



HOME MATTERS

REPORT FROM THE FLORIDA HOUSING COALITION



**Summary Edition
on Pages 5-23**

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

QUICK FACTS:

Florida has an affordable housing crisis

- 951,755 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 35,900 people living in homeless shelters and on the streets. This includes 3,926 veterans and 6,539 children.
- 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.

WHY DOES HOME MATTER?

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

AFFORDABLE HOUSING REDUCES TAXPAYER EXPENSES

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

AFFORDABLE HOUSING BOOSTS THE ECONOMY

- Money spent on affordable housing construction and rehabilitation has a ripple effect on local economies. Contractors and suppliers spend money on materials and labor, and workers spend their earnings locally.
- If the funds of the Sadowski Housing Trust Fund are fully appropriated for housing, it will create nearly 32,700 jobs and \$4.6 billion in positive economic impact in just one year, while creating homes that will last far into the future.



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 FIVE:

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

As this report has demonstrated, hundreds of thousands of low-income Floridians struggle with high housing costs. Many factors affect the supply of affordable housing, including low wages for common occupations, high market prices for homes and apartments in decent condition, and limited federal funding for housing programs⁵⁹. Moreover, the situation is getting worse for low-income renters, as the gap grows between median rents and what renters can afford to pay. Meanwhile, many low- and moderate-income potential homebuyers, including essential service workers, are shut out of the homebuyer market by high sale prices relative to wages, competition from investors and vacation home buyers, and limited inventory.

It is very challenging for Florida's policymakers and community advocates to directly influence these factors in the near term, but we do have control over a simple and powerful tool at the state level: the Sadowski State and Local Housing Trust

Funds. These dedicated funding sources allow thousands of low- and moderate-income families to rent, buy, and renovate affordable homes each year, while leveraging substantial public and private funds and boosting Florida's economy.

Sadowski History and Major Programs

More than 20 years ago, a diverse coalition of Florida's affordable housing advocates, business and industry groups, and faith-based organizations recognized the need for a dedicated state revenue source for affordable housing. In 1992, the state legislature passed the William E. Sadowski Affordable Housing Act, named after a Department of Community Affairs secretary who had recently died in a plane crash. The Sadowski Act raised the state documentary stamp tax on deeds by ten cents per \$100 of the property's valueⁱ, and directed the new funds to two trust funds, one for local governments and one for the state.

The Local Housing Trust Fund supports the State Housing Initiatives Partnership (SHIP) program, which primarily funds the production and preservation of affordable ownership housing for low- and moderate-income households. The Florida Housing Finance Corporation uses a population-based formula to distribute SHIP

ⁱIn 1995, the State Legislature shifted another ten cents of documentary stamp tax revenue from general revenue to the Sadowski trust funds.

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



funds to all 67 counties and to cities that receive Community Development Block Grant (CDBG) funds. SHIP is most commonly used to support home construction, rehabilitation to make homes safe and/or handicapped accessible, and down payment assistance. It gives local governments plenty of flexibility to meet local needs and preferences, as long as a few basic requirements are met. These requirements, found in Florida Statute 420, include:

- At least 65% must be spent on homeownership activities.
- At least 75% must be spent on construction (including new construction and rehabilitation.)
- At least 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.
- No more than 10% may be used on administration

Because all communities that receive SHIP funds use the full 10% allowed for administration, rental housing activities are limited to 25% of their annual SHIP allocations. Several SHIP communities use a portion of their rental funds to support Rapid Re-Housing programs for homeless families, helping them pay security and utility deposits. For the 2015-2016 fiscal year, the State Legislature has allowed local governments to provide further support for Rapid Re-Housing programs with SHIP funds, by providing formerly homeless families with *temporary* rental subsidies while they search for employment and obtain supportive services.

The State Housing Trust Fund supports several activities, including administration of the Sadowski funds by Florida Housing. The main Sadowski-funded state program is the State Apartment Incentive Loan (SAIL) program. SAIL provides funding on a competitive basis for the construction and

rehabilitation of affordable multifamily rental housing. SAIL usually serves as “gap financing” for developments with other funding sources, such as the Low Income Housing Tax Credit¹.

Impact of Sadowski Trust Funds

In Fiscal Year 2016-17, a projected \$323.96 million in documentary stamp tax revenues will be available for appropriation to the Sadowski trust funds. This funding level is over 10 times the amount of annual funding (\$25 million) that Florida is projected to receive from the National Housing Trust Fund⁶⁰. If the State Legislature appropriates the full amount to the Sadowski trust funds, the economic impact will be massive, as shown in Table 4. Every Sadowski dollar will leverage more than \$4 from other public and private sources. When the direct, indirect, and induced impacts of Sadowski-funded developments are taken into account, the total economic impact will be \$4.6 billion. Additionally, these developments will create nearly 32,700 jobs and generate \$1.64 billion in labor income.

In addition, Sadowski funds give low- and moderate-income families a hand up that can be extended to their children and grandchildren. For example, the SHIP allocations from fiscal years 2006-07 to 2012-13 had a profound impact on Florida communities, even though the program’s funding was swept into general revenue by the State Legislature for much of that period. A total of 35,864 households were assisted, of which:

- 558 were homeless households
- 1,147 households had a member with developmental disabilities
- 8,668 were households headed by an elderly person (age 62 and up)⁶¹

¹The Low Income Housing Tax Credit, or LIHTC, is an item of the Internal Revenue Code. The U.S. Treasury Department issues tax credits to states, which in turn award them to affordable housing developers. The developers sell them to equity investors to raise money for development of affordable rental housing.

Table 4. Estimated Economic Impacts of Fully Funding Sadowski Housing Trust Funds in Fiscal Year 2016-17.
(Source: Sadowski Coalition 2015.)

Type of Impact	SHIP	SAIL	Total
Projected Trust Fund Revenue in FY 15/16 (\$ million)	\$226.56	\$97.40	\$323.96
Total economic activity generated (\$ million)	\$3,470.49	\$1,133.82	\$4,604.32
Total jobs created	24,625	8,056	32,682
Total income/earnings generated (\$ million)	\$1,229.74	\$411.16	\$1,640.91



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.

\$323,960,000*

IS AVAILABLE FOR APPROPRIATION FROM THE SADOWSKI HOUSING TRUST FUNDS IN FY 2016-2017

THE FLORIDA LEGISLATURE CAN CREATE NEARLY 32,700 JOBS AND OVER \$4.6 BILLION IN POSITIVE ECONOMIC IMPACT FOR FLORIDA IF IT APPROPRIATES THE HOUSING TRUST FUND MONIES FOR HOUSING.

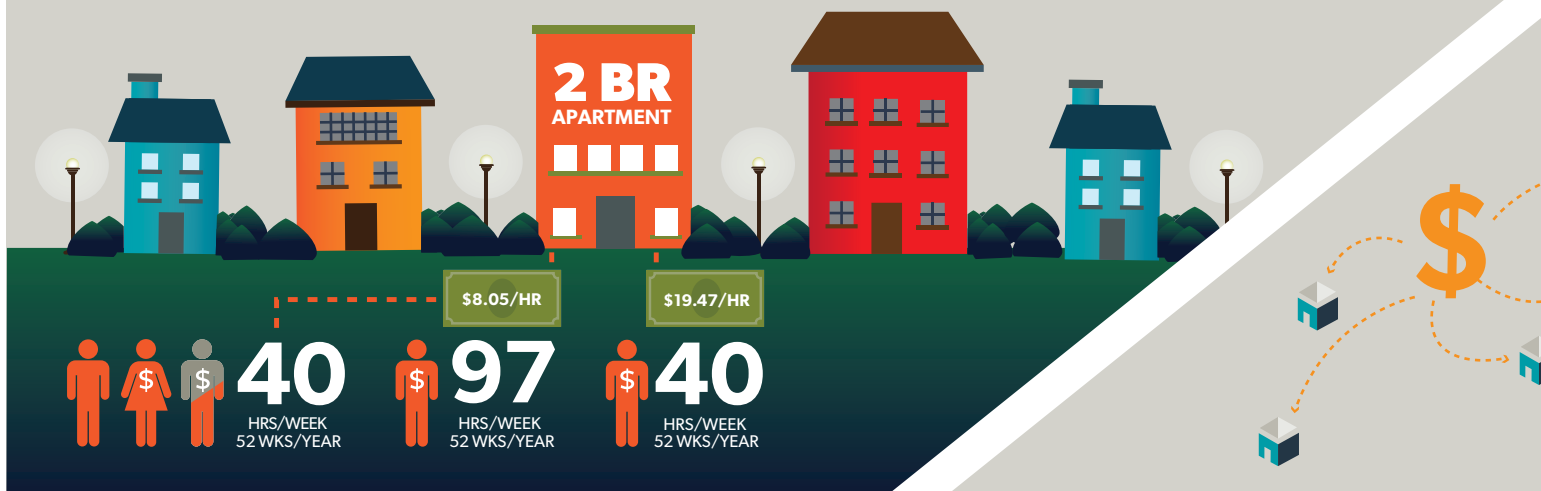
*Based upon documentary stamp projection plus projected balance in housing trust funds as of July 2015.

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.

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.

Using Florida's housing funds solely for housing creates a positive economic impact for Florida by fueling economic development, creating jobs, investing in our local communities, and contributing to the well-being of Florida's families, veterans, elderly, persons with disabilities, persons experiencing homelessness and deserving Floridians in need across the state. For more information, please visit SadowskiCoalition.com.

In Florida, the Fair Market Rent (FMR) for a 2-bedroom apartment is \$1,012. In order to afford this, a household must earn at least \$40,488 annually (\$19.47/hour). For that same 2-bedroom apartment, a minimum wage Floridian earning \$8.05/hour must work 97 hours/week year round or the household must include 2.4 minimum wage earners working year round.



CREATES 32,682 JOBS

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



CREATES JOBS

UPLIFTS FLORIDIANS

GENERATES RESULTS

INVESTS LOCALLY

FUELS ECONOMIC DEVELOPMENT

GENERATES RESULTS

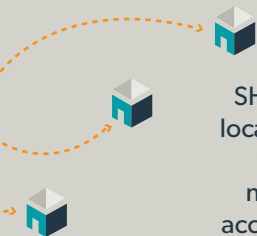
The Florida Legislature can create nearly 32,700 jobs and over \$4.6 billion in positive economic impact for Florida if it appropriates the housing trust fund monies for housing.

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.

INVESTS LOCALLY

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

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



FUELS ECONOMIC DEVELOPMENT

The appropriation would result in a positive economic impact of \$4.6 billion.

\$4.6 BILLION

From fiscal years 2009-10 to 2011-12, when SHIP communities were feeling the worst effects of the Local Housing Trust Fund being swept, an average of 1,812 units were assisted per year⁶². (Much of this activity was made possible by SHIP funds carried over from previous years and by program income.) However, when Local Housing Trust Fund monies are fully appropriated for housing and available to SHIP communities, 8,000 to 10,000 units can be assisted each year^{63,64}. Clearly, full SHIP funding would allow local communities to significantly scale up their efforts to provide housing for key populations, including those who are homeless or have developmental disabilities.

SAIL has also been a lifeline for many low-income individuals and families. At the end of 2014, the Florida Housing Finance Corporation's portfolio of developments with outstanding SAIL loans had a total of 64,600 units⁶⁵. Of these units:

- 1,070 were in developments targeting homeless households
- 8,926 were in developments targeting elderly households

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

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



Conclusion

Affordable Housing Is Essential for Floridians:

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

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

We Don't Have Enough Affordable Housing in Florida:

- 1.96 million low-income Florida households are paying more than 30% of their incomes for housing, the maximum amount considered affordable by experts.
- Of these 1.96 million low-income "cost burdened" households, over 575,000 households are headed by seniors, and about 587,000 households have a member with disabilities.
- Over 951,700 very low-income Floridians are severely cost burdened, meaning that they pay more than 50% of their incomes for housing.
- Florida's "Point-in-Time" homeless population has experienced a 25% net decrease since 2007. The number of K-12 students who experience homelessness or housing instability showed a 65% net increase from the 2008-09 to 2013-14 academic years, but has decreased slightly since the 2012-13 academic year. Continued progress on reducing homelessness depends on a steady supply of affordable rental housing.
- "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 \$24.59 per hour, or about \$12.30 per parent. Unfortunately, 34% of Florida's jobs are in occupations with median wages below \$12.30 per hour.
- Rents are out of reach for low-income workers in many Florida communities. In the Pensacola metro area, for example, a nursing assistant cannot afford a moderately priced one-bedroom apartment.
- Florida has only one affordable and available rental unit for every four extremely low-income renters (those with incomes at or below 30% of the area median).
- Over 43,000 units are at risk of being permanently lost from the privately owned affordable housing stock by 2020.
- The median renter income in Florida is too low to afford median rents, and the gap between rents and renter incomes is wider now than it was at the height of the housing boom.
- Median-priced homes in Florida are out of reach for many workers with medium- and high-skilled jobs. For example, firefighters in the Pensacola 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 2013, there were about seven 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) pro-

gram, while the Local Housing Trust Fund supports State Housing Initiatives Partnership (SHIP) programs in every county and all of Florida's larger cities.

Since 1992, SHIP and SAIL have helped hundreds of thousands of low- and moderate-income families move into affordable homes or renovate their current homes. SHIP and SAIL are Florida's most important home-grown tools for providing housing for our most vulnerable populations, including:

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

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

The Sadowski programs are also a powerful engine of economic development in Florida. If the State Legislature appropriates all State and Local Housing Trust Fund monies for

housing in 2016—estimated at \$323.96 million—the resulting affordable housing development will generate:

- \$4.6 billion in economic output
- Nearly 32,700 jobs
- \$1.64 billion in labor income

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



**HOME MATTERS FOR
FLORIDA'S FAMILIES**



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



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



**HOME MATTERS FOR
FLORIDA'S ELDERLY**



**HOME MATTERS FOR
FLORIDA'S ECONOMY**



**HOME MATTERS FOR
FLORIDA'S VETERANS**