



Economic Benefits of Sadowski Act State and Local Housing Trust Fund Monies (*Sadowski Funding*)



Today, Florida faces a severe economic downturn, which has resulted in a drop in doc stamp and other revenues. Although for-sale housing costs have retreated from their all-time highs, the median priced home in Florida is still unaffordable to a large and growing segment of our citizens—including the workers who fill the critical service industry jobs which are essential to Florida. These workers most often need affordable rental housing, the demand for which is strong and growing.

Given the nexus of the housing crisis and the downturn in the economy, a reduction in Sadowski funding over the next few years would be counterproductive, and would exacerbate both housing and revenue problems. This is exactly the wrong time to reduce Sadowski Act spending, from both an economic recovery and housing policy perspective.

Summary of Findings:

① Leveraging of Sadowski Funding with Private Sector Investment and Federal Funds:

For every \$1 million of Sadowski funding for housing, \$4.62 million of housing is built and/or sold.

PROGRAM	TOTAL DEVELOPMENT COST/UNITS	FEDERAL PROGRAMS ACCESSED	PRIVATE SECTOR SOURCES ACCESSED	STATE SADOWSKI FUNDING	LEVERAGING
SAIL (Rental Construction and Rehabilitation)	\$421,656,825 2,521	Bonds Tax Credits HOME	Bond Buyers Equity Bank Loans Builders	\$95,521,744	4.41-1.00
SHIP (Primarily homeownership assistance through downpayments to persons needing larger levels of subsidy, also includes rehabilitation of owner occupied housing, and limited rental production)	\$641,481,173 7,887	Bonds Tax Credits HOME CDBG	Bank Loans Equity Mortgage Lenders Builders	\$160,582,798	4.00-1.00
HAP (State downpayment assistance program, primarily for sale of existing housing to persons needing small levels of assistance)	\$199,024,182 1,732	Bonds	Bond Buyers Mortgage Lenders Builders	\$17,235,742	11.55-1.00
TOTAL	\$1,262,162,180 12,140			\$273,240,284	4.62-1.00

② **Lost Federal Resources:** Florida has lost \$603.8 million of federal tax exempt bonds and tax credit equity in just the last three years because of inadequate housing appropriation levels due to raids on the Sadowski Affordable Housing Trust Funds.

③ **At Risk Federal Resources:** In addition to the resources already lost, an additional \$1.004 billion of federal tax exempt bonds and tax credit equity will be lost in the next two years (\$191.1 at the end of 2009 and \$812.8 million at the end of 2010)—unless housing is fully funded in both FY 09-10 and FY 10-11.

	IMPACT ON OUTPUT				IMPACT ON EARNINGS			
	DIRECT	INDIRECT	INDUCED	TOTAL	DIRECT	INDIRECT	INDUCED	TOTAL
Multi-Family	\$1,000,000	\$248,840	\$578,084	\$1,826,924	\$563,163	\$93,005	\$189,680	\$845,848
Single-Family	\$1,000,000	\$427,654	\$425,460	\$1,853,114	\$330,940	\$152,805	\$139,601	\$623,346

④ **Total Economic Impact—Multiplier Effect:** The total economic activity far exceeds the value of housing built: Because of the multiplier effect and leveraging, for every \$1 million of state funding, \$7.66 million of economic activity is generated. As part of that economic activity, each \$1 million of state funding generates over \$2.98 million of earnings/income.

SADOWSKI FUNDING	TOTAL HOUSING VALUE CONSTRUCTED AND/OR SOLD	UNITS	TOTAL ECONOMIC IMPACT	EARNINGS (INCOME) GENERATED
\$175.4 million	\$729.6 million	7,060	\$1.344 billion	\$521.8 million

⑤ **Job Creation:** For every \$1 million of state funding, 77 jobs are created.

SADOWSKI FUNDING	TOTAL HOUSING VALUE CONSTRUCTED AND/OR SOLD	UNITS	TOTAL JOBS CREATED	EARNINGS (INCOME) GENERATED
\$175.4 million	\$729.6 million	7,060	13,656	\$521.8 million

⑥ **Tax Revenues:** Every \$1 million of Sadowski funding generates over \$73,000 of sales tax revenue to the state, directly attributable to purchase of construction materials. Other revenues (including corporate income tax, documentary stamp tax, and sales tax paid on purchases from income derived from housing activities) are not included in this analysis.

SADOWSKI FUNDING	TOTAL HOUSING VALUE CONSTRUCTED AND/OR SOLD	DIRECT SALES TAX PAID
\$175.4 million	\$729.6 million	\$12,804,480

For a Full Report on Sadowski Funding, go to www.flhousing.org