

Lawmakers loot trust fund for affordable housing



By **Dan Sweeney** · Contact Reporter
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The Florida Legislature is cutting short its help for affordable housing, diverting tens of millions of dollars each year from a trust fund meant to aid such housing developments.

And without that help, experts say, building affordable housing in South Florida could be all but impossible.

A quarter century ago, the Florida Legislature established the Sadowski Affordable Housing Trust Fund, which takes revenue generated through doc stamp taxes — the tax on documents such as real estate titles — and saves it for assisting with affordable housing. But beginning in 2003, the Legislature began simply taking money out of the trust fund and using it to shore up the budget. The process accelerated during the Great Recession, and recovery has not put a stop to it.

This year, the doc stamp taxes generated about \$292 million for affordable housing trust funds, but more than \$130 million of that was moved to general revenue to balance the budget. This has happened every year since 2003, even as the Legislature has passed tax cut after tax cut.

The largest sweep came in 2008-09, when \$220 million went into the trust fund, but the Legislature took \$250 million out of it, cannibalizing not only the entire amount but also raiding money that was already in the fund.

When the Broward County Commission met with the county's state lawmakers last week, it presented them with its top six priorities for the upcoming legislative session, which begins Jan. 9. There were the perennial goals, like a statewide fracking ban. And there were more timely topics, such as help for the ongoing opioid epidemic and reforms for nursing homes following [the deaths at The Rehabilitation Center at Hollywood Hills](#). But the No. 1 priority was help with affordable housing.

“Florida is the third most-challenged state in the nation in terms of rental stability,” said Ali Solis, the CEO of Make Room Inc., a housing nonprofit that will have a workshop on the subject Jan. 18 in Miami, featuring Mayor Francis Suarez. “Almost 30 percent of renters are paying half their income to cover rent and utility costs.”

Along with a costly real estate market, South Florida is rife with low-wage service-industry jobs, compounding the problem.

“Low wages and the high cost of housing differentiates us and makes it worse than in San Francisco and New York City,” said Broward County Commissioner Nan Rich. “We have resources, but they’re being taken away to be used for other purposes for which they were not intended.”

Since its inception, almost \$6 billion has been generated for affordable housing through the Sadowski trust fund. But since 2003, more than \$2 billion of that has been used for purposes other than affordable housing.

“There are a number of states and local governments that have housing trust funds, and they can be very helpful,” said Rebekah King, acting director of policy for the National Housing Conference. “This funding can help a local government put some parameters or priorities in place to try and encourage developers to build that housing they need as opposed to the housing developers might prefer to build.”

Last year, King and a team from both the National Housing Conference and the Urban Institute created [an interactive website](#) that allows visitors to monkey around with variables such as tax credits, rents, vacancy rates, median incomes and other factors to develop affordable housing. Without government assistance, and using the development costs typical of South Florida, it is impossible to build affordable housing that makes a profit.

Low- and middle-income families in South Florida “can pay rent, but the rent they can pay cannot cover the cost to build a rental building. So why would a private developer build if rent can’t cover the cost?” King said. “The private sector cannot do it alone. Federal, state and local government needs to be part of the conversation.”

The lack of affordable housing is a major issue throughout the state, but the numbers are starker still in South Florida.

The median home prices in Miami-Dade, Palm Beach and Broward counties is \$320,000, \$327,000 and \$330,000 respectively, putting homeownership out of reach of the vast majority of Floridians.

Families must then turn to rental, but the options are few as well.

Palm Beach County’s median gross rent of \$1,900 is out of the reach of 80 percent of renters, according to research by Ned Murray, associate director of the Metropolitan Center at Florida International University, [cited by the Sun Sentinel](#). Median rent in Broward County is \$1,800, which is unaffordable for 78 percent of renters. And in Miami-Dade County, the median rent of \$2,175 is unaffordable for 89 percent of renters.

And yet, the Legislature’s looting of the Sadowski trust fund is unlikely to change this year, as House and Senate leadership is the same as it was last year, when the House recommended \$44

million in affordable housing aid and the Senate \$162 million, despite the \$292 million that went into the affordable housing trust fund. A compromise amount of \$132 million was swept into general revenue. Gov. Rick Scott's proposed budget for next year suggests sweeping another \$92 million.

The conservative Florida Legislature treats trust funds that soak up tax dollars for mandatory usage with some level of suspicion in general. But "regardless of the politics of a place, there are strategies that could be deployed with good support," King said.

King cited the recent tax bill passed in a Republican-controlled Congress, which kept in place low-income tax credits and many of the tax tools used to encourage affordable housing, though she pointed out that the big cut in the corporate income tax could mean less interest in these tax credits on the part of real-estate development companies.

"It's just a matter of finding the right mix for the needs of your community and the politics in play," she said.