



# MEMORANDUM

AGENDA ITEM #VI.E

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DATE: NOVEMBER 27, 2017

TO: COUNCIL MEMBERS

FROM: STAFF

SUBJECT: STATE AND LOCAL HOUSING TRUST FUNDS - TCSF JOINT RESOLUTION # 17-02

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Insufficient housing to meet the needs of the Region's work force, elderly, youth, and families is a continuing challenge and impediment to economic and community development and quality of life. The housing crisis is exacerbated by rising property values, low wages, new housing stock that caters mostly to affluent buyers, and high cost of living.

According to the Center for Neighborhood Technologies Housing and Transportation Affordability Index, the combined cost of housing and transportation in South Florida and Treasure Coast counties range from 50% to 70% or more of a household's income. Attainable housing - a diversity of housing options along income ranges - is a critical component of community and economic development.

Established in 1992, the William E. Sadowski Affordable Housing Act created a dedicated source of revenue for state and local housing programs, as well as a flexible, but accountable framework for local housing programs to operate within. The Act deliberately used the real estate documentary stamp tax as its revenue source because of its nexus with the development of housing and because the source of funding needed to be a growth vehicle to keep pace with escalating land and housing costs. The Governor and Florida Legislature provided full funding from the Housing Trust Funds every year from FY 1992-93 to FY 2002-03. Over the past eleven years, however, more than \$1.3 billion has been diverted from the State and Local Housing Trust Fund to other programs not related to affordable housing.

It is projected during Fiscal Year 2018-2019 that the documentary stamp tax will generate more than \$314 million for the State and Local Housing Trust Funds and that full appropriation of these funds would create approximately 30,000 jobs and \$4 billion of positive economic benefit. The need for housing in Florida is more urgent than ever given the housing that was destroyed and damaged in Hurricane Irma, and the expected influx of individuals and families from Puerto Rico and other hurricane-impacted communities.

At the October 20, 2017 Joint Meeting of the South Florida Regional Planning Council and Treasure Coast Regional Planning Council, TCSF Resolution # 17-02 was unanimously adopted.

## Recommendation

Information only.



## RESOLUTION TCSF # 17-02

### A JOINT RESOLUTION OF THE SOUTH FLORIDA AND TREASURE COAST REGIONAL PLANNING COUNCILS REPRESENTING MONROE, MIAMI-DADE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, AND INDIAN RIVER COUNTIES, FLORIDA; SUPPORTING FULL APPROPRIATION OF STATE AND LOCAL HOUSING TRUST FUNDS FOR HOUSING

**WHEREAS**, a diversity of housing options along income ranges is an essential component of economic development and new job creation; and

**WHEREAS**, college graduates and entry-level hires who would otherwise relocate or stay in Southeast Florida are leaving the region due, in part, to high housing costs; and

**WHEREAS**, rising property values, low wages, and high transportation costs are pricing new workers and businesses out of Southeast Florida and exacerbating an existing housing crisis; and

**WHEREAS**, high housing costs mean that households have less money for nutritious food and health care, education, transportation, family emergencies, dependent care, and other necessities, and can lead to homelessness, stress and depression, and economic and family insecurity; and

**WHEREAS**, the 2017 ALICE Report (Asset Limited, Income Constrained, Employed) prepared by the United Way of Florida defines ALICE households as households that earn more than the Federal Poverty Level but less than what it costs to survive for the state; and

**WHEREAS**, the 2017 ALICE Report indicates the following percentages for residents in poverty and ALICE households in Southeast Florida: Indian River 40%, Martin 41%, St. Lucie 46%, Palm Beach 40%, Broward 44%, Miami-Dade 61%, and Monroe 46%, and

**WHEREAS**, South Florida's rental affordability crisis was found to be the worst in the nation according to The State of the Nation's Housing Report by the Harvard Joint Center for Housing Studies; and

**WHEREAS**, affordable housing is housing that is affordable to the elderly, young families with children, and essential workers including firefighters, police officers, teachers, and other workers that drive the region's service and professional economy; and

**WHEREAS**, the William E. Sadowski Affordable Housing Act of 1992 deliberately used the documentary stamp tax as its revenue source because of its nexus with the development of housing and because the source of funding needed to be a growth vehicle to keep pace with escalating land and housing costs; and

**WHEREAS**, the William E. Sadowski Affordable Housing Act has worked as planned, providing needed revenues into the State and Local Housing Trust Funds; and

**WHEREAS**, the Governor and Legislature provided full funding from the Housing Trust Funds every year from Fiscal Year 1992-1993 through Fiscal Year 2002-2003; and

**WHEREAS**, since that time, the Legislature has failed to appropriate all the housing trust fund monies for housing; and

**WHEREAS**, it is projected that during Fiscal Year 2018-2019, the documentary stamp tax will generate over \$314 million for the State and Local Housing Trust Funds; and

**WHEREAS**, the full appropriation of the State and Local Housing Trust Funds would create approximately 30,000 jobs and \$4 billion dollars of positive economic benefit for Florida; and

**WHEREAS**, more than \$1.3 billion for affordable housing has been diverted from state and local housing programs by the Florida Legislature over the past eleven years to other programs; and

**WHEREAS**, Florida's affordable housing needs far exceeded the funds available prior to the exacerbation of affordable housing need related to Hurricane Irma.

**NOW, THEREFORE, BE IT RESOLVED BY THE SOUTH FLORIDA AND TREASURE COAST REGIONAL PLANNING COUNCILS THAT:**

**Section 1.** The South Florida and Treasure Coast Regional Planning Councils request that the Florida Legislature support state and local housing programs by appropriating 100% of the monies available in the State and Local Housing Trust Funds for housing; and

**Section 2.** The South Florida and Treasure Coast Regional Planning Councils request that the Governor support full appropriation of the funds in the State and Local Housing Trust Funds for housing; and

**Section 3.** The South Florida and Treasure Coast Regional Planning Councils request that all local governments, economic development organizations, the Florida League of Cities, the Florida Association of Counties, and other public, private, non-profit, and philanthropic partners adopt this position as one of their top, "must have" priorities for the upcoming 2018 Florida Legislative Session and beyond, and deploy their state legislative advocacy staff and lobbying teams to secure the support of the Florida Legislature and Governor for appropriating 100% of the monies available in the State and Local Housing Trust Funds for housing; and

**Section 4.** That this Resolution shall take effect immediately upon adoption hereof.

**DULY ADOPTED** by the Treasure Coast and South Florida Regional Planning Councils this 20<sup>th</sup> day of October, 2017.



Doug Smith  
Chairman, TCRPC



Tim Daubert  
Chair, SFRPC

## Affordable housing crisis? Governor's budget diverts \$92 million elsewhere.

Gov. Rick Scott proposes spending \$230 million on housing programs but there's \$92 million more available in housing trust funds that's being planned for other priorities. There's a bipartisan effort to stop that practice.

By [Mary Ellen Klas](#)

As every Florida county struggles with an affordable housing problem, Gov. Rick Scott signaled Tuesday he is poised to engage again in the annual real estate bait and switch on taxpayers.

In the last budget proposal of his term, the governor wants to sweep money from the affordable housing trust funds and use \$92 million of it for other priorities. If the Legislature agrees, it will be the 17th time since 1992 that millions of dollars intended to lower the cost of housing in Florida will be swept into the general revenue account to fund pet projects, other spending priorities and tax breaks.

The governor's budget includes \$230.3 million for housing programs — the most he has proposed since he was elected in 2010. That includes \$20 million steered to workforce housing in the Florida Keys, \$96.3 million to pay for projects funded by the Florida Housing Finance Corporation and \$34 million for the State Housing Initiatives Partnership program, which works with local governments.

Scott's increased focus on housing comes after Hurricane Irma wiped out workforce housing in the Keys. Thousands of Puerto Ricans are living on temporary hotel vouchers with no place to go in Central Florida. The Florida Housing Coalition reports that nearly 1 million Florida households use more than half their income on housing. And studies show that in Miami, Fort Lauderdale, Palm Beach and Naples, families need to earn more than \$22 an hour to afford the rent on the average two-bedroom apartment.

"This is self-inflicted crisis," said Rep. Sean Shaw, a Tampa Democrat.

[PRIOR COVERAGE: Where did \\$1.3 billion for affordable housing go? Florida Legislature took it.](#)

The housing programs are funded by a documentary stamp tax paid on all real estate transactions. That is supposed to be used to increase the availability of low- and middle-income housing from the Keys to the Panhandle.

According to a 2017 report by Jaimie Ross, CEO of the Florida Housing Coalition, the housing trust funds have collected nearly \$6 billion in their 25 years, and slightly more than \$4 billion has gone to housing programs. Almost \$2 billion was swept for use as general revenue.

Now, as Florida faces the most acute housing crisis in decades, Shaw and Sen. Kathleen Passidomo, R-Naples, have filed legislation that would prohibit lawmakers from using the money in the trust fund for anything but increasing affordable housing.

"Unfortunately, to make up some budget deficits, the Florida Legislature has traditionally swept those funds," said Passidomo, a real estate lawyer, at a news conference on Tuesday. "Rep. Shaw and I are here to put a stop to that."

The housing trust funds were started as Florida faced fast-paced growth. A bi-partisan effort by lawmakers put a surcharge on every real estate transaction to spur development of workforce housing, help repair the homes of elder Floridians to allow them to age in place, and encourage affordable rental housing. The William E. Sadowski Affordable Housing Act was named after the former head of the state's planning and growth management agency.

In the 2018-19 budget year, the affordable housing fund are expected to reach \$322 million, according to estimates of legislative economists. If used as intended, it would create 30,000 jobs and about \$4 billion in positive economic benefit, said Ross, whose coalition administers the trust funds.

Because of term limits, most of today's legislators were not around when the housing trust funds were created, "so the norm now is 'how much of the housing trust fund are we going to use for other purposes,'" Ross said. "We need to stop that from being the norm."

Legislators last year told the *Times/Herald* they couldn't put more money into housing programs because the programs couldn't absorb it.

Since then, the state's housing crisis has gotten worse. The Federal Reserve lists home ownership in Florida as the lowest it has been in three decades, dropping from a peak of 72 percent in 2006 to 64 percent in 2016. The Florida Housing Coalition reports that Florida has the third largest homeless population in the nation, and it's growing. And the Florida Chamber of Commerce reports that workforce housing is a top concern for businesses across the state.

Shaw said that he and Passidomo filed their bill before Hurricane Irma forced the exodus of residents from Puerto Rico and the Virgin Islands to Florida, but now the need is greater than ever.

"It's time we stop the sweeping of the affordable housing trust fund," he said. "We've got to produce homes that will last far into the future for our families and prevent the self-inflicted crisis from getting worse."

Passidomo suggested that lawmakers have made budget trade-offs in the past and now have to "become smarter with how we craft our budget" to restore public confidence in the housing trust funds.

"This is a public trust and it's incumbent on us to use those funds for the purposes that were intended," she said.