



Restore Full Funding for Florida's Housing Trust Funds in 2009

The housing trust fund cap went into effect in July 2007. The total appropriation for housing in fiscal year 2008-09 was \$303 million- the balance in the trust funds of \$250 million was swept to general revenue. **We will never again see more than approximately \$243 million available for affordable housing unless the cap is repealed.**



governments in stabilizing neighborhoods through foreclosure recovery efforts. Our SHIP administrators will need down payment and closing cost assistance funds to ensure that those properties can be sold to low and moderate income homebuyers

(the federal funds can only be used for families at or below 120% of area median income- which neatly coincides with our SHIP programs). **There is a tremendous opportunity for leveraging these federal resources.**

WHY SHOULD THE CAP BE REPEALED WHEN THE HOUSING MARKET IS IN THE TANK?

Housing is our greatest economic engine: when that engine is fueled our economy thrives, when that engine is starved our economy dies. The state and local housing trust funds have been starved by the cap. We need to lift that cap and fuel our economy. Right now we have tens of thousands of homes, single family and condominiums in foreclosure. To put these homes back on the market they need to be acquired, rehabbed, and resold.

We can accelerate Florida's economic recovery by lifting the cap to get Florida's housing industry to work on recovering and rehabbing foreclosed properties.

The crash in the housing market is killing Florida's economy—we are a national leader in foreclosures, and we now have an unemployment rate that exceeds the national average. The depressed housing market leads to loss of jobs which leads to loss of housing.

The foreclosures destabilize neighborhoods, which leads to lower values for the rest of the properties in the neighborhood. The lower values decrease tax revenues for local government making it increasingly harder for local government to provide services and amenities that support the development of housing and jobs. It is a vicious downward spiral.

LEVERAGE FEDERAL FUNDS.

The Housing and Economic Recovery Act of 2008 (HERA) includes a supplemental CDBG appropriation to assist local

Florida will also receive \$561 million in additional private activity bond allocation from the HERA, which will not be able to be accessed if Florida does not have adequate resources in its SAIL program to match with those bonds.

NO REVENUE IMPACT.

The revenue projections for 2009-10 are that collections will not exceed the \$243 million cap. It won't actually cost the general fund any monies to lift the cap in 2009. But if the cap is lifted and Florida's state and local housing trust funds are restored in the future, we can get back to fueling Florida's economic engine—the housing industry.

RENTAL DEVELOPMENT.

—Too much housing stock? Doesn't make sense to develop new affordable housing? Not so. Single family home prices are down—apartment rates are not. The deficit of affordable rental housing continues to grow. Many families losing homeownership are in need of rentals. Land prices are down—it is an excellent time to acquire land and construct affordable housing rental communities that will be affordable for 50 years to come. The downturn in the housing market will not last forever; the units built now will remain affordable long after the housing market recovers.

For further information, contact Jaimie Ross, Affordable Housing Director, 1000 Friends of Florida – jaimieross@aol.com or visit the Florida Housing Coalition website www.flhousing.org.

