

# Rent costs devouring household incomes

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Posted Nov 10, 2017 at 4:26 PM

Updated Nov 10, 2017 at 4:26 PM

## 55 percent of region's tenants are 'cost-burdened'

The good news in the residential real estate market is more and more homeowners are keeping up with their mortgage payments. The bad news is more and more tenants cannot afford to keep up with their rent payments.

Almost one in five renters failed to pay their rent in full for at least one of the past three months, according to an analysis by Apartment Lists released this week. Plus, the report estimates that 3.7 million American renters have suffered an eviction.

America's affordable housing crisis is most acute in Florida and California, and rental costs rank as one of the leading causes. The failures of government programs add fuel to the hardships.

The rent problem is particularly acute in the North Port-Sarasota-Bradenton metropolitan area. While financial professionals advise spending no more than 30 percent of household income on rent, 55 percent of our region's renters are "cost-burdened" by spending a higher percentage — "significantly above the national average of 49.7 percent," Sydney Bennet, the senior research associate at Apartment List, told the Herald-Tribune Friday. Of that local percentage, 28 percent expend 30 percent to 50 percent of their earnings on rent and the remaining 27 percent spend more than half.

The share of cost-burdened renters has more than doubled since 1960. Plus, Bennet wrote, "Renters are significantly more cost-burdened than homeowners." Only 28 percent of homeowners spend 30 percent or more of their income on mortgages.

The vast majority of low-income tenants do not receive rental assistance.

Both the state of Florida and the federal government have mechanisms in place to help alleviate the affordable housing crisis, but both keep underfunding the programs. Especially Florida, which continues to undercut a business-driven initiative.

Under the federal Section 8 rental assistance programs, only 11 percent of low-income households receive assistance with their housing costs. “Thus, many households who qualify for Section 8 assistance are unable to access benefits, facing exceedingly long waitlists and difficulty finding landlords who accept the vouchers,” Andrew Woo and Chris Salviati wrote in an October Apartment List report. “The (federal tax reform) debate overlooks remedies for the deeply underfunded Section 8 rent subsidy program that helps some of the country’s poorest Americans.”

In Florida, the Sadowski Housing Trust Fund, established in 1992, is built on the money collected from the documentary stamp tax paid on real estate transactions. State law stipulates the funds be allocated to two affordable housing programs, the State Housing Initiative Partnership (SHIP) and the State Apartment Incentive Loan Program (SAIL). But the Legislature and governor have been raiding the trust fund annually and diverting millions into other spending. Two years ago, the Legislature carved \$200 million out of the fund.

State business and industry organizations embrace Sadowski, including the Florida Chamber of Commerce, the Florida Bankers Association and Associated Industries of Florida.

This month, Florida Realtors, the state’s largest professional trade association, launched a new lobbying effort to convince the Legislature to fully fund the two programs — via a video and study “to demonstrate the positive impact affordable housing programs have on Floridians and their communities,” the association stated in a release this week. “These resources give Florida’s lawmakers a clear picture of the return on investment of the funds they appropriate” to SHIP and SAIL.

The 122-page study breaks down the economic impact of the SHIP and SAIL programs from 2006-16. Of the \$1.3 billion appropriated for these programs during that time, \$12.54 billion was generated in sales and revenues, 94,149 people were employed and \$2.97 billion in wages was earned.

“We wanted the video to focus on the human side of these affordable housing programs because that is what really matters in the end,” 2017 Florida Realtors Secretary Cheryl Lambert stated. “But we knew the economic impact results would have a story to tell as well. All I can say is wow, what an impressive story it ended up being.