



HOME MATTERS

REPORT FROM THE FLORIDA HOUSING COALITION



2020

**Summary Edition
on Pages 21-29**

Access the Full Report Under the Publications Tab
on the Coalition's Website: www.flhousing.org



HOME IS WHERE WE FIND
RESPITE
where we **FEEL** **SAFE** where we **CONNECT**
where we keep our **BELONGINGS** with our **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.

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

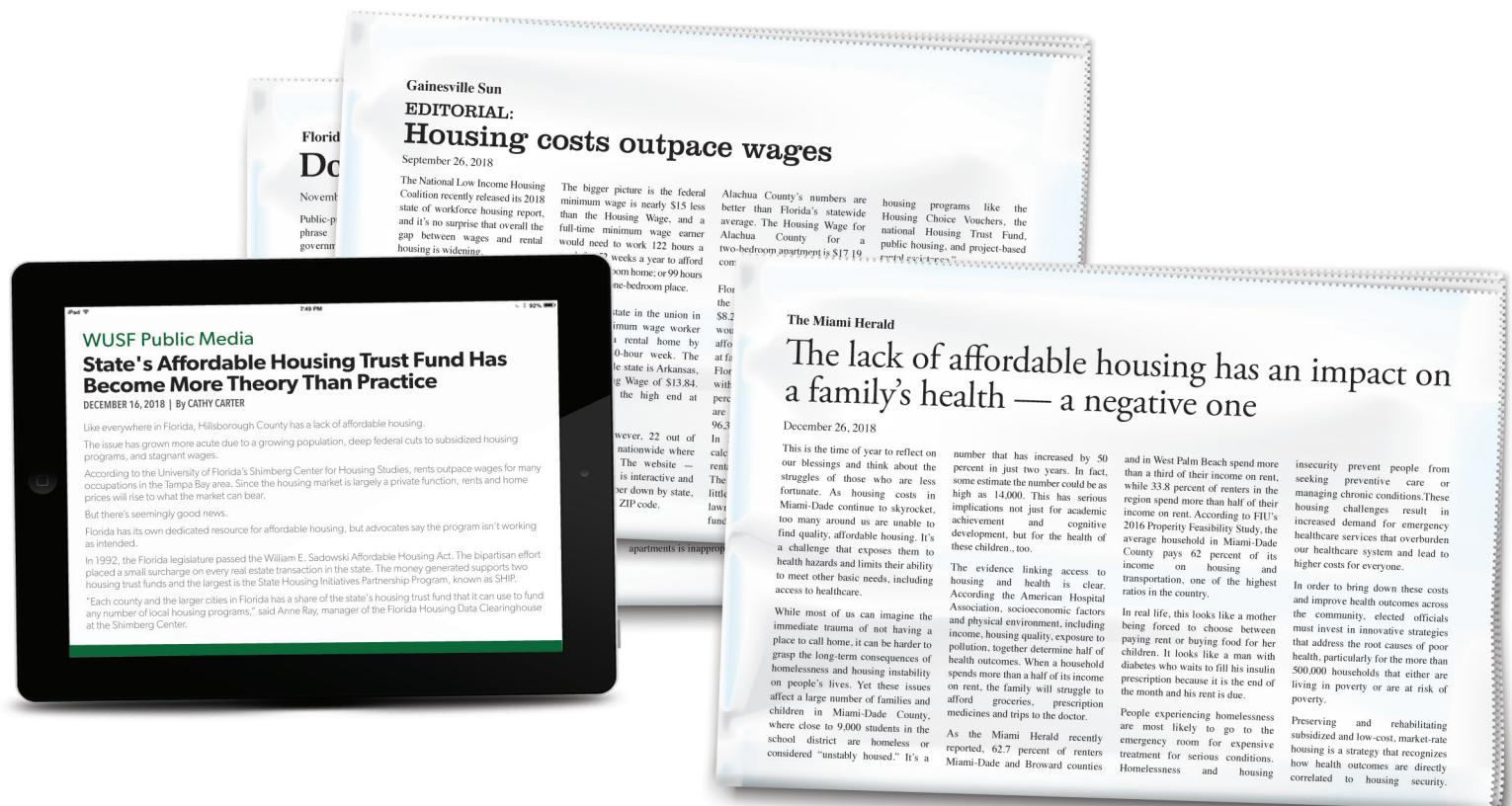
- For seniors and people with disabilities, housing that is both affordable and community-based is significantly less than the cost of institutional care.
- Chronically homeless persons often cycle through jails, hospitals, and other crisis services. Permanent supportive housing for this high-need population 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), 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.



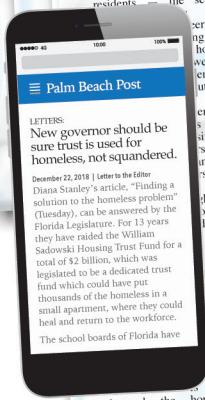
Introduction: Why Does Home Matter?

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.



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. The



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 impacts¹ (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:

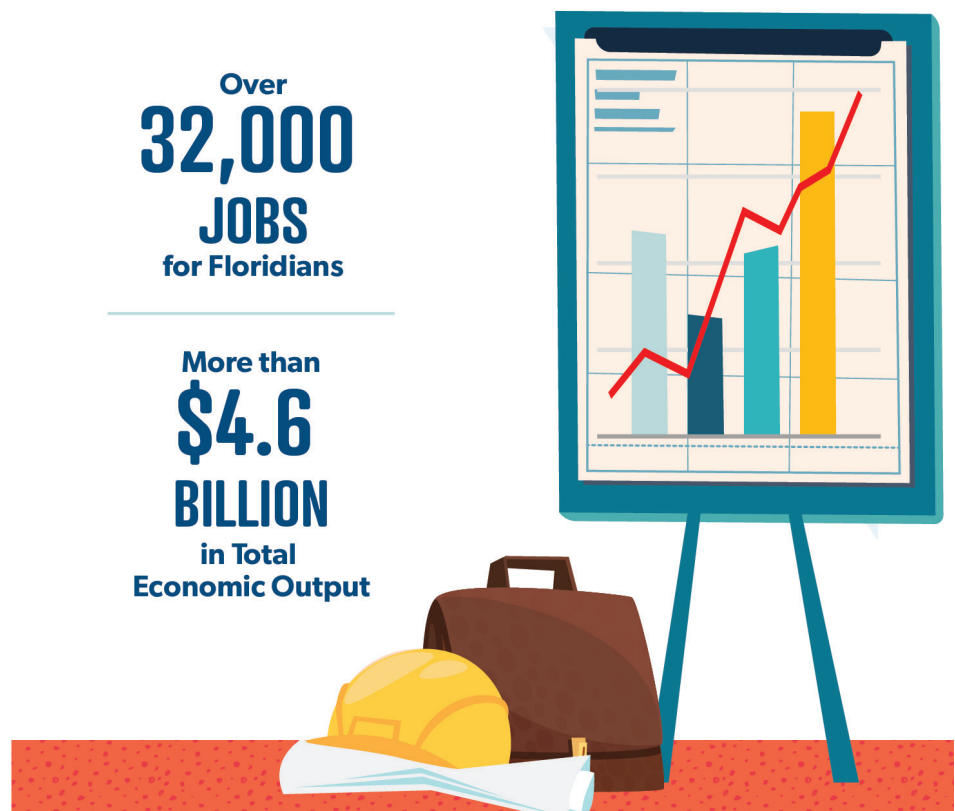
- Over 32,000 jobs
- More than \$4.6 billion in total economic output

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 economy²².

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:



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 households³¹. 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

The Sadowski Coalition came together in 1991 to create a dedicated revenue source for affordable housing in Florida. At the time, it consisted of 11 statewide organizations, including the Florida Realtors and the Florida Home Builders Association. Since then, it has grown to over 30 statewide organizations and includes business groups such as the Florida Chamber of Commerce and Associated Industries of Florida. 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

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

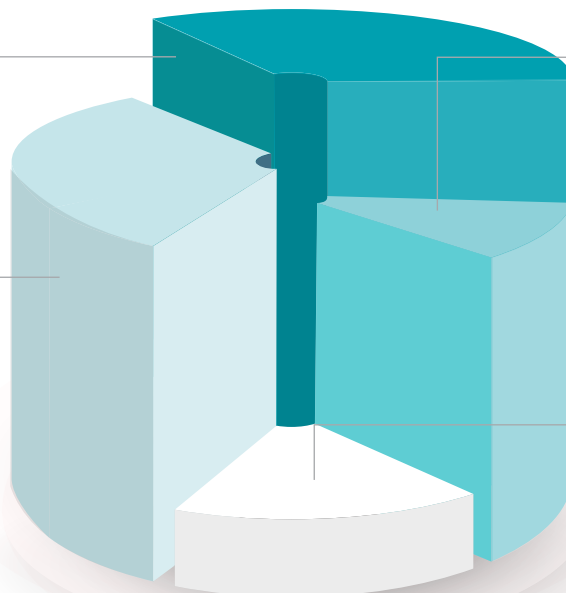


LOW AND VERY LOW INCOME HOUSEHOLD ASSISTANCE

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.



Local Housing Assistance Plan (LHAP) outlining the housing strategies they will utilize. Second, when distributing SHIP funding, local governments must meet the requirements of Florida Statute 420, which include:

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

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.

million or 62% of the proposed \$325 million allocation to address the affordable housing crisis facing the State 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 persons experiencing homelessness and other vulnerable populations in need across the state. For more information, visit 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.



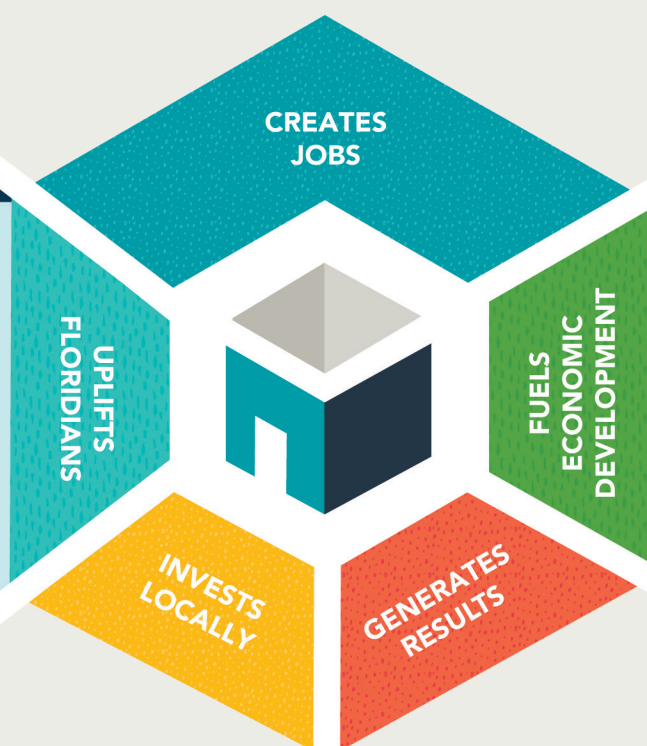


CREATES 33,340 JOBS

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.

olely for housing
act for Florida by
t, creating jobs,
es, and contribut-
s families, veter-
abilities, persons
deserving Floridi-
more information,

.....
t



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.