

The rest of the housing story

Rising property values increase the need for affordable homes

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Home-sales volumes are at or near all-time highs, residential prices are rising and multimillion-dollar houses are sprouting up in areas far from the glamorous coastline.

These storylines are common once again on the front pages of the Herald-Tribune, reflecting optimism in the housing and construction industry and providing welcome respite from the gloom of the Great Recession and its aftermath.

But, as Floridians have learned, significant increases in home values and rental rates put the squeeze on middle- and low-income households. Cost burdens are compounded when the available inventory is tight and wages remain stagnant in many job categories; both conditions have occurred in our region.

The Sadowski housing trust funds were created in Florida for times such as these.

The funds are named for William E. Sadowski, a former state legislator and executive branch leader who championed the cause of affordable housing.

As a tool for carrying out constructive public policy, the Sadowski funds are ingenious. The money comes from a slice of the documentary stamp tax on real estate transactions. That tax was slightly increased in 1992 -- the year Sadowski died -- to bring in revenue for the state's affordable housing trust funds.

The increase was agreed to by builders and real-estate interests, who recognized that the money would be plowed back into their industries and the Florida economy -- a win for everyone.

The money can be used throughout the state to finance or subsidize construction, renovation or purchase of homes and apartments in a price range geared toward everyday workers. The funds also help to create and preserve housing for the elderly, the disabled and the homeless.

In addition to the help provided to workers, the elderly and families -- and the economic stimulus the investment provides to the private sector -- the most important aspect of the documentary-stamp approach is this: Its revenues rise during times of high real-estate values -- when there is the greatest need to fund more affordable housing.

Starting about a decade ago, the political consensus that created the Sadowski tool eroded. State lawmakers restricted the trust-fund revenue or shifted it to other purposes during the recession.

As a result, the financing of affordable housing suffered. Hundreds of millions of dollars, which could have enabled a substantial increase in moderately priced housing for hard-pressed Floridians, went toward other causes.

Last year, some of the housing allocations have been restored, because the recovering economy improved state government's budget outlook.

This year, the Florida Legislature will enter its annual, two-month session beginning in March with a general budget surplus and rising revenue from the documentary-stamp tax.

With its widening affordability gap, Florida has more reason than ever to fully utilize the Sadowski trust funds.

Rather than allocating just a portion of the funds, as they did last year, lawmakers and the governor should strive this year to put all or most of an estimated \$245 million to its proper use: financing housing and apartments for mid- to low-income Floridians. The commitment should be sustained over the long term.

As we have written previously, proper use of the Sadowski funds will not solve all of Florida's housing challenges. But the Sadowski funds are fiscally responsible.

Best of all, they're neither Democratic nor Republican, neither liberal nor conservative -- they're a smart, effective, accountable way to leverage the benefits of an improved housing market to mitigate the challenges that coincide with news in the headlines.