehabilitation programs were placed on hold as hardships

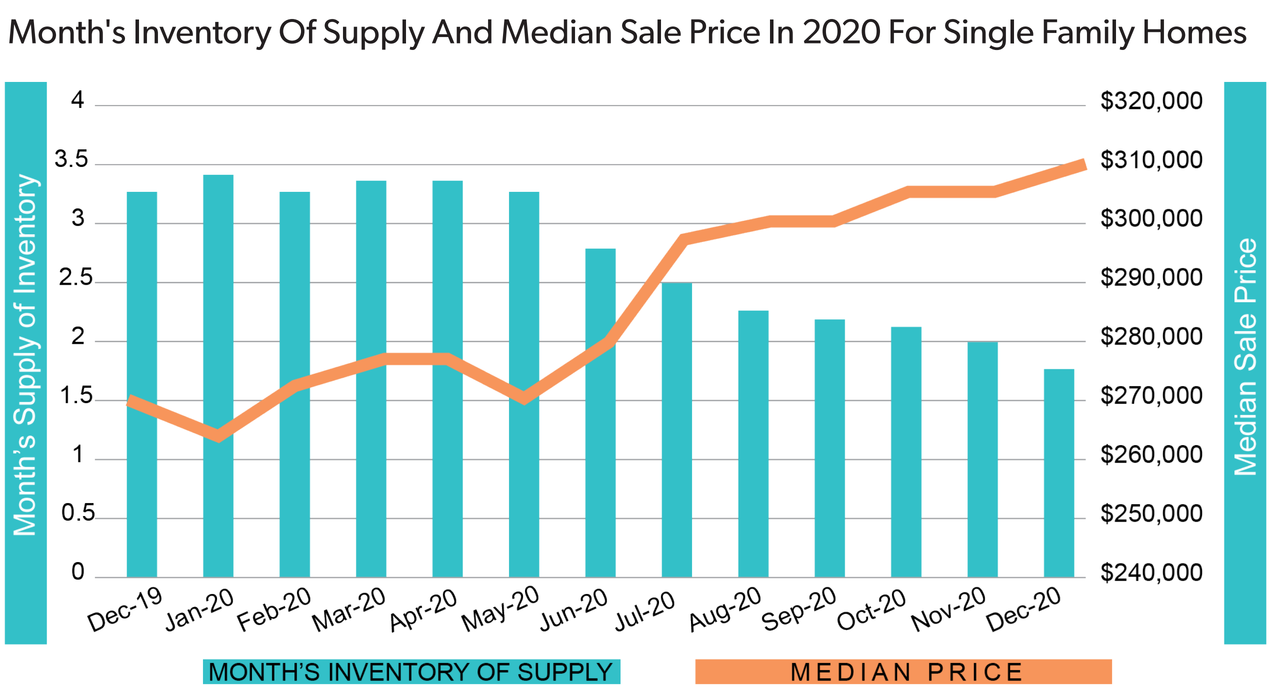


Figure 13. Home Prices and Inventory of Supply (Source: Florida Realtors, December 2020)

could not be tied to COVID-19, a requirement of the COVID-19 funds. Full funding of the SHIP program, with its statutory requirement to spend at least 75% of funds on construction-related activities and greater flexibility, is needed to preserve existing affordable housing through rehabilitation and produce new affordable units to catch up with increased demand, especially as construction costs have risen during the pandemic.

Over a Million Households Are Behind on Their Mortgage Payments or Rent

In order to understand how people were dealing with the COVID-19 health and economic crisis in real-time, the US Census began conducting a short timeframe "Pulse Surveys" in late April. These experimental surveys lack the precision of the American Community Survey (ACS) data used throughout this report. However, they provide the up-to-date, week-by-week information needed to understand COVID-19's impact on housing.

The percentage of households behind on their rent or mortgage has varied little since the beginning of the Pulse Survey, around 18% of renters behind on rent every month and 12% of mortgage holders behind on their mortgage every month. The survey does not include homes without mortgages. While pulse survey numbers vary because of the lack of precision, using 18 weeks of surveys, it is possible to estimate that around 24% of Floridians are behind on their mortgage or rent. Many of these households have been behind since the beginning of the pandemic. While they have been able to remain through forbearance and eviction moratoriums, millions of Floridians will be forced from their homes without assistance.

The Shimberg Center for Housing Studies, recognizing the need for up-to-the-minute eviction data, is working to gather county level eviction data across the state. Through this project, the center has been able to acquire eviction case numbers during the pandemic and from 2019 for 30 Florida counties (data and metadata available through the Florida Data Clearing House). These reports tell a similar story across the state: eviction numbers plummeted between March and April, gently rose between April and July, and have bounced back to near pre-pandemic levels since October. While there has been an increase in the total number of evictions since the moratorium inspired nadir between May and July when almost no evictions were processed, there is still time for legislative action to address this looming crisis suggested by the millions of households behind on their rent according to the Pulse Survey.

New Single Family Home Construction is Up while Housing Inventory of Supply Is Still Down

At the onset of the pandemic, many forecast that lockdowns and an economic slowdown associated with COVID-19 might slow the construction of new housing

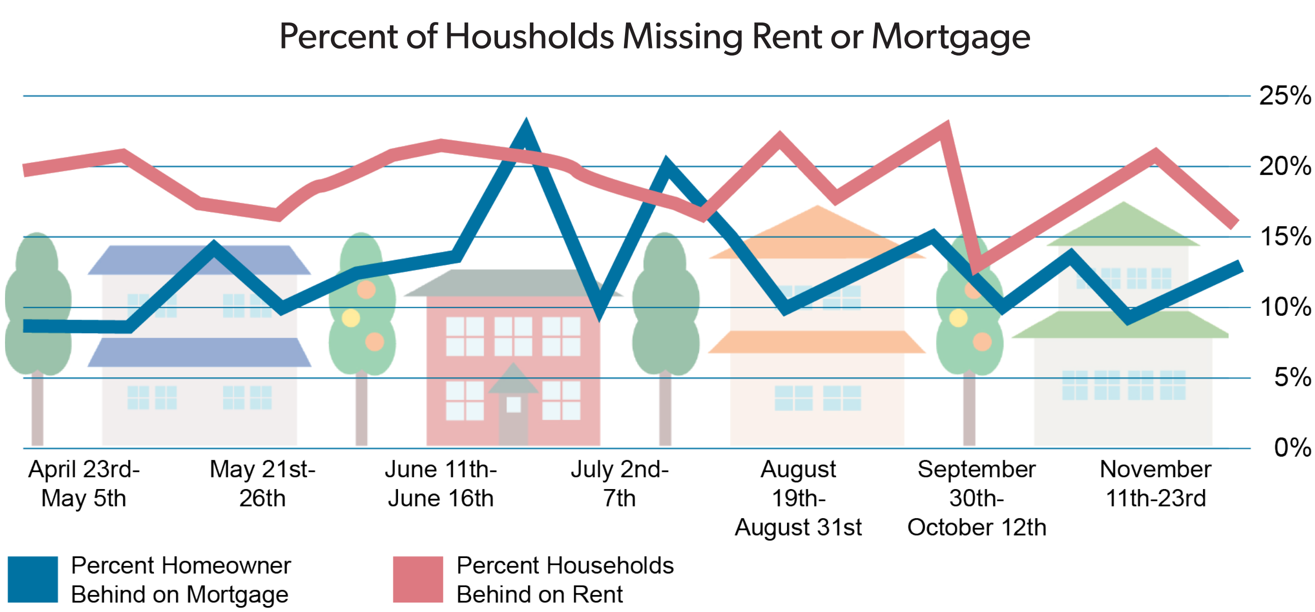


Figure 14. Percentage of Households Missing Rent or Mortgage Payments (Source: Census Pulse Survey)

and damage the housing market, leading to a recession similar to the 2008 Great Recession. However, the housing market in Florida and across the country has remained strong and new development has followed. Florida built more homes between January and October in 2020 than the same period in 2019, though the balance has shifted to more 1 to 4-unit developments and fewer large, 5 plus unit developments. New multifamily housing construction in Florida is down from a year ago. Although single family housing construction was up in 2020, the construction has still not kept up with affordable housing demand and Florida's increasing population.

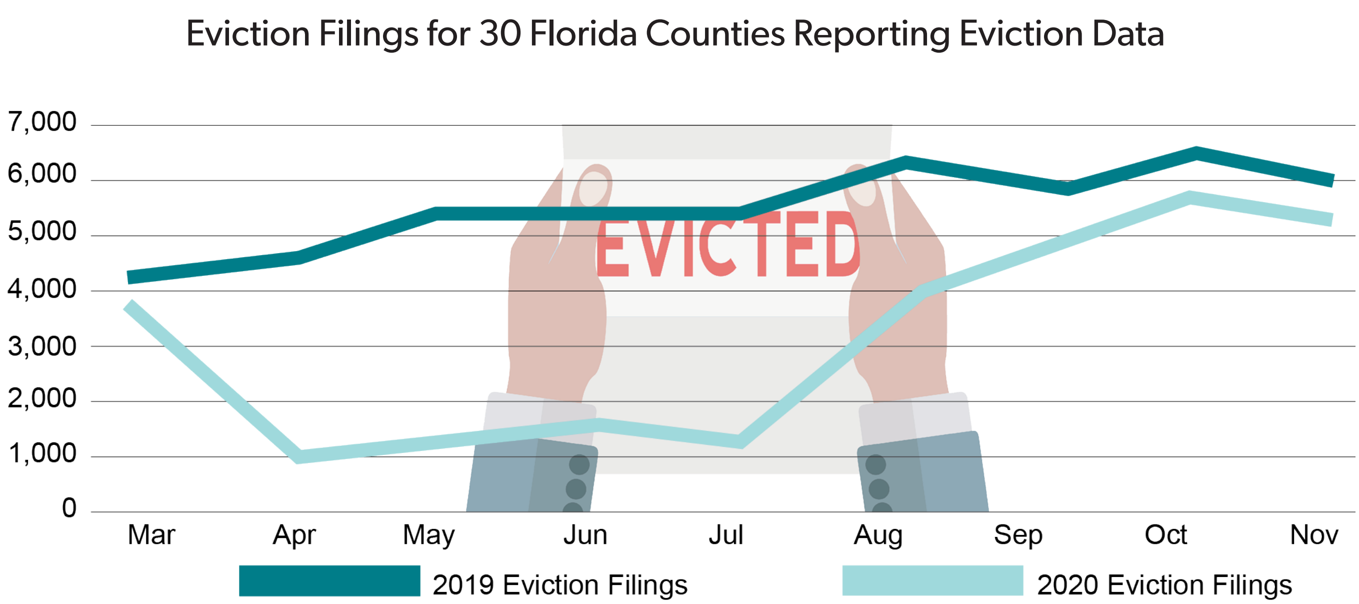


Figure 15. Eviction Filings, 2020 Compared to 2019 where data is available (Source: Shimberg Center, 2020b)

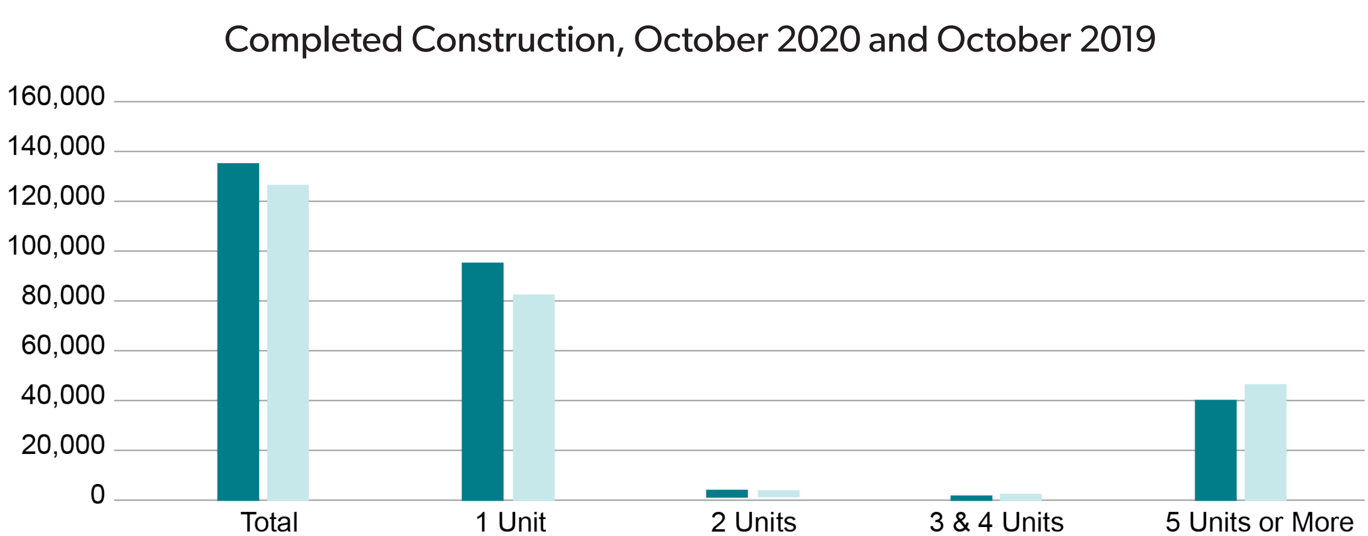


Figure 16. Completed Construction 2019 and 2020 (Source: Census Building Permit Survey)

SECTION SIX:

The Sadowski Housing Trust Funds:

This report demonstrates the need to create more affordable housing units in Florida due to the hundreds of thousands of Floridians who struggle with increasing housing costs. Today, nearly 80% of people in the extremely low-income group are severely cost-burdened, and there are only 25 affordable and available homes per 100 renter households in this income bracket[49].

There are no short-term solutions that will completely resolve the lack of affordable housing in the state with the third-largest homeless population in the country. However, each year the legislature could utilize a mechanism already in place at the state level to significantly address this issue. This mechanism, the Sadowski State and Local Housing Trust Funds, provides funding to address the need for affordable housing for low- and moderate-income families while also leveraging private and public funds to bolster Florida's economy.

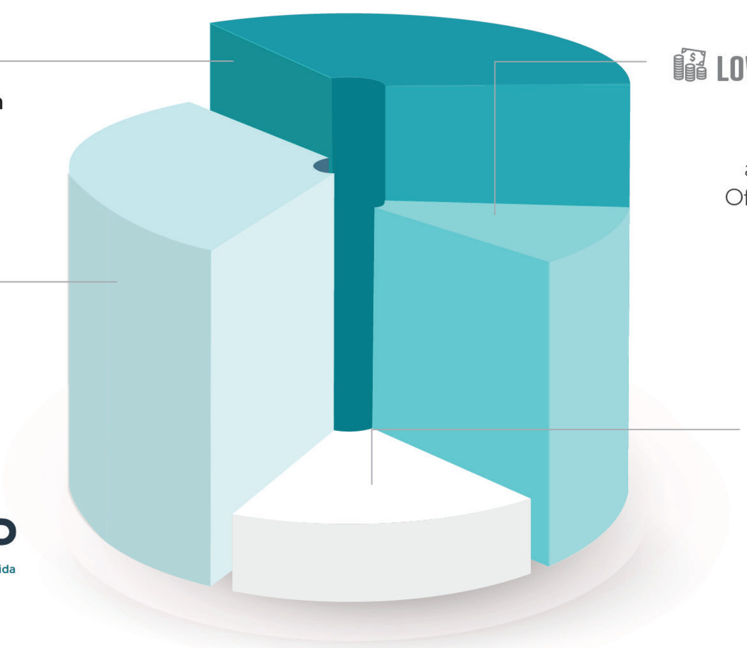
Sadowski History and Major Programs

In the 1990s, a non-partisan coalition of eleven statewide organizations including the Florida Home Builders Association and the Florida Realtors advocated for a dedicated state revenue source for affordable housing. In response, the state legislature passed the William E. Sadowski Affordable Housing Act, which raised the state documentary stamp tax on deeds by ten cents per $100 of purchase price. Today, the Sadowski Coalition is comprised of more than 30 statewide organizations representing millions of Floridians.

The Sadowski Housing Act created two trust funds for the new revenue: The Local Housing Trust Fund and the State Housing Trust Fund. The money is roughly allocated by a 70 %– 30% split between the local and state trusts, respectively.

The Local Housing Trust Fund supports the State Housing Initiatives Partnership (SHIP) program. SHIP provides funding for down payment and closing cost assistance, new construction, rehabilitation, but also provides local governments with the flexibility to meet the needs of their populations. Funds are allocated to all 67 counties and 52 eligible cities through a population-based formula with a minimum distribution of $350,000 per county. Florida Statute 420 provides local governments with criteria for the expenditure of SHIP funds. First, to receive SHIP funding, counties and cities must adopt a Local Housing Assistance Plan (LHAP) outlining the housing strategies

Each SHIP Dollar is Required to Meet the Following Criteria:



they will utilize. Second, when distributing SHIP funding, local governments must meet the requirements of Florida Statute 420, which include:

- At least 65% must be spent on homeownership related activities (including homebuying or home repair)
- 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

Up to 25% of a community's SHIP allocations can be used for rental housing activities, allowing important access to permanent housing for households unable to purchase homes. Several SHIP communities utilize their rental funds for eviction prevention and move-in cost assistance (e.g. security and utility deposits). Additionally, in the 2016-17 legislative session, the SHIP statute was amended to allow SHIP communities to add a rental assistance strategy providing up to 12 months of rental assistance to very low-income households experiencing homelessness or who have a member with special needs.

The State Housing Trust Fund supports the State Apartment Incentive Loan (SAIL) program and is administered by the Florida Housing Finance Corporation. SAIL provides gap financing to developers to leverage other funding sources, such as the Low-Income Tax Credit and Mortgage Revenue Bonds. It also provides competitive funding for the construction or rehabilitation of affordable rental housing units.

Impact of Sadowski Trust Funds

The projected revenue for the Sadowski State and Local Housing Trust Funds in Fiscal Year 2021-2022, is $423,300,000., with $126.7 million being used to fund SAIL and $296.6 million used to fund SHIP.

The projected economic impact of the Sadowski trust funds is shown in the table below. Every dollar spent from the Sadowski fund will leverage $4 to $6 from other private and public sources; when the total impacts are considered, the total economic impact equates to about $4.9 billion. Additionally, the creation or renovation of affordable housing units will create more than 33,000 jobs and provide 19,000 homes. (The Sadowski Coalition, 2020). A seminal report was commissioned by the Florida Association of Local Housing Finance Authorities by REC (put in that info) which measured for the first time what the return on investment is from revenue generated by sales and other taxes. The REC Report found that if $423 million is used for Sadowski programs, it will generate $167 million in revenue to the state and local governments[50].

Since program inception in FY 1992-1993, over $2.6 billion SHIP/HHRP funding has been appropriated and allocated, leveraging more than $8.8 billion and financing over 207,000 units. Likewise, over $1.2 billion has been allocated to SAIL and Homeownership (HAP) since inception, resulting in 75,749 and 30,294 total units financed, respectively. Between these programs, over 310,000 units were financed from inception to FY 2018-2019. However, due to the $2.2 billion swept from the Sadowski trust funds, an estimated over 166,000 units were not produced. The failure to appropriate Sadowski funding for housing is a longstanding statewide issue that has real life consequences for Florida households and the loss of this housing exacerbates Florida's housing crisis.

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-income and moderate-income working families to live near their places of employment and enables elderly and disabled family members on fixed incomes to be integrated with their communities.

- Affordable housing construction and rehabilitation stimulate local economies by creating jobs and generating business for contractors and suppliers.
- Affordable housing is essential for both public sector and private sector businesses to recruit and retain a workforce.
- 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.

We Don't Have Enough Affordable Housing in Florida:

- Close to 2 million low-income Florida households pay more than 30% of their incomes for housing, the maximum amount considered affordable by experts.
- Of these nearly 2 million low-income "cost-burdened" households, over 650,324 households are headed by seniors, and 611,553 households have a member with disabilities.
- Over 1,132,232 very low-income households in Florida are severely cost-burdened, meaning that they pay more than 50% of their incomes for housing.
- Though Florida has seen a significant decrease in homelessness over the past ten years, there are still over 27,000 individuals and families experiencing homelessness on any given night throughout the state. In the 2017-2018 school year, 96,028 K-12 students experienced homelessness or housing instability. Studies show that children experiencing homelessness have poorer health, mental health, and educational outcomes than their peers.
- "Drive till you qualify" is not a solution to high housing costs since transportation costs largely consume the housing cost savings. In rural areas across Florida, households pay a larger share of household income towards housing and transportation than more urban residents, even with dramatically lower housing costs.

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

- For a family of four to meet its basic needs, the parents must earn a combined wage of $34.76 per hour, or about $17.38 per parent. Unfortunately, many of Florida's jobs are in occupations with median wages below $17.38 per hour.
- Rents are out of reach for low-income workers in many Florida communities. For example, a restaurant cook cannot afford a moderately priced one-bedroom apartment in the Orlando, West Palm Beach or Tallahassee areas.
- Florida has only 25 affordable and available rental units for every 100 extremely low-income renters (those with incomes at or below 30% of the area median).
- Over 35,000 units are at risk of being permanently lost from the privately-owned affordable housing stock by 2030.
- 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.
- Florida has a shortage of moderately priced homes available for low-income homebuyers, partly due to competition from investors and second-home buyers. In 2018, there were about nine low-income potential homebuyers for every home sold to an owner-occupant at or below the median sale price.

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 in Florida 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.

The Sadowski programs are a powerful engine of economic development in Florida. If the State Legislature appropriates all State and Local Housing Trust Fund monies for housing in 2021, the resulting affordable housing development will generate:

- Over $4.9 billion in positive economic benefit
- Close to 33,000 jobs
- A 40% return on investment in revenue generated
- 19,000 homes

In addition to boosting the state's economy, SHIP and SAIL have helped hundreds of thousands of low- and moderate-income families move into affordable homes or renovate their current homes since 1992. SHIP and SAIL are Florida's most important homegrown tools for providing housing for our most vulnerable populations, including:

- Elderly households
- People with developmental disabilities
- Veterans and families experiencing homelessness

Affordable housing saves taxpayer dollars and improves the quality of life for these vulnerable populations.

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 home prices and overall economy reach full recovery from the Great Recession.

Many Voices. One Message.

Use all of the State and Local Housing Trust Funds for Housing.

SADOWSKI HOUSING COALITION MEMBERS

BUSINESS/ INDUSTRY GROUPS

- Associated Industries of Florida
- Coalition of Affordable Housing Providers
- Florida Apartment Association
- Florida Bankers Association
- Florida Chamber of Commerce

ADVOCATES FOR THE ELDERLY/ VETS/ HOMELESS/ SPECIAL NEEDS

- AARP of Florida
- Florida Association of Housing and Redevelopment Officials
- Florida Coalition for the Homeless
- Florida Housing Coalition
- Florida Legal Services

GOVERNMENT/ PLANNING ORGANIZATIONS

- American Planning Assoc., Fla. Ch.
- Florida Association of Counties
- Florida Association of Local Housing Finance Authorities
- Florida League of Cities
- Florida Redevelopment Association
- Florida Regional Councils Association

BUSINESS/ INDUSTRY GROUPS

- Florida Green Building Coalition
- Florida Home Builders Association
- Florida Manufactured Housing Association
- Florida Realtors
- Florida Retail Federation

ADVOCATES FOR THE ELDERLY/ VETS/ HOMELESS/ SPECIAL NEEDS

- Florida Supportive Housing Coalition
- Florida Veterans Foundation
- LeadingAge Florida
- The Arc of Florida
- United Way of Florida

FAITH BASED ORGANIZATIONS

- Florida Conference of Catholic Bishops
- Florida Impact
- Habitat for Humanity of Florida
- Volunteers of America of Florida

Sadowski Housing Coalition
Housing = Jobs

Sadowski Affiliates
Many Voices. One Message.

Sadowski Affiliates are comprised of the local organizational members of the Sadowski Coalition members, such as local Realtors, United Way offices, and Habitat Affiliates, as well as hundreds of individuals throughout Florida who are not affiliated with any organization.

SHIP
housing a stronger Florida

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.

$423,300,000*

IS AVAILABLE FOR APPROPRIATION FROM THE SADOWSKI HOUSING TRUST FUNDS IN FY 2021-2022

THE FLORIDA LEGISLATURE CAN CREATE MORE THAN 30,000 JOBS AND JUST UNDER 5 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 December 2020 and the Governor's proposed budget.

SHIP

The State Housing Initiatives Partnership Program (SHIP) is a nationally-acclaimed model for effectively and efficiently meeting housing needs at the community level. SHIP provides sustainable homeownership for Florida's workforce, helps prevent homelessness, and provides emergency repairs and disaster recovery for Florida's most vulnerable residents, including the frail elderly, persons with disabilities and veterans.

SAIL

The State Apartment Incentive Loan Program (SAIL) produces 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.

Fuels Florida's Economy

Using Florida's housing funds so creates a positive economic impa fueling economic development investing in our local communitie ing to the well-being of Florida' ans, elderly, persons with disa experiencing homelessness and c ans in need across the state. For m visit SadowskiCoalition.com.

In Florida, the Fair Market Rent (FMR) for a 2-bedroom apartment is $1,270. In order to afford this a household must earn $48,860 a year ($24.43 an hour). For that same 2-bedroom apartment, a minimum wage Floridian earning $8.56 per hour must work 114 hours a week year round or the household must include 2.85 minimum wage workers year round.

CREATES 33,286 JOBS

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

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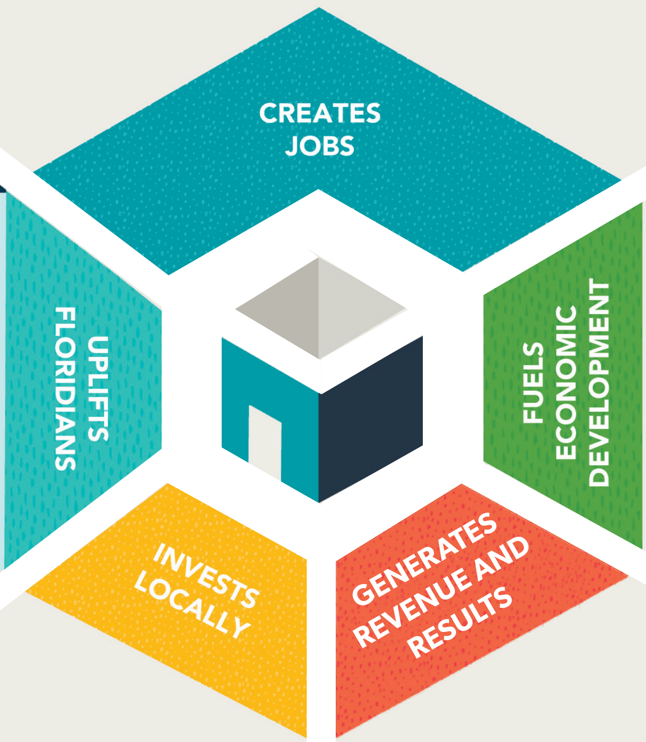

FUELS ECONOMIC DEVELOPMENT

The appropriation would result in a positive economic impact of

$4.9 BILLION

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.

GENERATES REVENUE AND RESULTS

The Florida Legislature can create more than $167 Million in tax revenue 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 Floridians in need; for the benefit of all Florida taxpayers; and for the growth of Florida's economy. SHIP and SAIL have a broad impact across Florida's tax base generating returns through sales and excise taxes, customs duties, property taxes, motor vehicle licenses, severance taxes, other taxes, and special assessments.

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HOME MATTERS FOR
FLORIDA'S ELDERLY

HOME MATTERS FOR
FLORIDA'S FAMILIES

HOME MATTERS FOR
FLORIDA'S VETERANS

HOME MATTERS FOR
FLORIDA'S SPECIAL NEEDS
POPULATIONS

HOME MATTERS FOR
FLORIDA'S ECONOMY

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

FLORIDA HOUSING COALITION

Affordable Housing is an Integral Part of Community Revitalization and Economic Development

The Florida Housing Coalition, Inc., is a nonprofit, statewide membership organization which brings together housing advocates and resources so that all Floridians have a quality affordable home and suitable living environment.

FOR MORE INFORMATION, CONTACT:

The Florida Housing Coalition
1311 N. Paul Russell Road, B-201
Tallahassee FL 32301
(850) 878-4219
info@flhousing.org
FLHousing.org

PNC

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