



# HOME MATTERS

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REPORT FROM THE FLORIDA HOUSING COALITION

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**HOME** IS WHERE WE FIND  
**RESPITE**  
where we **SAFE** where we  
— **FEEL** — **CONNECT**  
where we keep our — with our  
**BELONGINGS** **FAMILY**  
**AND ESTABLISH OURSELVES WITHIN**  
**OUR COMMUNITY**

## Quick Facts

Florida still has an affordable housing crisis:

- 945,687 very low-income Florida households—which include hardworking families, seniors, and people with disabilities—pay more than 50% of their incomes for housing.
- Florida has the third highest homeless population of any state in the nation, with 28,328 people living in homeless shelters and on the streets. This includes 2,472 veterans and 7,063 people in families or children by themselves.
- 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 depends 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

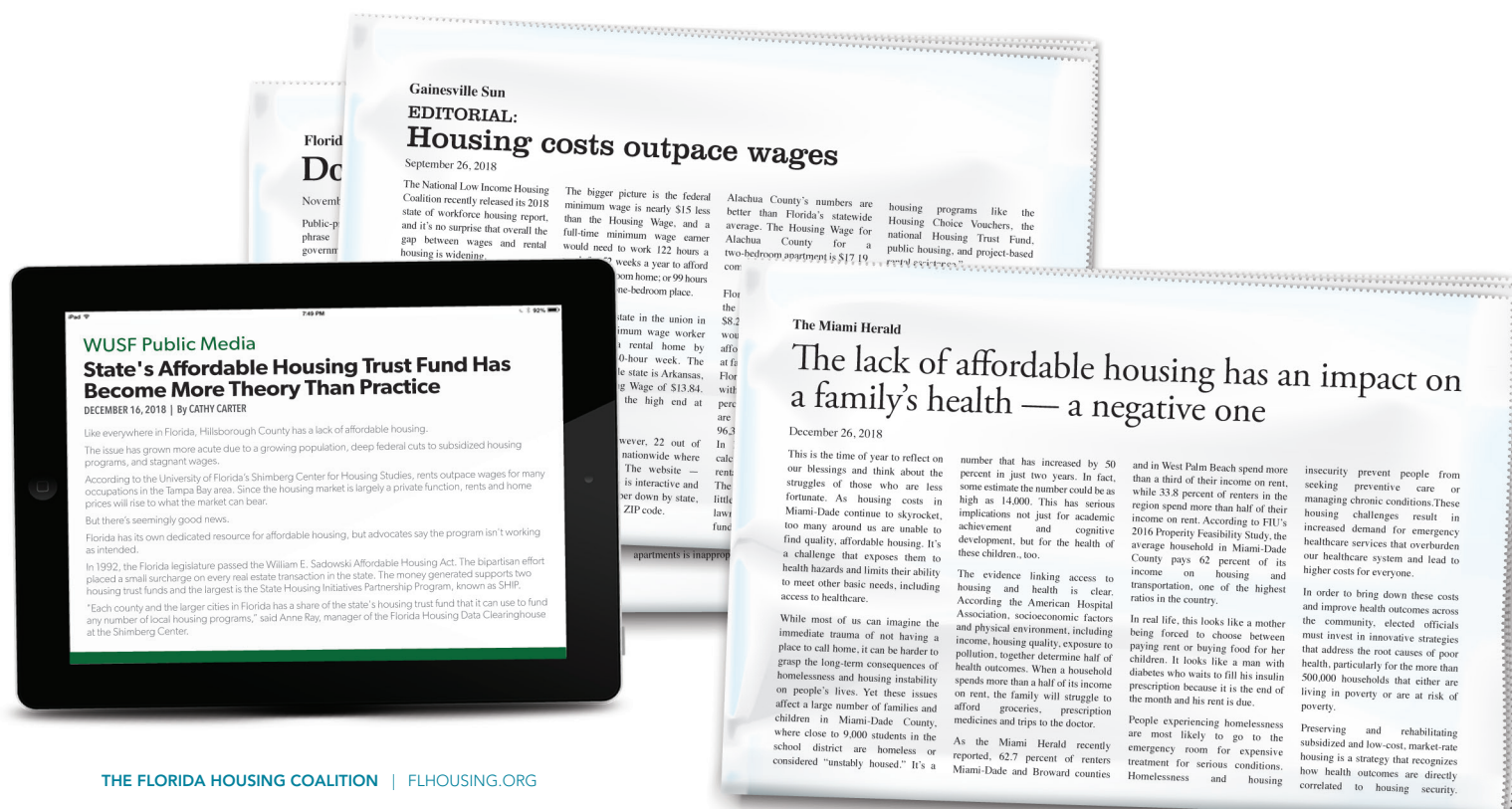
- For seniors and people with disabilities, housing that is both affordable and community-based is significantly less than the cost of institutional care.
- Chronically homeless persons often cycle through jails, hospitals, and other crisis services. Permanent supportive housing for this high-need population can considerably reduce the cost to taxpayers.
- Housing that is affordable can improve the health and educational outcomes of low-income families and children, reducing the public 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.
- Full appropriation of the Sadowski Housing Trust Fund for 2020-2021 is anticipated to create over 32,000 jobs and \$4.6 billion in positive economic 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](http://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 2019. Compared to other states in the nation, Florida enjoys access to an incredible source of funding for housing: the Sadowski Local Housing Trust Fund. At the time of this report's publication, the Florida Legislature was working to appropriate Housing Trust Funds for housing in Florida. At the same time, community leaders and residents across the state have called out for help in the face of soaring housing costs and a shrinking supply of housing that is affordable.

Everyone needs a safe, stable place to call home, but housing is a market commodity as well as a basic human need. Unfortunately, the private market by itself is unable to provide homes and apartments for many workers, elders, and people with disabilities. The price of housing reflects what people are willing to pay to live in a community, and many people are bidding high prices to live in Florida's vibrant cities and towns. In many communities, even modest homes and apartments are priced out of reach of 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 quality housing that is affordable if they work in low-

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 impose high requirements for building quality and property management. 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 importance of the Sadowski State and Local Trust Funds in meeting this need.

Daytona Beach News-Journal

OUR VIEW:

## Housing needs demand attention

December 9, 2017

If workers can't find affordable, safe housing, they might not stick around.

Local real-estate prices are booming. Local wages aren't. And that, in a nutshell, is the problem confronting people who work low-paying, demanding jobs in Volusia and Flagler counties, but can't really afford to live here.

The burden of housing is becoming heavier for thousands of hardworking residents—the servers of

buy homes. They see the hundreds of millions of dollars from the fund, but they can't manage the average \$970 monthly rent on an apartment.

These people fall into a category that the United Way refers to as "ALICE"—which stands for "asset limited, income constrained, employed." The ALICE population makes enough to keep them above the poverty line, but not the expected living, including

An estimated 60,000 households in Volusia and Flagler counties are in the ALICE category. Since 2015, since prices have gone up, it's likely today would be more than 100,000 ALICE de-

lawmakers have siphoned hundreds of millions of dollars from the fund, redirecting the money to other priorities. The impact is showing in the number of affordable housing units actually constructed across the state, which have construction of affordable units since 1993, according to the Florida Housing Finance Corporation. The chamber is joining the growing number of local governments and business organizations urging the Legislature to dedicate the entire \$314 million to affordable housing activities.

Beyond that, local challenges: in P for example, affordable housing has become a red flag for protesters from angry about "ghettos" in home values.

Orlando Sentinel

EDITORIAL:

## Gov.-elect Ron DeSantis' first task: Safeguard affordable housing fund

November 7, 2018

Fl. Myers News Press

## Now it's time to focus on solutions for affordable housing

Nov. 29, 2018 | By: Matthew Rieger

The mid-terms are over and our newly elected leaders in Tallahassee and Washington D.C. are ready to get to work. It's time for them to concentrate on an issue that is of the utmost importance for our society: affordable housing.

Since the 2016 general election, our nation's festering affordable housing crisis has been overshadowed by issues such as healthcare, gun violence, immigration, election integrity and, in Florida at least, an environmental crisis.

Despite a surplus of new luxury and market-rate homes and apartments throughout Florida, the stark reality is that most Floridians are unable to afford even moderately priced housing. Wage growth has simply not

kept pace with housing costs. Over a third of Florida households pay more than 30 percent of their income on housing — while a fifth of Floridians, over 780,000 households, pay more than 50 percent of their incomes on rent.

When nearly half of residents are spending close to half of their pay on housing, they're not able to pay for other goods and services including vital needs like healthcare and education; they commute longer distances adding to our traffic problems; and they live in tough neighborhoods, or move frequently, creating instability for young children. By contrast, affordable housing creates new jobs, helps revitalize neighborhoods, makes it possible for families to escape a cycle of poverty or economic distress, and

creates safe environments where children can thrive — all positive for our country as a whole.

Affordable housing, already in short supply, is about to become more scarce. The National Low Income Housing Coalition estimates that nearly 500,000 affordable apartments across the country will hit the 30-year expiration date between 2020 and 2029 — including about 1,666 units in the state of Florida alone, according to the Florida Housing Finance Corporation.

To further complicate matters, the tax reform bill of 2017 — despite putting more money back into the pockets of consumers and unintended side-effect of disrupting the market for LIHTCs (tax credits are both less valuable to businesses in a low corporate tax rate environment and less in demand). Within days of the

legislation being introduced, Housing Trust Group (HTG) saw many millions of dollars of equity committed for new affordable developments simply evaporate. So how can our newly elected leaders take steps to solve the affordable housing crisis?

Mandates on developers for the inclusion of affordable units in market-rate projects are not the answer, in my opinion, and would only result in an incremental increase in units in places that need more affordable housing.

To be effective, we need federal, state and local solutions simultaneously.

At the federal level, Congress needs to expand the popular LIHTC program, which is responsible for creating more than three million units of affordable housing since its inception. Tax credits have

housing.

total monthly

in half by

family still

payment and

medical care,

utilities and

to get by.

Florida has a mechanism to help

these people, but it's broken.

The William E. Sadowski

Affordable Housing Trust Funds

— it's a mouthful — were set up

about 25 years ago to promote

affordable housing in Florida.

They get money from a small

surcharge on real-estate deals.

The fee is small, but it has added

up to \$6.2 billion since the trust

funds were created in 1992.

The money is supposed to go

toward building affordable

housing, rehabbing old homes,

and so on.

units — between

1993 and 2016. And the cost of

rent has been rising since 2010.

That's just the rental market. For

many aspiring homebuyers, rising

real-estate prices have shattered

their dreams of homeownership.

## 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 and often has basic amenities like energy efficient appliances and community gathering spaces. Substandard housing is, by definition, not affordable. The price thresholds for housing affordability will be discussed later in the report.

## 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<sup>1</sup> (see Sidebar on p. 2). 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. With the Sadowski State and Local Housing Trust Fund monies fully appropriated for housing in Fiscal Year 2020/21, the projected economic impact will be:

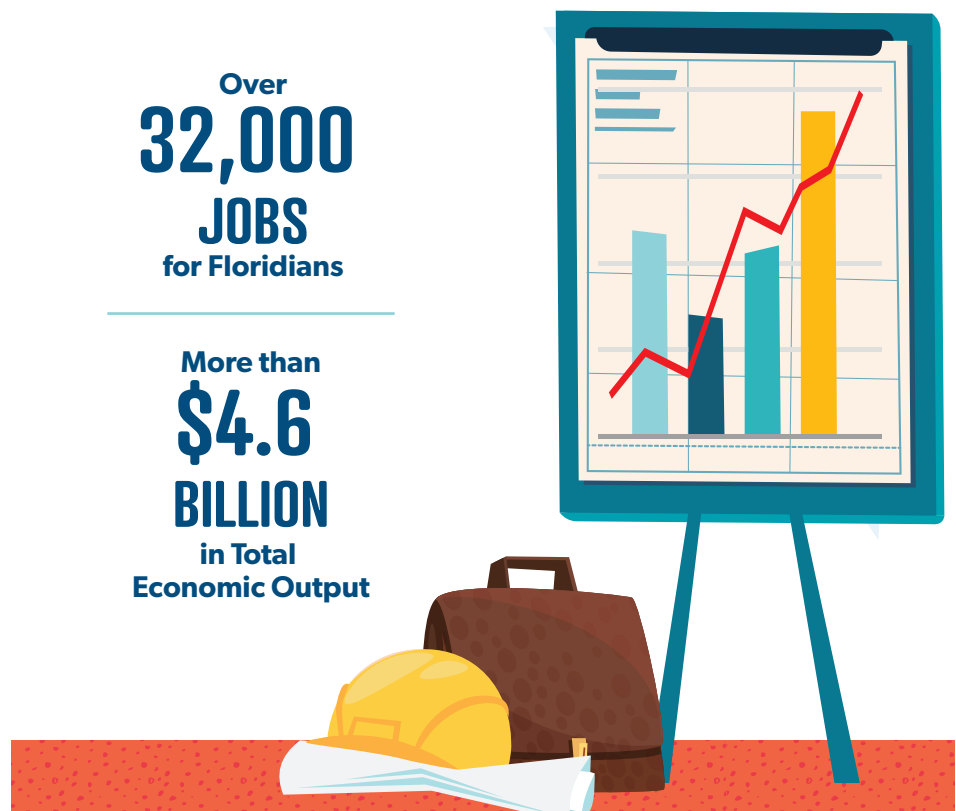
- Over 32,000 jobs
- More than \$4.6 billion in total economic output

Once a housing development is built and occupied, the residents create demand for ongoing jobs to meet their needs. Additionally, families living in housing that is affordable have more discretionary income to spend on food, clothing, and other goods and services, thereby boosting the local economy<sup>22</sup>.

Housing affordability is also important for employers trying to attract skilled workers

If the Sadowski State & Local Housing Trust Fund monies are fully appropriated for housing in FY 2020/21, the

## PROJECTED ECONOMIC IMPACT WILL BE:



to a region. When local housing costs near employment are out of reach for entry-level and mid-level employees, employers may find it difficult to attract skilled workers, and may face challenges with employee absenteeism and turnover<sup>3,44</sup>.

An additional economic benefit of housing that is affordable comes from the foregone costs of providing social services to persons who are elderly, homeless, or have disabilities. Studies show that home and community-based services for the elderly and permanently supportive housing for persons with disabilities are significantly more cost-effective than institutionalized care or relying on jails and emergency rooms<sup>5,6</sup>. An investment in housing that is affordable is fiscally responsible, with a significant return on investment.

### Health and Education Benefits

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

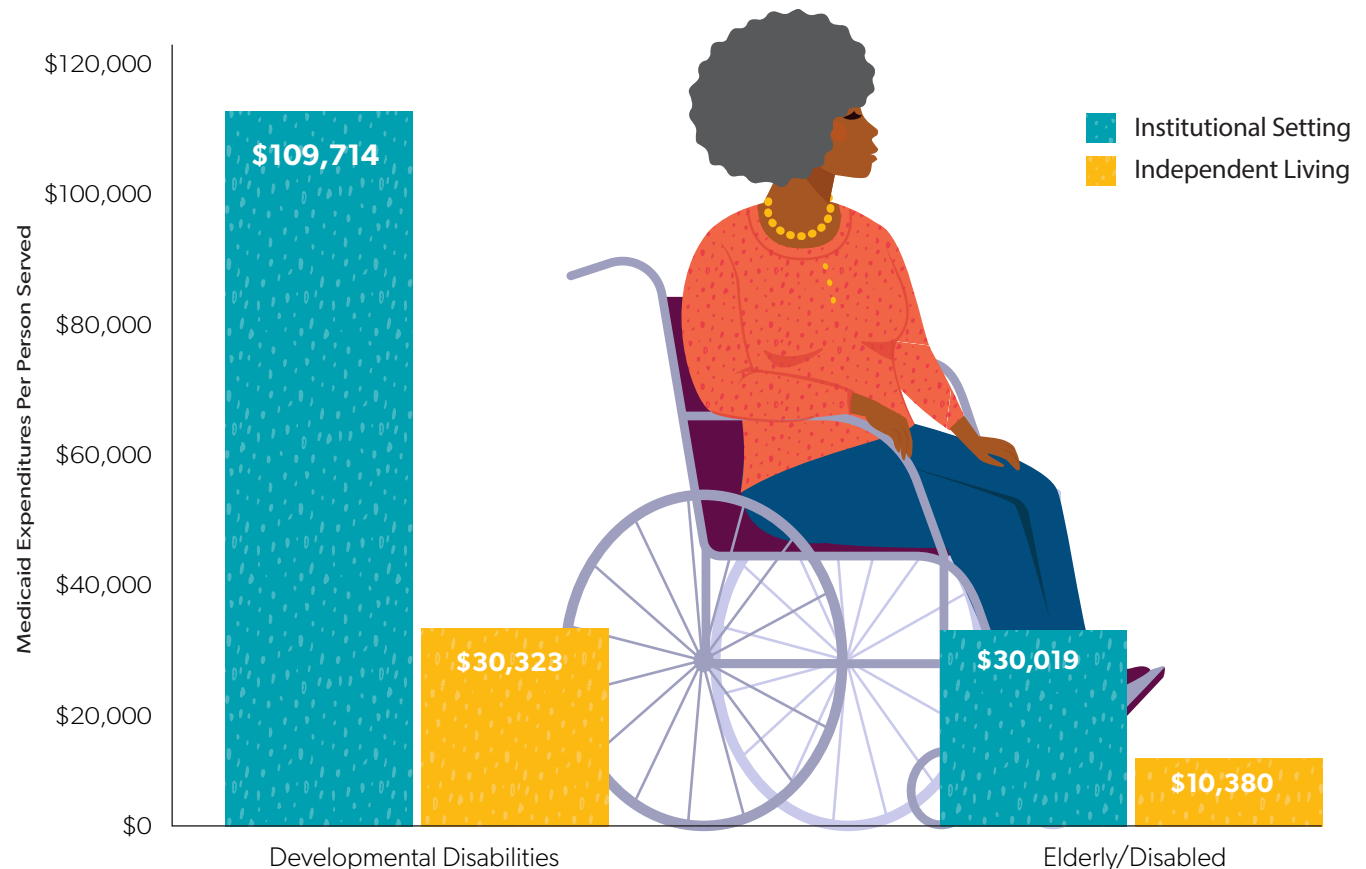
- Families in unaffordable housing are likely to cut back on nutritious food and health care<sup>7</sup>.
- Substandard housing poses a variety of health hazards. Dust, mold, and cockroaches can cause asthma and allergies, and peeling lead paint can

### 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. The suppliers, in turn, 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”).

**Figure 1. Medicaid Long-Term Services and Support Costs (In the Millions).**

(Source: Houser et al. 2018.)



# 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.



reduce IQs and cause behavioral problems in children. Unsafe structural conditions, such as faulty wiring, increase the risk of fire and injury<sup>8,9</sup>.

- 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<sup>10,11</sup>.
- Homelessness exacerbates a person's pre-existing health problems, and living on the streets or in shelters poses unique health risks (including tuberculosis, violence, and exposure to weather). Homelessness also makes it difficult to rest and recuperate after illnesses, find a place to store medications, or keep wounds clean and dry<sup>12</sup>.

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 is known to 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<sup>13</sup>.

If a shortage of housing that is affordable can contribute to ill health and educational problems among low-income families and children, then housing affordability is the foundation 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 pre-natal period, resulting in a health care cost savings of about \$20 million<sup>14</sup>. Additionally, both subsidized rental housing and homeownership have been linked to better educational outcomes for children<sup>15,16</sup>. 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 generally considered affordable if it costs no more than 30% of a household's income. Households who pay more than this amount are considered "housing cost burdened". This 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.

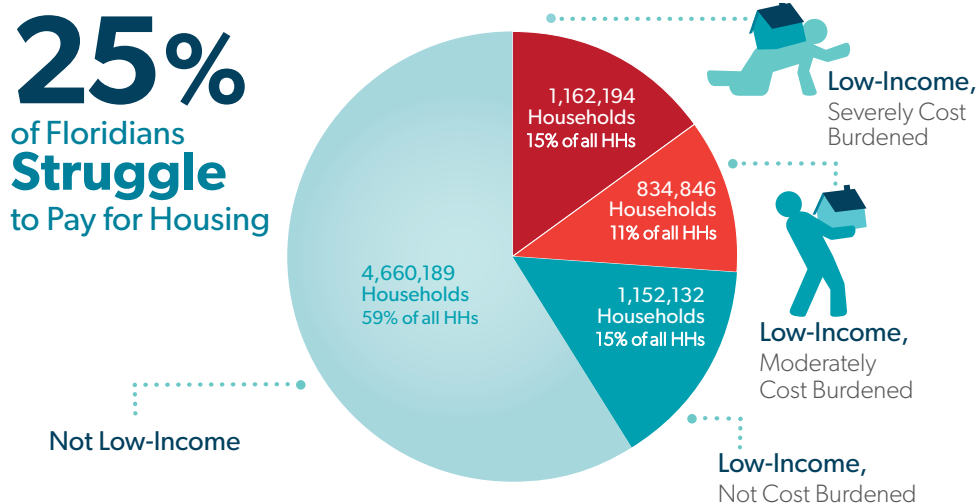
Data for Florida's households is summarized in Figure 2 below. Of Florida's 3,150,000 million low-income households, close to 2 million (1,997,040) are cost burdened<sup>a</sup>. This number represents 63% of low-income households and 26% of all Florida households. Of these low-income, cost burdened households, over 1.16 million are severely cost-burdened— 36.9% of all low-income households, and 15% of all Florida households. Of all low-income households with severe cost burden, 945,687 (12% of all Florida households) are very low-income (not shown in Figure 2).

Of all low-income, cost burdened households in Florida, 669,811 are headed by seniors (age 65 or older). For low-income households that have members with one or more disabilities, 596,088 are cost burdened<sup>17</sup>. For household heads who are elderly or have disabilities, the availability of housing that is affordable 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<sup>18</sup>.

<sup>a</sup> 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. Please note that housing cost-burden likely does not create financial constraints for higher-income households as it does for those with low- and moderate-incomes.

Figure 2. Cost Burdened Low-Income Households in Florida.

(Source: Shimberg Center for Housing Studies 2018a<sup>47</sup>.)



## GLOSSARY

**Area Median Income (AMI):** Median annual household income (pre-tax) for a metropolitan area, subarea of a metropolitan area, or 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 3 shows the distribution of severely 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. Severe cost burden is most prevalent among owner households with mortgages, possibly still reflecting the legacy of subprime mortgage lending during the housing boom, the loss of earnings among low-income workers during the recession, or both.

Severe cost burden is also widespread among low-income renters. In the extremely low-income (ELI) and > 30-50% AMI brackets, 72.3% and 71.6% of all households are cost burdened, respectively. While owners without mortgages are much less likely to have severe cost burden, over 43% of ELI households who own their homes free and clear are severely cost burdened, even without a monthly mortgage payment.

There was a slight increase in the number of low-income, cost burdened households in Florida between 2005 and 2018, from 1,794,568 to 1,997,040, 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 the

prevalence of severe cost burden (Table 1). Severe cost burden increased by 41.9 percentage points among renters in the 30-50% AMI bracket, and by 69.9 percentage points among low-income renters between 50% and 80% AMI. This is consistent with findings from other sources which show that renter cost burden has crept up the income ladder in recent years<sup>19,20</sup>. Although the prevalence of cost burden among the lowest income renters is smaller, these renters had extremely high rates of cost burden to begin with.

The increase in cost burden among Florida renters and homeowners without a mortgage is a change from 2017. The share of cost burdened homeowners with a mortgage has decreased for people in the 30%-50% AMI and 50%-80% AMI brackets, and remained meaningfully flat for even homeowners making 30% or less of the AMI.

The 69.8% growth in severely cost burdened renter households making between 50% and 80% AMI and 61.7% growth in severely cost burdened owners since 2005 is troubling. This trend suggests that while lower interest rates since the Great Recession are making homes more affordable for new buyers, renters and existing homeowners in older homes do not enjoy these benefits.

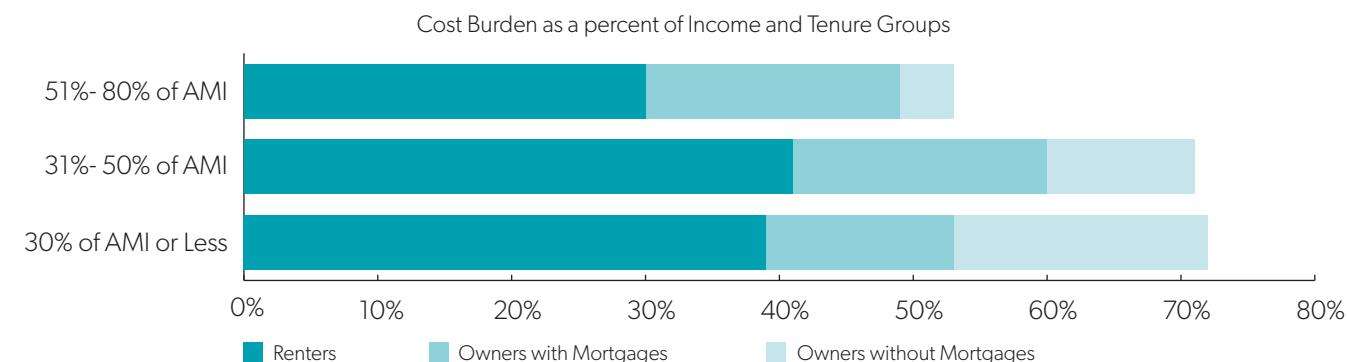
**Table 1. Changes in Severe Cost Burden Among Florida Households by Tenure and Income Bracket.**

(Source: Shimberg Center 2018a.)

Severe Cost Burden	Percentage Point Change 2005 - 2018		
	30% AMI or Less	>30% to 50% AMI	>50% to 80% AMI
Owner Households with Mortgage	1.5%	-18.3%	-37.6%
Owner Households without Mortgage	45.8%	-6.5%	61.7%
Renter Households	18.3%	41.9%	69.8%

**Figure 3. Severely Cost Burdened Florida Households by Tenure.**

(Source: Shimberg Center 2017a.)



## Homelessness

When a household's rent or mortgage payments compete with other basic needs, such as food and healthcare, they are at risk of homelessness. In the 2019 Point-in-Time (PIT) counts<sup>b</sup>, communities across Florida identified a total of 28,328 "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 has declined by 41% since 2007, although this drop masks a peak of 57,551 in 2010. During the same period, the United States PIT count homeless population experienced an almost uninterrupted decline and was 41% lower in 2019 than in 2007.

Several homeless subpopulations have decreased as well at the state and national level, as shown in Table 2. Florida has outperformed the nation in reducing homelessness among families in almost every demographic group. Overall, the state's progress in reducing literal homelessness is a testament to the success of the "Housing First" model and strong political support for homeless assistance programs.

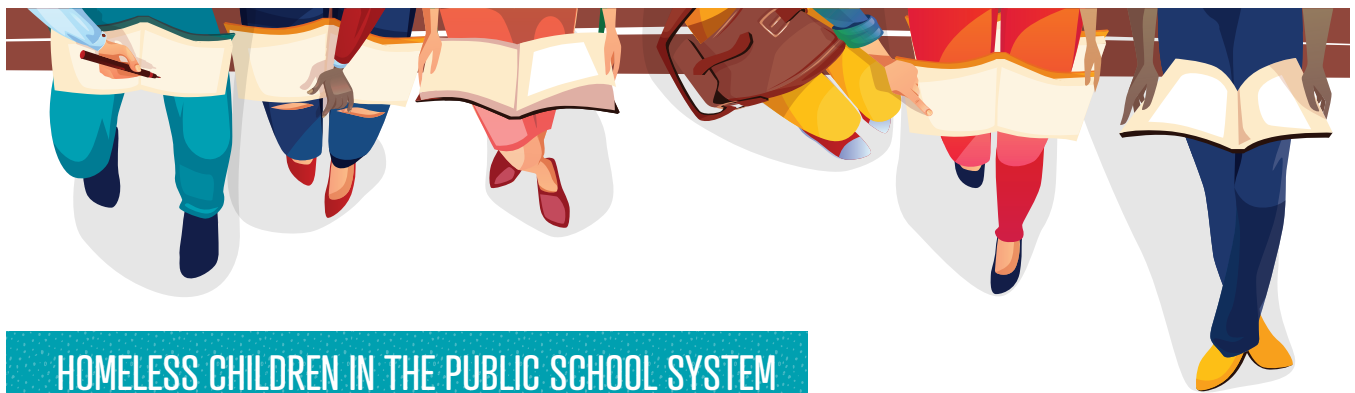
The U.S. Department of Education (ED) requires public school districts to identify children and youth who are homeless at any time during the academic year (including summer school). Children who are doubled-up or living in motels due to their family's loss of housing or economic hardship are defined as "homeless" by ED, and comprise

<sup>b</sup> HUD requires Point-in-Time counts of "literally homeless" people to be conducted at least biennially by Continuums of Care (CoCs), or geographically defined networks of homeless service providers. Most CoCs in Florida and across the nation conduct their PIT counts on a single night in the last week of January.

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

\*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 Count data, 2007-2019.)

Homeless Population Category	Population in Florida 2019	Percent Change in Florida	Percent Change in U.S.
Total Homeless Population (2007-2019)*	28,328	-41%	-12%
Persons in Families (2007-2019)*	7,063	-53%	-27%
Chronically Homeless Individuals (2007-2019)*	5,729	-23%	-12%
Veterans (2010-2019)**	2,472	-58%	-39%



## HOMELESS CHILDREN IN THE PUBLIC SCHOOL SYSTEM

The U.S. Department of Education considers children "homeless" when they are doubled-up or living in motels due to their family's loss of housing or economic hardships.

In Florida, the population of  
**homeless students in Florida increased by 132%**  
 between the 2008-2009 and 2017-2018 academic years.



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<sup>21</sup> – a net increase of 132%, indicative of an increased need for affordable housing for low-income families.

Florida has seen an unprecedented decline in homelessness over the past decade. Homelessness has decreased by more than 50% since 2010. The Point-in-Time Count is an annual count required by HUD. Each January every community gathers volunteers and social service providers for a one-day count to identify how many individuals and families are experiencing homelessness, sheltered and unsheltered, in their community. These numbers provide a snapshot each year of how many people are experiencing homelessness on any given night. In 2010, over 57,000 individuals and families were experiencing homelessness. Today, 28,328 Floridians are experiencing homelessness.

### Why the Decrease?

The success is astounding and a true testament to the work of Florida's continuums of care (CoCs) collaborating, leveraging resources, and using best practices to prevent and end homelessness.

1. **Collaborating.** There are 27 HUD-designated CoCs in Florida. Each CoC is a recipient of federal and state funding whose responsibility to coordinate an effective housing crisis response system. CoCs have stepped out

of their silos to create intentional plans and processes to move households into permanent housing.

2. **Leveraging resources.** Many CoCs actually rely on state funding more than federal funding to provide housing and services to those most in need. Resources continue to remain scarce, and affordable housing is the number one identified need in every CoC. Continued state funding through appropriations and the AHTF are critical to continuing to reduce homelessness.
3. **Best practices.** Thanks to decades of research, **we know what it takes to end homelessness – housing.** Most households become homeless because of a financial or housing crisis. Often, individuals with disabilities and families with extremely low incomes are at high risk for homelessness. Florida's continued push to use best practices, with the help of the Florida Housing Coalition, is paying off.

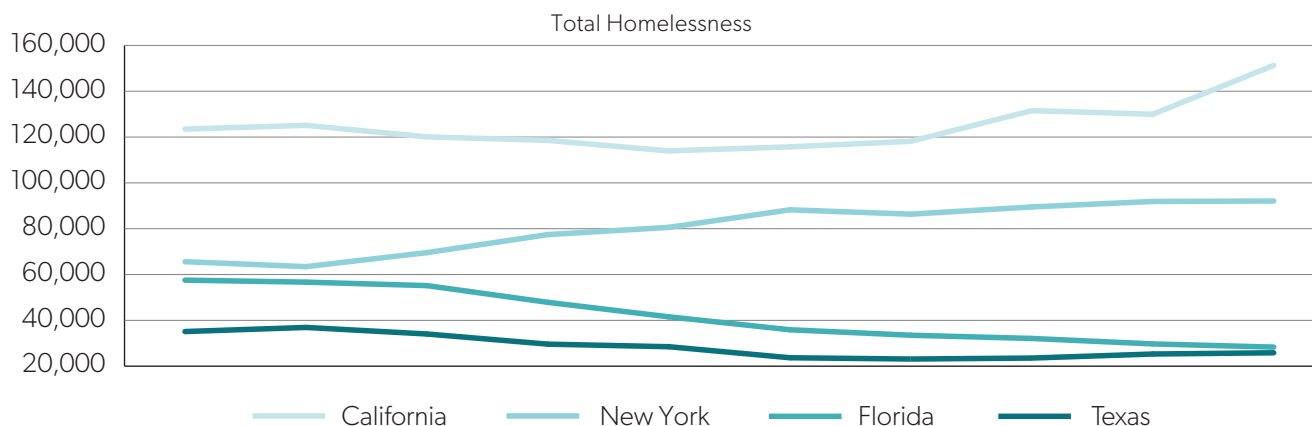
Increasing affordable housing for vulnerable populations, such as households experiencing homelessness, means we can achieve an end to homelessness in Florida. Not only does housing end someone's homelessness, it provides the foundation for individuals and families to begin integrating back into the community, heal from the trauma of homelessness, attain economic and educational success, and contribute to the community.

### Low-Wage Jobs

Low-wage, low-skill jobs are prevalent in Florida's economy. According to the United Way of Florida's 2018 report on Asset Limited, Income Constrained, Employed (ALICE)

**Figure 4. HUD Point in Time Counts in Florida and Similar States**

(Source: HUD Point in Time Count Data, 2010-2019)





households, the “survival wage” for a household with two adults, one infant, and one preschooler was \$27.58 per hour in 2016 (adjusted to 2017 dollars), or \$13.79 per hour for a single adult<sup>c</sup>. 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 even pay enough for a family to survive, let alone thrive. As the ALICE Report shows, government assistance and private charity is not enough to fill the gap for these families<sup>22</sup>.

Although the 2018 median wage for all occupations in Florida is \$16.62 (up from 2017), 67% of jobs in Florida pay less than \$20 an hour. Job gains were greatest in occupations that paid between \$9.17 and \$14.06 an hour. Table 3 shows the ten most common of these low-paying occupations, which alone account for over 1 in 5 jobs in Florida. While the median income for the state has gone up, many of these jobs, including the two most common (retail salesperson and cashier) have actually seen declining wages. Three of the ten occupations shown have an entry wage below \$10 per hour. These households are vulnerable to financial crisis due to job loss, illness, child care emergencies, break-down of an automobile, or other

<sup>c</sup> In the ALICE Report, the United Way of Florida assumes that each adult works 40 hours per week, 50 weeks per year.

**Table 3. Florida’s Most Common Occupations with a Median Hourly Wage Under \$14.06.**

(Source: Florida Department of Economic Opportunity 2018<sup>48</sup>.)

Occupation	Employees	Median Wage
Retail Salespersons	339,070	10.33
Cashiers	240,010	9.29
Combined Food Prep/ Serving Workers	226,370	9.42
Waiters and Waitresses	211,860	9.43
Stock Clerks and Order Fillers	142,260	11.80
Laborers and Freight/ Stock/Material Movers	145,920	12.64
Janitors and Cleaners**	124,460	11.12
Restaurant Cooks	220,600	12.96
Nursing Assistants	89,860	12.51
Security Guards	85,690	11.72
<b>Total All Occupations</b>	<b>8,608,660</b>	<b>16.62</b>

\*Except Technical and Scientific Products. \*\*Except Maids and Housekeepers.

## Many of Florida’s Common Occupations

DON'T PAY ENOUGH FOR A

FAMILY TO SURVIVE



**Over 670,000 Floridans have median wages below \$10 per hour, leaving their families vulnerable to financial crisis.**

**When households cannot make ends meet, they cut corners in their budgets in risky ways.**

Adding Credit Card Debt  
Eating a Poor Diet  
Forgoing Health Care

Choosing Low-Quality Childcare  
Not Registering or Insuring Cars

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

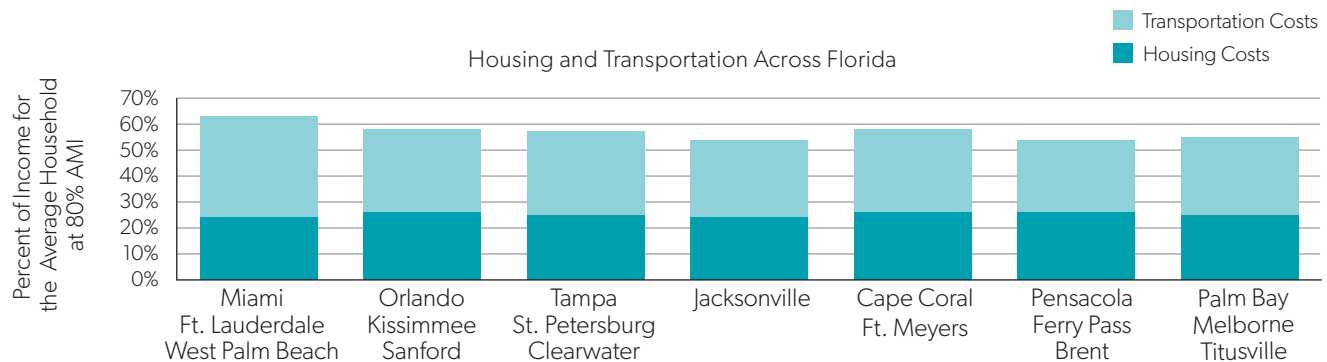
Faced with high housing costs in the communities where they work, many families live in communities with relatively affordable housing located far from major employment centers. This spatial mismatch between employment and housing creates long commutes with significant associated

costs. Not only do long commutes cause stress and consume time, but the costs of fuel and car maintenance can cancel out the housing cost savings that served as the genesis for household location in the first place. Many of Florida's metro areas are sprawling and heavily car-dependent, minimizing the opportunities for workers 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.

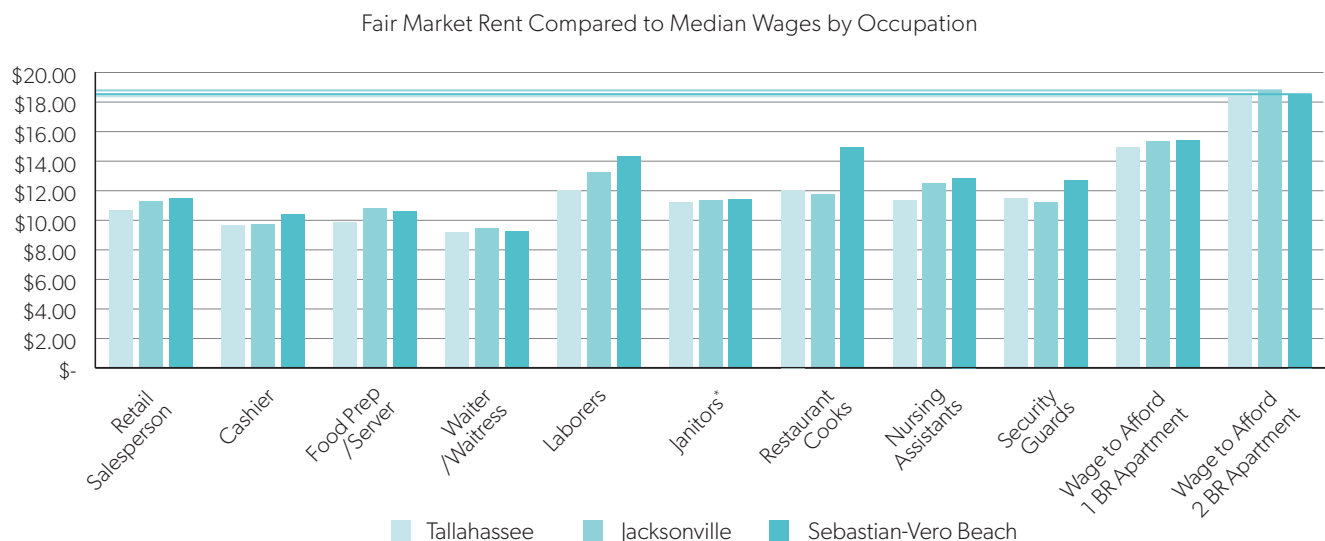
**Figure 5. Housing and Transportation Costs for the Average Low-Income Household.**

(Source: Center for Neighborhood Technology [CNT] H+T Affordability Index<sup>50</sup>.)



**Figure 6. Comparison of Median Wages for Common Occupations and Fair Market Rents.**

(Source: DEO 2018, National Low Income Housing Coalition [NLIHC] 2019a<sup>49</sup>.)



\*Except Maids and Housekeepers

As Figure 4 shows, transportation costs magnify the already high burden of housing costs for households in Florida's metro areas<sup>d</sup>. For the "average" household, housing costs range from 30% in the Jacksonville and to 39% in Miami. The average household in the Jacksonville metro pays 54% of its income for housing and transportation, while the average household in the Miami metro pays 63%.

In fact, 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 higher median wages<sup>23</sup>).

### SECTION THREE:

## Challenges for Renters

Over 60% of Florida's low-income renter households are cost burdened, and 37% of low-income renters are severely cost burdened<sup>24</sup>. As Section 2 demonstrated, severe cost burden is especially widespread among very low-income renter households (those with incomes  $\leq$  50% AMI). Moreover, the share of renters between 30% and 80% AMI that are severely cost burdened has increased 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 3 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<sup>e</sup> needed to afford housing at Fair Market

<sup>d</sup> These percentages, unlike Census data, are not based on a "universe" of actual households, but are the result of a mathematical modeling exercise using a hypothetical "average" household at 80% AMI (not at or below 80% AMI). For convenience, the term "average low-income household" is used in the text. The model uses actual regional data on incomes, household composition, workers, housing and transportation costs, and other variables to construct profiles of "average" households and determine their average housing and transportation costs.

<sup>e</sup> NLIHC assumes a renter earning the "housing wage" works 40 hours per week, 52 weeks per year.

## Affordable and Available Rental Units FOR EVERY 100 LOW-INCOME RENTER HOUSEHOLDS at Different Income Brackets.

26

There are only 26 affordable and available units for every 100 extremely low-income renter households.\*

\*At or below 30% the area's median income.

36

There are only 36 affordable and available units for every 100 extremely low-income renter households.\*

\*At or below 50% the area's median income.

77

There are only 77 affordable and available units for every 100 low-income renter households overall.\*

\*At or below 80% the area's median income.



Rent (FMR). A metro area's FMR, calculated annually by HUD, is usually equal to the 40<sup>th</sup> percentile of combined rent and utility costs for all units with a given number of bedrooms — somewhat less expensive than a median-priced unit.

Of the three metro areas, the mismatch between rents and wages is most pronounced in West Palm Beach, where 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. For some occupations, such as janitors, wages are actually lower in areas with higher housing costs. Many employers compete in national markets, so they have a limited ability to pay higher wages in regions with higher housing costs<sup>25</sup>.

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 serious hardships. For instance, in the Orlando area, a waitress and a restaurant cook 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 may 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 for children. Another alternative for low-income renters would be to rent units below FMR, but some of these units may be substandard or located in unsafe neighborhoods.

### Shortage of Affordable and Available Rental Units

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

## The Limited Supply of Affordable Rental Housing

# CONTINUES TO SHRINK

The gap between median rents and what the average renter could afford was \$168 in 2017. Between 1993 and 2016, Florida lost over 59,000 units of affordable housing stock. It's estimated that over 35,000 units are at-risk of being lost by 2030.



This shortage of affordable and available units is illustrated in the infographic below. For low-income households overall, only 78 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%

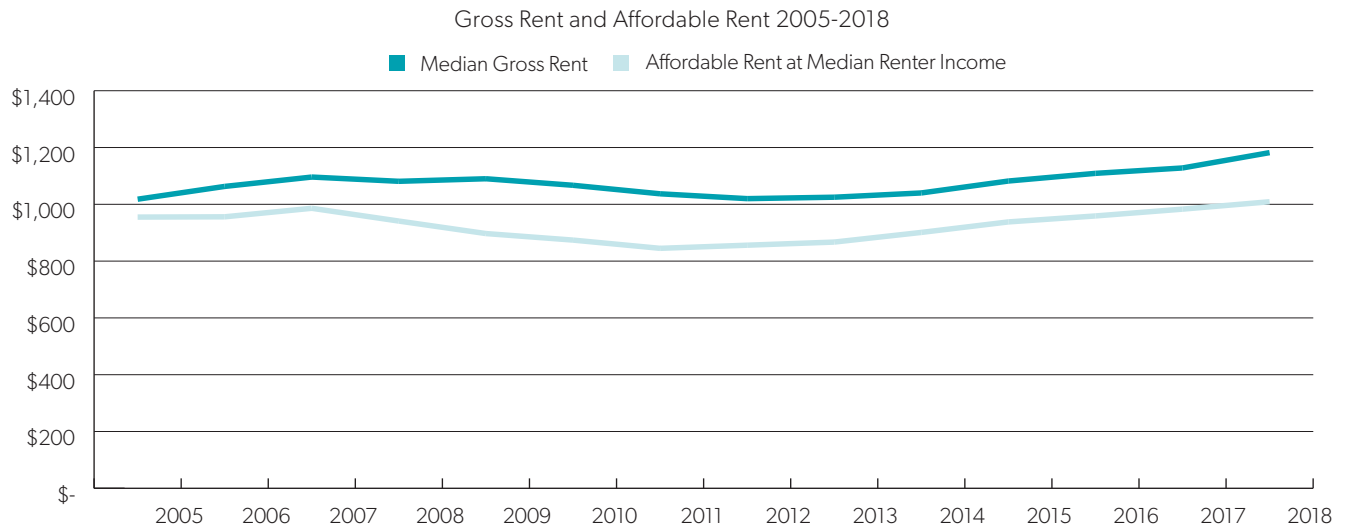
AMI), with only 22 affordable and available units for every 100 ELI renter households<sup>26</sup>.

### 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/or local funding

**Figure 7. Comparison of Median Gross Rent with Affordable Rent at Median Renter Income in Florida.**

(Source: Shimberg Center 2018a.)





must keep rents affordable for tenants in certain income 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 2016, Florida lost over 59,000 units of privately owned, subsidized rental units from the affordable housing stock<sup>27</sup>. 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<sup>28</sup>.

### Tightened Rental Market

At the national level, the rental market recovered faster than the homeowner's market. After peaking in 2009, rental vacancies declined to levels not seen since the early 2000s. The nominal value of contract rents (excluding utilities), as measured by the Consumer Price Index, 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, as well as to young families delaying first-time homeownership<sup>29,30</sup>.

Rental trends at the national level are reflected in Florida. In Florida, the real value of median gross rent declined during the recession, but surpassed its pre-Recession peak in 2016. Moreover, median gross rent has consistently been higher than rent affordable at Florida's median renter income, even during the great Recession when rental costs fell. The gap between median rents and what the average renter could afford to pay was \$168 in 2017—narrower than the \$215 gap in 2009, but wider than the gap of only \$85 in 2005 (Figure 7). Meanwhile, the state's overall rental vacancy rate has dropped from a peak of 13.2% in 2009 to 8.5% in 2018<sup>31</sup>.

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<sup>32,33,34</sup>. Other challenges and opportunities for low-income homebuyers will be discussed in the next section.

## HOME OWNERSHIP IS OUT OF REACH

for Many Floridians Who Provide Essential Services



## MEDIAN SALARIES DON'T MATCH MEDIAN HOME PRICES

Even in metro areas with relatively low home sale prices, homeownership can be out of reach for many workers that provide essential services, including teachers, firefighters, and police officers.

## SECTION FOUR:

## Challenges for Homebuyers

Home sale 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 a community that are affordable for a median-income family, assuming a 10% down payment and standard underwriting criteria. In a HOI analysis of 237 metro areas nationwide in the 3<sup>rd</sup> quarter of 2019, Florida metros ranged from 57<sup>th</sup> most affordable (Gainesville) to 218<sup>th</sup> least affordable (Miami)<sup>35</sup>. However, 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 further from employment centers, necessitating higher transportation costs as discussed in Section 2.

Florida's homeownership rate has declined steadily from a peak of 70.6% in 2007 to 65.9% in 2018<sup>36</sup>. 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.

### Housing Costs Exceed Wages for Many Occupations

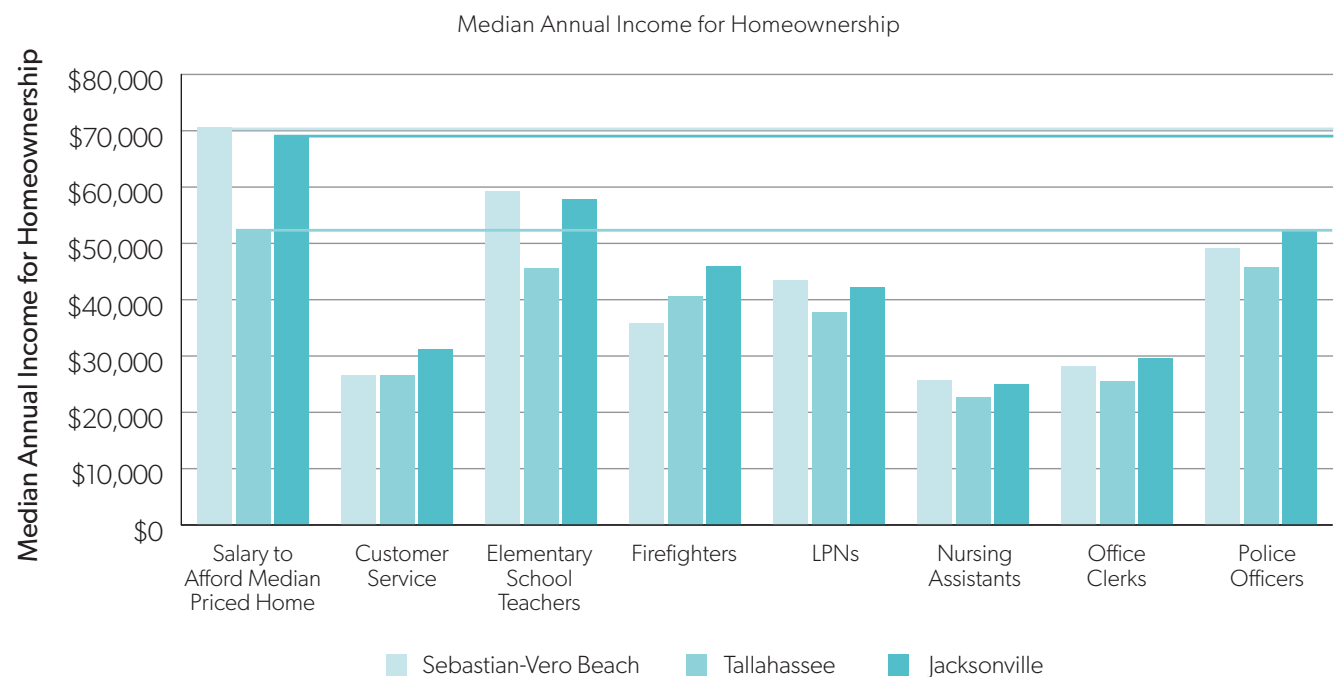
Even in metro areas with relatively low home sale prices, homeownership can be out of reach for many workers

that provide essential services, including paramedics, firefighters, and nurses. For Figure 8, we calculated the minimum annual income needed to afford a median-priced home in the Gainesville and Orlando metro areas and the West Palm Beach metropolitan division<sup>f</sup>.

According to HOI data from the National Association of Home Builders, the Gainesville metro was the most affordable market of these 3 areas for homebuyers in the 3<sup>rd</sup> quarter of 2019, and the 57<sup>th</sup> most affordable market

<sup>f</sup> 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 purchase 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, 52 weeks per year.

**Figure 8. 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.)



in the nation. Comparing three MSAs across the state (Tallahassee, Sebastian-Vero Beach, and Jacksonville) common, middle class jobs such as schoolteacher, fire fighter, and nurse are all far below the median income necessary to afford the median home in these areas.

Notably, essential service workers do not always earn higher wages in markets with higher housing costs. For example, customer representatives and firefighters in Vero Beach make close to the same amount as similar workers in Tallahassee, even though housing costs are dramatically higher.

Many homebuyer households have two breadwinners 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 8, 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 they or another breadwinner loses income. For example, if a licensed nurse and a spouse with a similar income bought a median-priced home in the Vero Beach metro division, they would be over \$30,000 short of the annual income needed to afford the home if one spouse lost their job.

### Tight Market for Low-Income Homebuyers

Florida's home market has improved from a seller's perspective, with sales prices up to pre-recession levels in

most markets. Florida currently reports a foreclosure rate 0.06%, higher than the national rate of 0.04%, though this is still a decline from previous years and a .01% decline from last years<sup>37,38</sup>.

Homes continue to sell at a high rate and the inventory of homes affordable to low-income households continues to diminish<sup>39</sup>. The tight supply has contributed to worsening affordability in most of Florida's home sale markets<sup>40</sup>.

A closely related concern is the prevalence of homes sold to investors, second home buyers, and other non-owner-occupants. The Shimberg Center for Housing Studies estimates the number of homes sold to owner-occupants versus investors and second home buyers by determining which homes sold receive a homestead exemption within one year of sale. Those that receive homestead exemptions are presumed to be owner-occupied, while those without homestead exemptions are presumed to be used for other purposes. For homes sold in 2018, the median price for a single-family home that received a homestead exemption within one year of sale was \$279,000, compared to only just over \$234,900 for single-family homes that did not receive a homestead exemption. Moreover, single family homes sold to non-owner-occupants accounted for about 49% of all homes sold in 2018. In other words, non-owner-occupants significantly slashed the supply of homes for sale and disproportionately removed lower-cost homes from the market.

**Figure 9. Numbers of Low-Income Potential Homebuyers and Home Sales in 2017.**

(Source: Shimberg Center 2017a.) \*Home sales are classified by whether or not they received a homestead exemption within one year of sale.

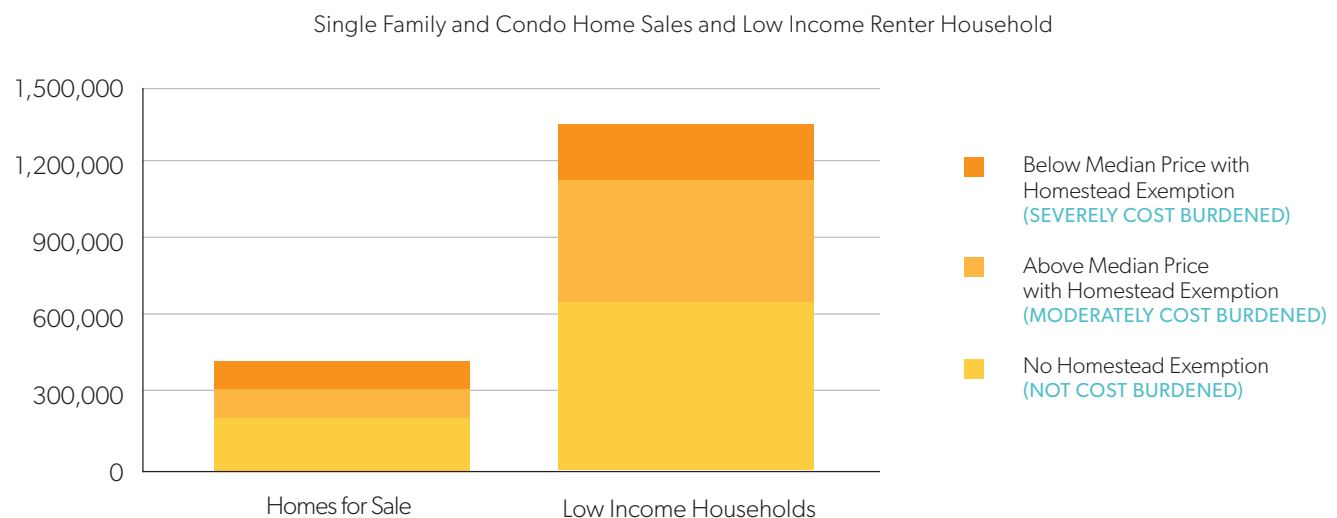




Figure 9 shows how the prevalence of home sales to non-owner-occupants constrained the supply for low-income potential homebuyers in 2017.

Just over 110,000 homes were sold below the median price to owner-occupants in 2018 — potentially within reach of low-income and first-time homebuyers. However, these sales were dwarfed by the number of moderately low-income (>50% to 80% AMI) renter households in 2018. For every owner-occupied home sold below the median sale price, there were 5.86 non-cost-burdened, moderately low-income renters—the moderately low-income renters most likely to be able to save for a down payment. When all moderately low-income renters are considered, the shortage of homes for sale is even more acute—about 12.18 low-income potential homebuyers for every home sold below the median price to an owner-occupant.

Figure 9 also shows that an increase in the share of home sales to owner-occupants would probably not be enough to expand homeownership opportunities to all low-income potential homebuyers. If all homes sold in 2018 had been purchased by owner-occupants, there may have been enough homes sold below the median price to potentially accommodate all non-cost-burdened, moderately low-

income renter households<sup>h</sup>. However, there would not have been enough homes for sale to provide a housing alternative to all the cost burdened renters in this income bracket.

In addition to home prices and supply, an important consideration for low-income homebuyers is the availability of mortgage credit. In 2014, there was widespread concern that lenders and federal regulators had overcorrected to the excesses of the housing bubble by enacting lending standards too stringent for homebuyers with low incomes and less-than-stellar credit. Several steps taken in recent years by the federal government and others to expand mortgage credit had shown some success<sup>41,42,43</sup>. Mortgage interest rates crept upward in 2016<sup>44</sup>, was mixed in 2017<sup>45</sup>, and continued to rise in 2018<sup>46</sup>. Rates were expected to continue rising in 2019, but because of federal policy, declined to 2016 levels.

The barriers to affordable homeownership highlight the need for financial tools for low-income homebuyers—including down payment assistance and subsidies to lower the purchase price—as well as an increase in the affordable rental supply. The next section describes the keystone role of Florida’s Sadowski housing trust funds in expanding the supply of affordable rental and ownership housing.



**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**

## SECTION FIVE:

## 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, 80% of people in the extremely low-income group are severely cost burdened and there are only 26 affordable and available homes per 100 renter households<sup>31</sup>. Many factors influence the supply of affordable housing, including growing populations and the cost and incentives to build and maintain affordable units amongst others.

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, provide funding to address the need for housing that is affordable for low- and moderate-income families, while also leveraging both private and public funds to bolster Florida's economy.

### Sadowski History and Major Programs

In the 1990s, a non-partisan coalition of over 30 affordable housing advocates, business and industry groups, and faith-based organizations formed to advocate for a dedicated state revenue source for affordable housing. In 1992, in response to the coalition 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 property value. 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 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, in order to receive SHIP funding, counties and cities must adopt a Local Housing Assistance Plan (LHAP) outlining the housing strategies they will utilize. Second, when distributing

### Each SHIP Dollar is Required to Meet the Following Criteria:

#### CONSTRUCTION

At least 75% must be spent on construction (including new construction & rehabilitation)

#### HOMEOWNERSHIP ACTIVITIES

At least 65% must be spent on homeownership activities

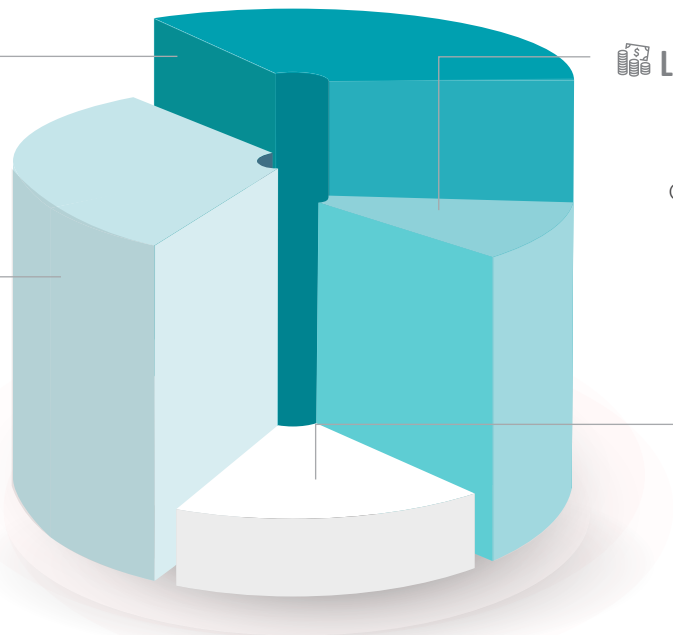


#### LOW AND VERY LOW INCOME HOUSEHOLD ASSISTANCE

At least 60% must be used to assist low-income households. Of this amount, at least half (30% of the total) must be used to assist very low-income households.

#### ADMINISTRATION

No more than 10% may be used on administration.



SHIP funding, local governments must meet the requirements of Florida Statute 420, which include:

- At least 65% must be spent on homeownership-related 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

Up to 25% of a community's SHIP allocations can be used for rental housing activities, allowing important access to permanent housing for households who are 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

In Fiscal Year 2020-2021, an actual \$370 million in documentary stamp tax revenues has been allocated for appropriation to the Sadowski trust funds, with \$115 million being used to fund SAIL, \$225 million used to fund SHIP, and \$30 million appropriated to Florida's Hurricane Housing Recovery Program (HHRP). This state level funding is essential in the provision of funding for affordable housing as the National Housing Trust Fund (NHTF) provides only a fraction of this amount to Florida annually. In 2019, the NHTF allocated \$9.41 million to Florida, over \$1 million less than the previous year's allocation of \$10.44 million (National Low-Income Housing Coalition, 2019).

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 \$4.4 billion. Additionally, the creation or renovation of affordable housing units will create more than 30,000 jobs and once complete will supply housing for almost 33,000 people (The Sadowski Coalition, 2019).

In 2019, although, Governor DeSantis's budget included fully funding the Sadowski Affordable Housing Trust Fund, by the end of budget negotiations \$125 million or 38% from the Trust Fund was swept to general revenue. This move resulted in a remaining allocation of \$200.6 million or 62% of the proposed \$325 million allocation to address the affordable housing crisis facing the State

**Table 4. Estimated Economic Impacts of Fully Funding Sadowski Housing Trust Funds in Fiscal Year 2019-20.**

(Source: Sadowski Coalition 2019.)

Type of Impact	SHIP	SAIL	Total*
Projected Trust Fund Revenue in FY 19/20 (\$ million)	\$115	\$225	\$340
Total economic activity generated (\$ million)	\$3,262.29	\$1,149.76	\$4,412.05
Total jobs created	22,808	7,922	30,730
Number of Homes	10,747	2,392	13,139
Number of People Housed	26,868	5,980	32,848

\*Numbers may not add up exactly due to rounding.

of Florida. However, \$115 million of the remaining money was appropriated for Hurricane Michael recovery efforts in the Florida Panhandle, leaving \$85.6 million for affordable housing needs statewide (Florida Policy Institute, 2019, p. 23). Although in 2019, there were \$77 million more available funds in the Sadowski Trust Funds, due to the reallocation of funding to assist in Hurricane Michael recovery efforts, the state spent \$48 million less on its housing initiatives (Harper, 2019).

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 of over 166,000 units were forgone from financing. This is a longstanding statewide issue with local implications annually. For example, in FY 2018-2019, Orlando was projected to receive between \$3.2 million to \$3.3 million for their housing help program. However, the city only received about \$395,000 or 10% of what they were expecting. When the Sadowski Housing fund is raided for other purposes, cities like Orlando have to suspend their programs and therefore, fewer Floridians receive help.

Sadowski funding is not limited to any one population. The funds help children and families, the elderly, veterans, people with special needs, and those experiencing homelessness. The funds also help first-time homebuyers secure needed money for a down payment. This money is loaned much like a traditional bank and once paid back may help others acquire affordable housing.

In short, the Sadowski trust funds provide a steady stream of revenue to address affordable housing annually should Florida fully appropriate the funds. The funds will create thousands of units helping to house the over 922,000 thousand very low-income Floridians who pay more than 50% of their income on housing. The development of new construction and rehabilitation through the leverage of Sadowski funds will create thousands of jobs and lead to billions of dollars of economic impact on Florida's

economy. The Sadowski funds help people and our economy and should be utilized to the full extent.

## 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.

### We Don't Have Enough Affordable Housing in Florida:

- Close to 2,600,000 million low-income Florida households are paying more than 30% of their incomes for housing, the maximum amount considered affordable by experts.
- Of these nearly 2.6 million low-income "cost burdened" households, over 619,000 households are headed by seniors, and just under 600,000 households have a member with disabilities.
- Over 945,000 very low-income Floridians 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 10 years, there are still over 28,000 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 children experiencing homelessness have poorer health, mental health, and

educational outcomes when compared to their peers.

- “Drive till you qualify” is not a solution to high housing costs, since transportation costs largely consume the housing cost savings. For the average low-income household in one of Florida’s major metro areas, combined housing and transportation costs can easily consume over 70% of income.

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

- For a young family of four to meet its basic needs, the parents must earn a combined wage of \$27.58 per hour, or about \$13.79 per parent. Unfortunately, many of Florida’s jobs are in occupations with median wages below \$13.79 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 23 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. For example, firefighters in the Tallahassee metro area cannot afford to buy a median-priced home.
- 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 9 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 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. Because the State Legislature appropriated all State and Local Housing Trust Fund monies for housing in 2020, the resulting affordable housing development will generate:

- Over \$4.6 billion in economic output
- Over 30,000 jobs

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 home-grown tools for providing housing for our most vulnerable populations, including:

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

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

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



**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.

# \$370,000,000\*

IS AVAILABLE FOR APPROPRIATION FROM THE SADOWSKI HOUSING TRUST FUNDS IN FY 2019-2020

**THE FLORIDA LEGISLATURE CAN CREATE MORE THAN 30,000 JOBS AND OVER \$4 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 2018 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 successfully creates a positive economic impact by fueling economic development through investing in our local communities, contributing to the well-being of Florida's seniors, elderly, persons with disabilities, and those experiencing homelessness and other vulnerable populations in need across the state. For more information, visit [SadowskiCoalition.com](http://SadowskiCoalition.com).

In Florida, the Fair Market Rent (FMR) for a 2-bedroom apartment is \$1,189. In order to afford this, a household must earn at least \$47,549 annually (\$22.86/hour). For that same 2-bedroom apartment, a minimum wage Floridian earning \$8.46/hour must work 108 hours/week year round or the household must include 2.7 minimum wage earners working year round.



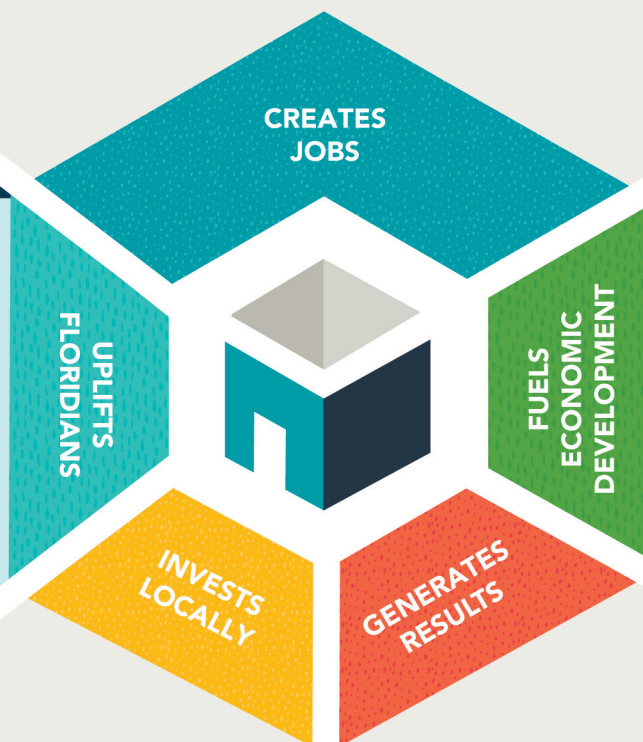


# CREATES 33,340 JOBS

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 of 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

# \$4.6 BILLION

## INVESTS LOCALLY

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

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

## GENERATES RESULTS

The Florida Legislature can create more than 32,000 jobs and over \$4.6 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.

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## 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 Ending Homelessness
- 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 Housing Finance Corporation
- 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 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. They are Many Voices having One Message: Use all of the State and Local Housing Trust Funds for Housing.





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

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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:**

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