



STATE POLITICS

Where did \$1.3 billion for affordable housing go? Florida Legislature took it.

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TALLAHASSEE — Florida has an affordable housing problem, but you wouldn't know it from the proposed budgets that emerged this week from state lawmakers.

For the 10th year in a row, the governor and legislature are proposing to sweep money from the affordable housing trust funds into the general revenue fund to spend on other purposes. Since the start of the Great Recession, that has added up to \$1.3 billion.

This year, the trust funds will collect about \$292 million for affordable housing from the documentary stamp taxes on real estate transactions. The draft Senate budget released last week allocates \$162.4 million of the funds into affordable housing while the House and Gov. Rick Scott propose spending even less of the proceeds on housing — \$44 million.

“Housing is definitely a problem, but the issue is we aren't going to just throw more affordable housing into South Florida,” said Rep. Carlos Trujillo, R-Miami, chair of the House Appropriations Committee, adding that he believes the program couldn't absorb more than the House will give it.

Besides, he adds, “the reality is there's only a 60-day legislative session. There's only so many issues you can tackle in 60 days.”

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OF \$1.87 BILLION COLLECTED AND DEPOSITED IN THE TRUST FUNDS SINCE THE RECESSION, LAWMAKERS DIVERTED NEARLY \$1.3 BILLION TO OTHER PURPOSES.

A steady stream of recent reports offers a window into the wilting American dream of affordable housing across Florida.

Nearly one million very low-income Florida households pay more than 50 percent of their incomes for housing. The state has the third highest homeless population — 34,000 — in the nation.

More people in Broward County spend 30 percent of their income on housing than anywhere else. Renters in South Florida's black communities spend 58 percent of their income on rent.

Miami ranks No. 1 in housing costs for people of moderate incomes. Orlando, once a haven for affordable housing, is tied with Las Vegas as the city with the greatest shortage of rentals for low-income tenants. And rent in Tampa is getting more expensive faster than anywhere else.

As home ownership has declined, population growth has continued and wages remain stagnant, there is an increasing demand for low income housing.

Florida legislators saw this coming 25 years ago when they put a 10 cent surcharge (per \$100 of amount paid) on every real estate transaction and directed the money into the William E. Sadowski Affordable Housing Trust Funds to go into state and local housing programs. Three years later, they steered another 10 cents of the tax into the funds.

A vestige of the growth management laws and named after the former head of the state's planning and growth management agency, the funds were designed to leverage private and federal funding to help develop affordable housing for the workforce, the elderly and disabled as Florida grew.

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Rep. Carlos Trujillo, R-Miami

But, as with much of Florida's growth management laws, lawmakers broke their promise. Of the \$1.87 billion collected and deposited in the trust funds since the recession in the 2008-09 fiscal year, lawmakers diverted nearly \$1.3 billion to other purposes — from tax breaks to spending.

The first sweep occurred in 2003 under former Gov. Jeb Bush. The housing boom had expanded the trust funds to \$392 million and lawmakers wanted to skim the excess into other needs. But when the recession hit, and Florida's budget tanked, the sweeps continued.

The Shimberg Center for Housing Studies at the University of Florida reports that between 1993 and 2012, Florida lost at least 51,000 rental units that were privately owned and publicly subsidized and, by 2020, another 43,200 subsidized rental units could be gone.

According to the Florida Housing Coalition, a non-profit housing advocacy group, Florida now has only 22 affordable and available rental units for every 100 of the state's poorest renters, and the market for starter homes is weak.

The Sadowski Coalition, 30 diverse groups that include the Florida Housing Coalition, AARP, the Florida Realtors Association, the Florida Chamber of Commerce, the Florida Home Builders Association and Associated Industries of Florida, is urging lawmakers to leave the money collected by doc stamp taxes in the funds.

“The House budget is utterly unacceptable,” said Jaimie Ross, executive director of the Florida Housing Coalition and facilitator of the Sadowski Coalition. “We deal with that regularly. The Senate usually comes out with higher funding and the House picks up the governor's budget and we have that heavy lift to get to a compromise.”

Working in every county

The coalition argues that the programs have a proven track record working in partnership with all 67 counties and local governments to provide programs to help families find and keep affordable housing, offering everything from assistance with down payments, closing costs, home repairs and rehabilitation of rental housing.

If lawmakers leave the \$272 million available, the projects that could be completed would bring \$3.78 billion in positive economic impact into the state's economy and 28,700 jobs, the coalition claims.

The Sadowski funds go to Florida Housing Finance Corp., an independent agency, which distributes 70 percent of its funds to the State Housing Initiatives Partnership program (SHIP) to provide affordable housing to low- to moderate-income families. The agency gives the remaining 30 percent of the Sadowski money to the State Housing Trust Fund for programs such as the State Apartment Incentive Loan (SAIL), which provides low-interest loans on a competitive basis to affordable housing developers.

Trujillo noted there is another source of funds available for affordable housing this year — \$111 million in revenues earned from administering a successful housing loan guarantee program that has run its course. But housing advocates say that money already belongs to the Florida Housing Finance Corp. and should not be used to supplant revenues from the doc stamps for the affordable housing programs.

A misunderstood scandal

House Speaker Richard Corcoran, R-Land O'Lakes, and Trujillo defended the House's funding levels last week, and argued that Sadowski fund has not only become too large but too generous.

"Affordable housing has grown around this huge source of money so it's no longer the people who can't afford housing, now it's those people who struggle to afford adequate housing but they are fully salaried and employed," Corcoran said.

He also pointed to recent sanctions and investigations against two developers who submitted inflated claims to the Housing Finance Corp. to qualify for higher federal subsidies to do work on four low-income housing projects in Miami-Dade County. The projects were not affiliated with the Sadowski-financed programs, and no state funds were used.

"The affordable housing industry, has been wracked with not repugnant scandal, it's been wracked with graft and corruption resulting in prison sentences," Corcoran said. "I think there needs to be reform in that whole thing."

But Ross urges them to make a distinction between the federally funded programs and those operated with Sadowski money.

"The scandal involving South Florida developers is shameful," she said. "The good news is that the Legislature can rest assured that no Sadowski State and Local Housing Trust Funds were involved with any of those developments. The abuse committed was with the federal tax credit program.

"That program is administered by the Florida Housing Finance Corporation, which also oversees the Sadowski state and local housing trust funds, so confusion about this is understandable, but our state and local housing trust programs played no part in those abuses."

She also sent House and Senate leaders a letter providing clarifications and attempting to assure them the programs have had "no misuse of funds" in their 25-year history.

Federal cuts loom

Complicating the future of affordable housing is the proposal by President Donald Trump to eliminate \$6 billion in housing assistance programs at Housing and Urban Development, including two programs dedicated to affordable housing — the Community Development Block Grants and the HOME Investment Partnership.

Fewer people own homes in Florida than they did prior to the recession and, as the home ownership rate has dropped from a peak of 71 percent in 2007 to 64 percent in 2015, rental costs have risen.

"There was no housing built during the recession, and now with enough funds to build 3,000 to 5,000 units, we can't keep up," said George Romagnoli, Pasco County community development director and chairman of the Florida Housing Coalition.

The shortage of affordable housing extends into moderate income communities as well, where teachers, first responders, nurses and others often can't find homes near their jobs, according to data compiled by the coalition in its 2016 Home Matters report.

For example, a report by the National Association of Home Builders found that dental assistants, paramedics, firefighters and elementary school teachers living in the Lakeland metro area — considered the third most affordable region in the state — would not make enough to buy a median-priced home.

Childcare workers, maids and housekeepers, landscapers, nursing assistants and janitors earning the average wage in Miami or Orlando don't earn enough to rent a one-bedroom apartment in either of those metro areas, the data show.

According to two charts created by the Sadowski Coalition listing the number of housing units that could be built in each House and Senate district if the programs were fully funded, there would be 241 additional housing units built in Corcoran's Pasco County district and 1,908 in Trujillo's alone. Statewide, there could be 12,657 homes built, housing an estimated 92,881 people.

Future shock

Sen. Jeff Brandes, R-St. Petersburg, chair of the Senate Transportation, Tourism and Economic Development Committee fears that Florida's affordable housing problem is going to get worse and he says the model used to develop affordable housing is unsustainable.

"The problem I see coming for Florida is we have another 5 million people potentially moving to the state by 2030 where already there is a situation where the average cost per affordable housing unit is costing between \$150,000 to \$200,000 to construct," he said. "The math simply doesn't add up."

He held a workshop last week to discuss approaches to help fill the gap in affordable housing. He said his goal is to pass legislation this year that creates a task force to look into the problems.

Trujillo also argues that it is unrealistic to expect to build enough housing in a year to use all the money going into the Sadowski funds, and he's no fan of the trust funds, anyway.

"I don't believe in trust funds in general," he said. "The revenue stream is not voluntary. People who buy properties have to pay a tax, the doc stamps, in order to fund a trust."

Mark Hendrickson, a member of the housing coalition board who specializes in affordable housing financing, agrees lawmakers shouldn't fund the program because it's a trust fund.

"I agree with the speaker about trust funds," he said. "But our contention is the program should be funded because it is needed, it has leveraged millions of dollars to help people get access to safe and affordable housing, and it's effective."

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AFFORDABLE HOUSING BAIT AND SWITCH

Anyone who purchases real estate in Florida pays a documentary stamp tax on the transaction, a portion of which is earmarked to fund community partnerships to develop affordable housing. But for years, Florida lawmakers have swept money from the funds and used it for general revenue.

| Fiscal year | Doc stamp funds for housing (in millions) | Money swept to general revenue | Net change |
|-------------|---|--------------------------------|------------|
| 2008-09 | \$220.4 | \$250.0 | -\$29.6 |
| 2009-10 | \$161.5 | \$91.9 | \$69.6 |
| 2010-11 | \$166.1 | \$174.3 | -\$8.2 |
| 2011-12 | \$177.1 | \$189.5 | -\$12.4 |
| 2012-13 | \$168.5 | \$96.7 | \$71.8 |
| 2013-14 | \$193.1 | \$204.1 | -\$11.0 |
| 2014-15 | \$231.6 | \$91.9 | \$139.7 |
| 2015-16 | \$259.7 | \$81.0 | \$178.7 |

| | | | |
|---------------|------------------|------------------|----------------|
| 2016-17 | \$296.8 | \$116.9 | \$179.9 |
| Totals | \$1,874.8 | \$1,296.3 | \$578.5 |

Sadowski Coalition

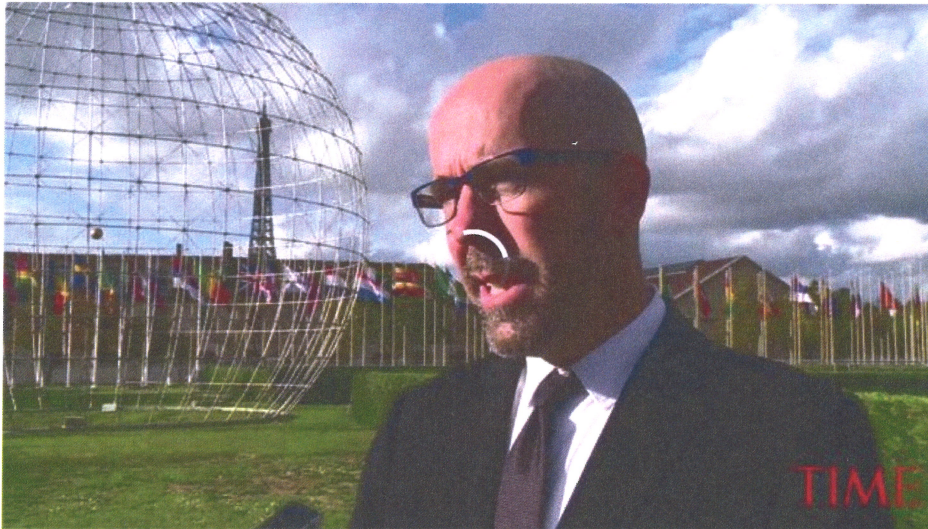
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