

# Affordable Housing Through the Economics Lens



AFFORDABLE HOUSING CONFERENCE  
HOME **MATTERS**  
 IN FLORIDA





## **AFFORDABLE HOUSING THROUGH AN ECONOMIC LENS**

Florida Housing Coalition Annual Conference

August 2019

# ABOUT US

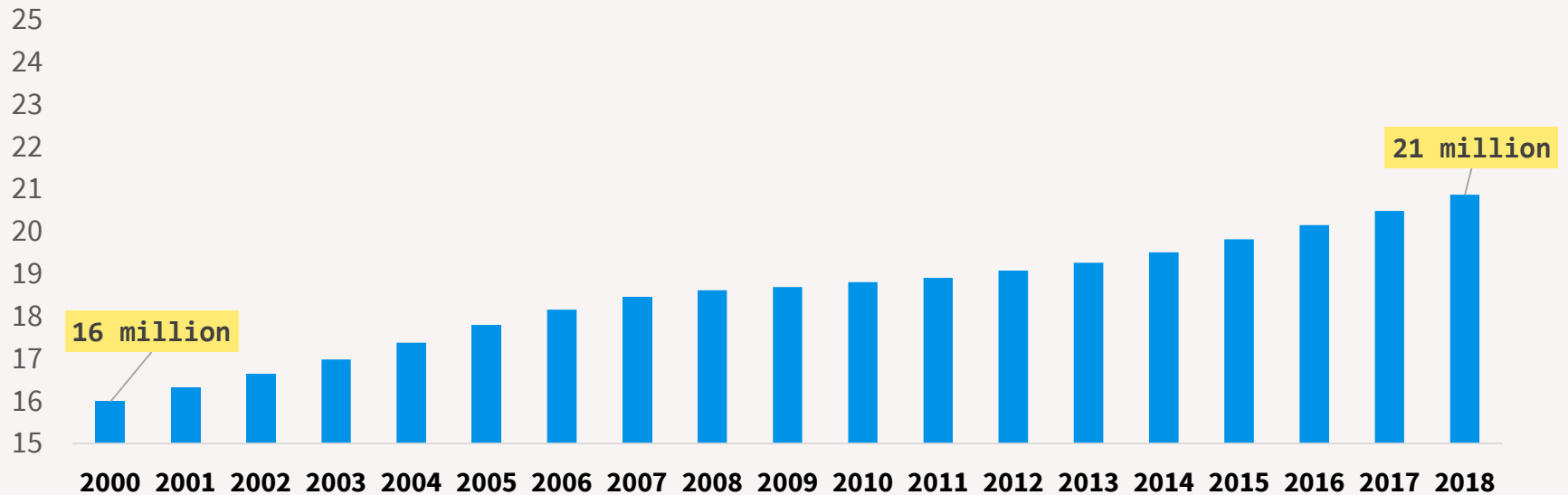
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- ▶ **The Florida Policy Institute** is committed to advancing state policies and budgets that improve the economic mobility and quality of life for all Floridians.
- ▶ Analyze state budget and revenue trends, propose common-sense policy options with the aim of encouraging broad public education, discussion and informed action.

# FLORIDA'S POPULATION GROWTH

## FLORIDA'S POPULATION CONTINUES TO INCREASE

Total population. In Millions.

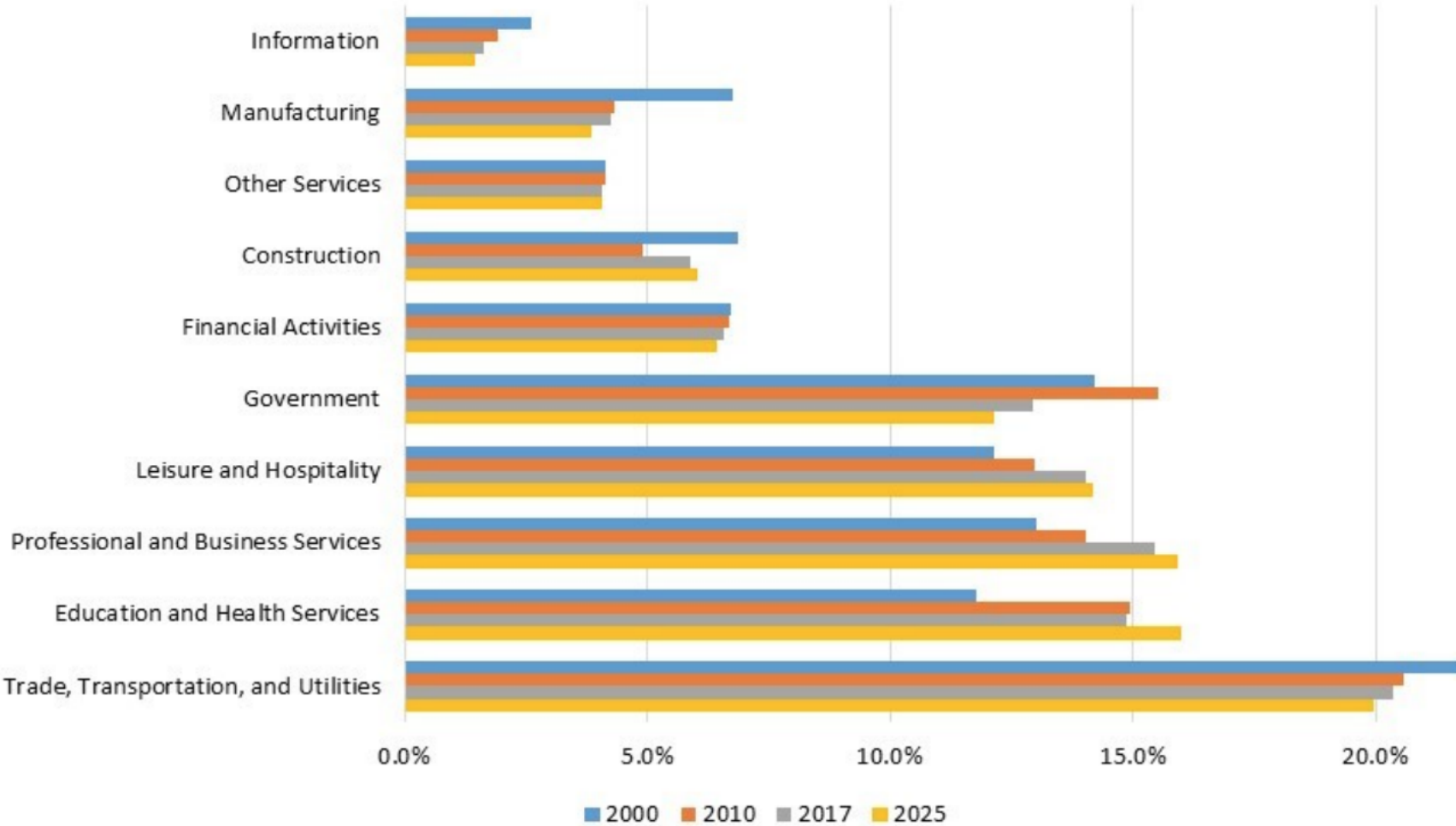


Source: Florida Office of Economic & Demographic Research. Population and Demographic Data- Florida Products.

- Since 2000, Florida has added 5 million new residents
- Florida's population is projected to exceed 23 million by 2025

# GROWTH OF “KNOWLEDGE-BASED” INDUSTRIES

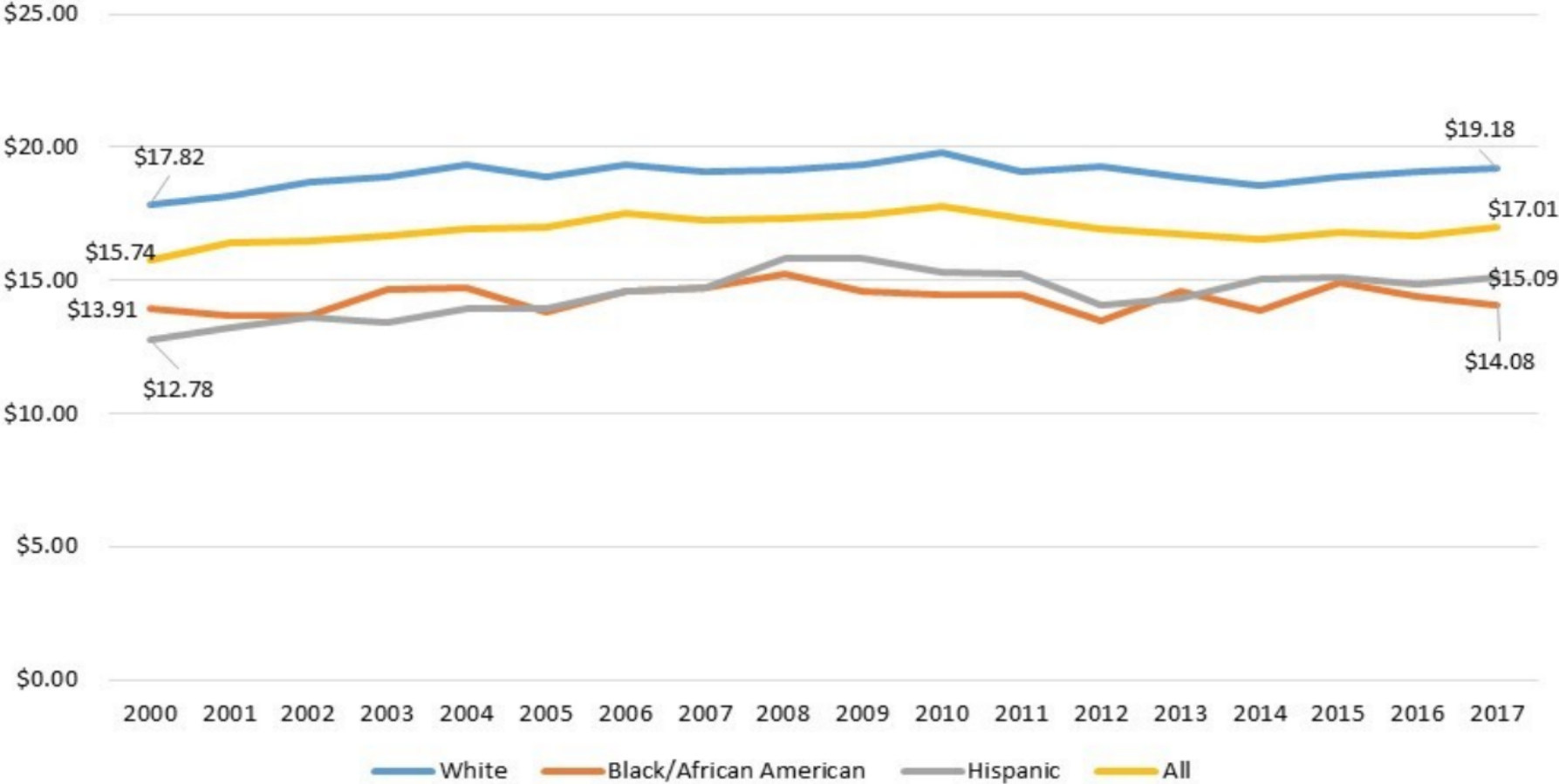
Figure 5: Florida's Employment by Industrial Sector Share: 2000-2025



Source: Florida Department of Economic Opportunity Employment Projections and Current Employment Statistics survey data

# WAGES HAVE REMAINED STAGNANT

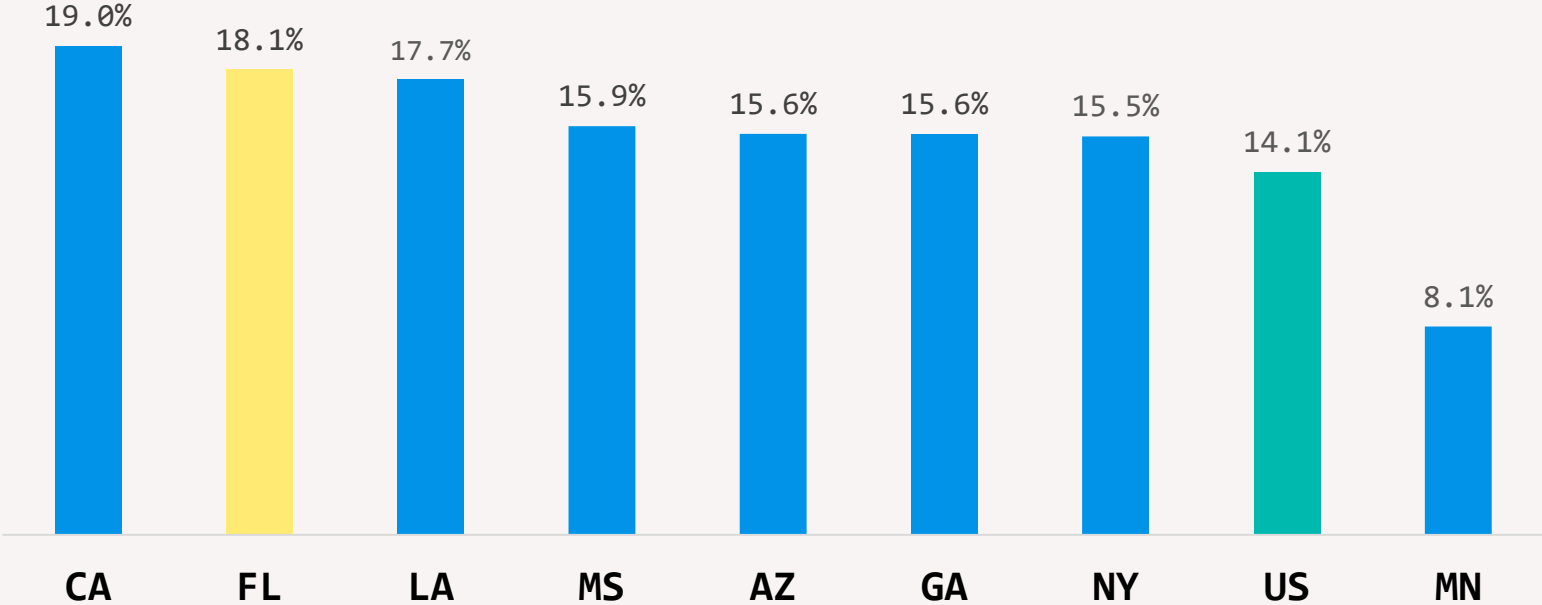
Figure 8: Florida's Median Wage by Demographic Group: 2000-2017  
(2017 dollars)



Source: Economic Policy Institute analysis of Current Population Survey data

# FLORIDA'S HIGH POVERTY RATE

FLORIDA'S POVERTY LEVEL SECOND WORST IN THE NATION



*\*Florida is statistically tied for the highest poverty rate with California and Louisiana*

Source: Supplemental Poverty Measure, US Census, 2017.

# FLORIDA'S AFFORDABLE HOUSING CRISIS

## LOW WAGES KEEP HOUSING AFFORDABILITY OUT OF REACH

Hourly wage required to afford a 2-bedroom rental, compared to minimum and average wages



Source: National Low Income Housing Coalition. Out of Reach 2018: Florida.

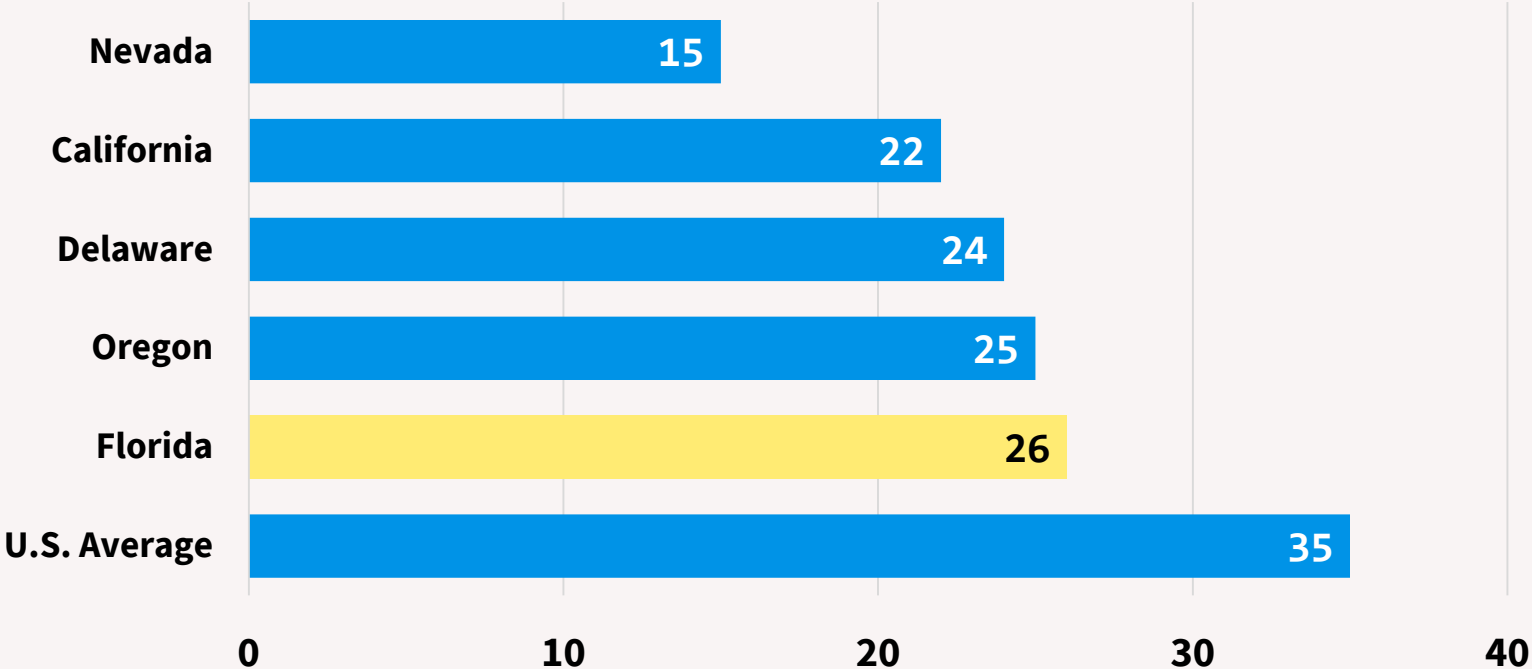
- Florida has the highest share of cost-burdened renters in the nation
- A worker earning minimum wage would have to work 84 hours/week to afford a 1-br rental



# FLORIDA'S AFFORDABLE HOUSING CRISIS

FLORIDA HAS ONE OF THE MOST SEVERE AFFORDABLE HOUSING SHORTAGES IN THE NATION

Number of affordable and available units per 100 extremely low-income households



Source: FPI Analysis of National Low Income Housing Coalition Data

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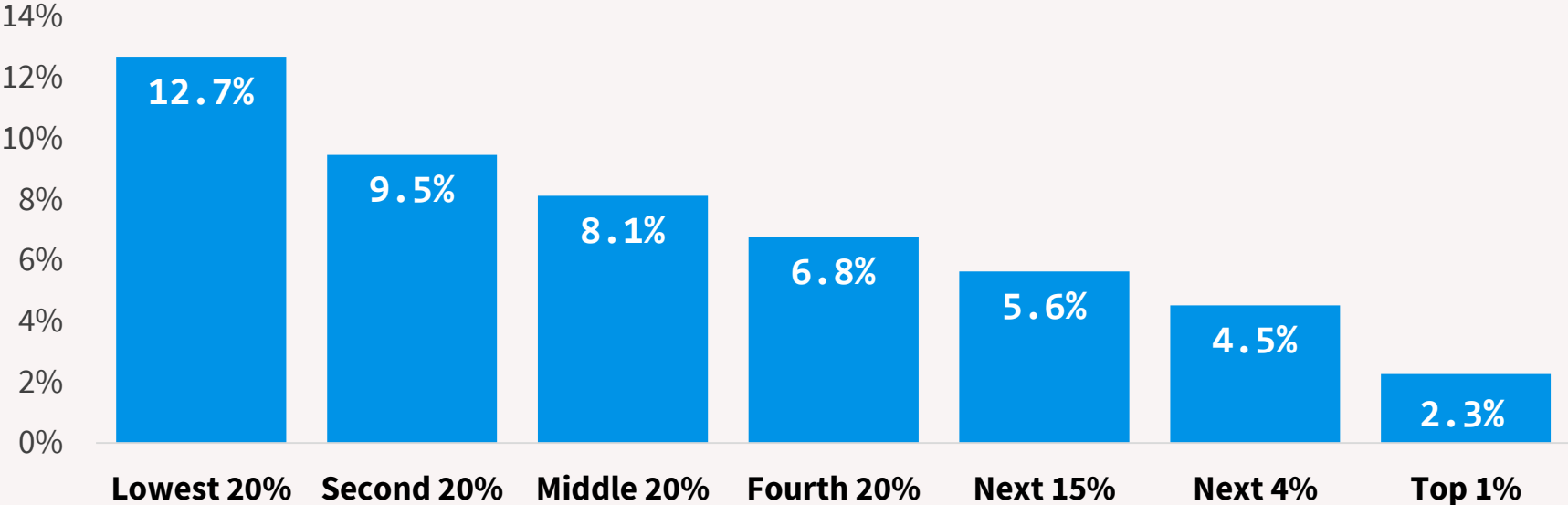
“Don’t tell me what your values are. Show me your budget, and I’ll tell you what your values are.”

- Vice President Joe Biden

# MYTH OF FLORIDA AS “LOW TAX” – FOR WHOM?

## FLORIDA RANKS 48<sup>th</sup> IN THE NATION FOR TAX FAIRNESS

State and local taxes, as a percentage of income, 2015.

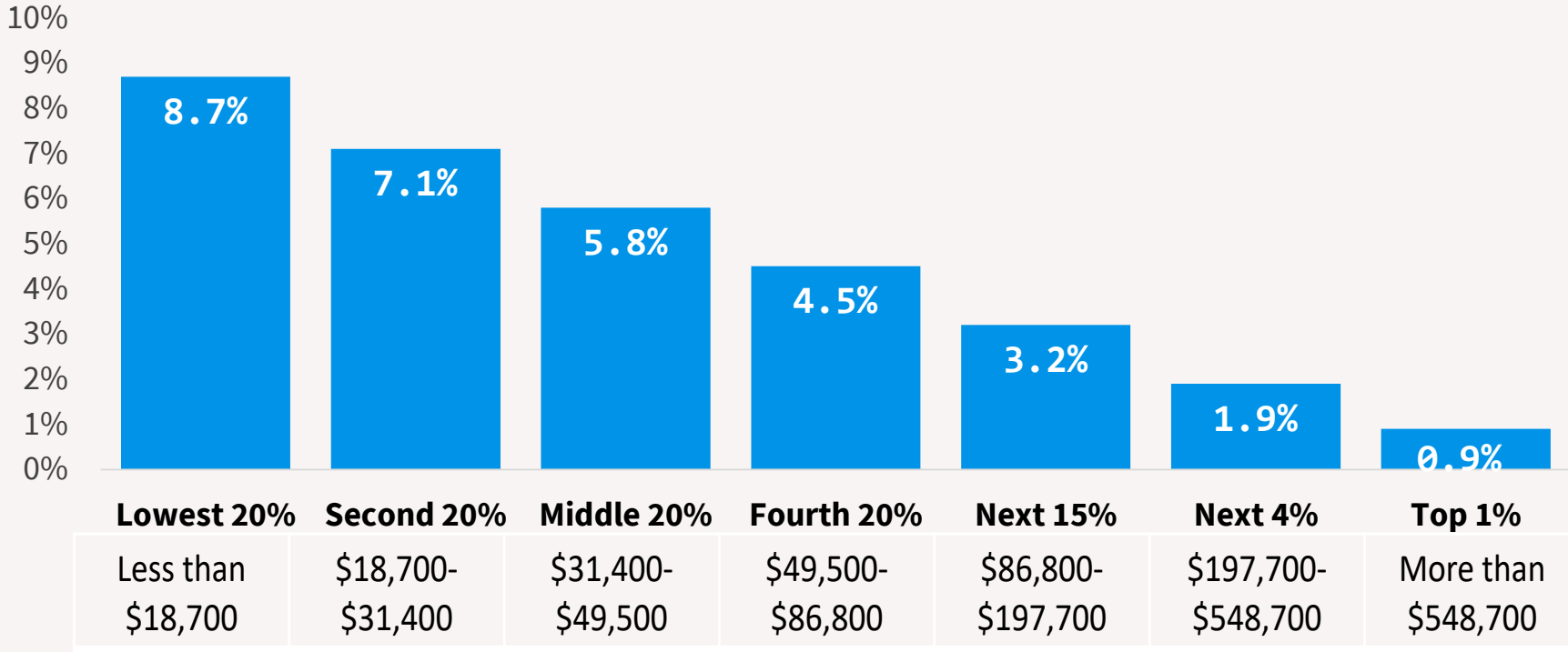


Source: ITEP, "Who Pays? 6<sup>th</sup> Edition." Accessed via: <http://whopays.org/>

# DEPENDENCE ON SALES & EXCISE TAXES

## FLORIDA'S SALES & EXCISE TAXES DRIVE INEQUALITY

Sales and excise taxes, as a percentage of income, 2015.

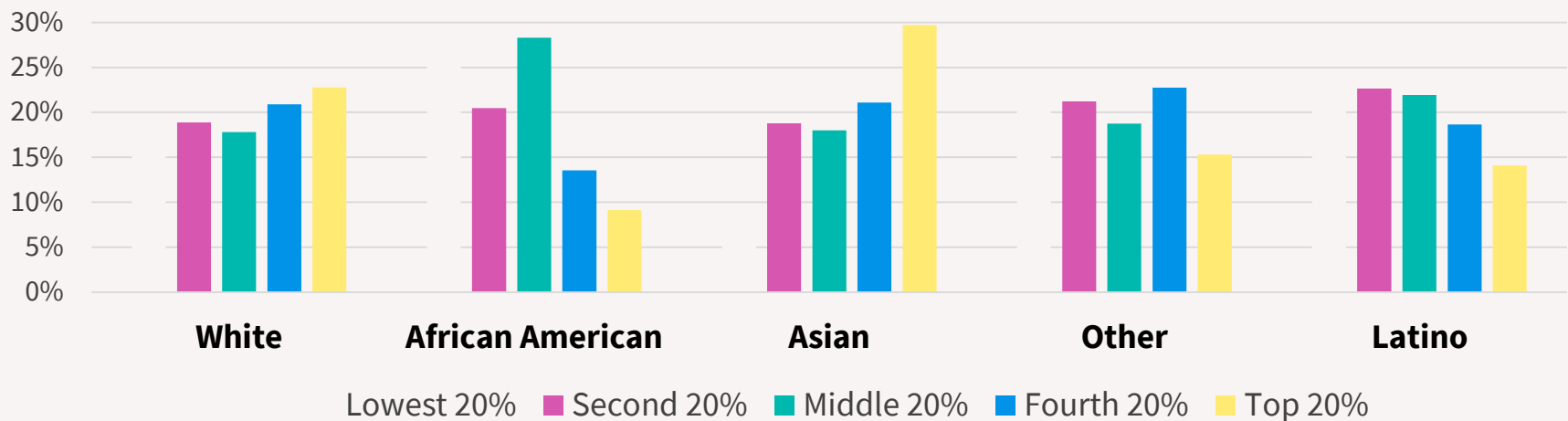


Source: ITEP, "Who Pays? 6<sup>th</sup> Edition." Accessed via: <http://whopays.org/>

# TAXES & INEQUITY

## FLORIDA'S UPSIDE-DOWN TAX SYSTEM LOCKS IN INEQUALITY

Income distribution within racial and ethnic groups, 2015.

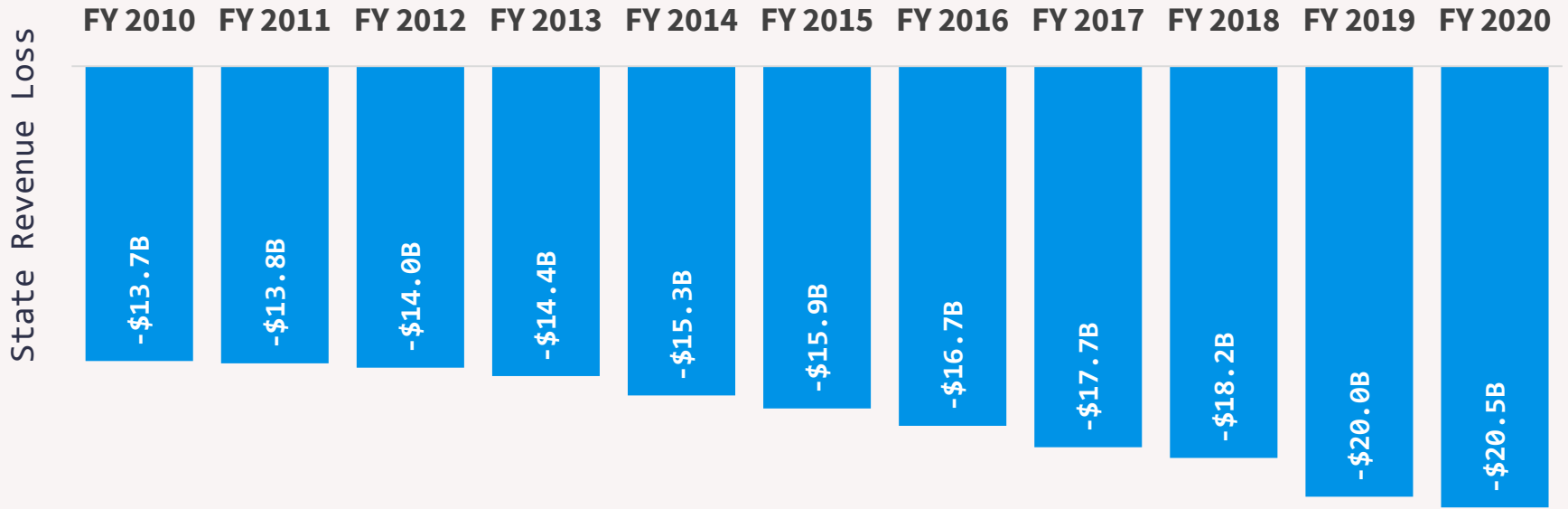


Source: Data analysis by the Institute on Taxation and Economic Policy.

- Florida's regressive tax structure disproportionately impacts communities of color

# “SILENT SPENDING” IS LOCKED INTO THE TAX CODE

FLORIDA TAX EXPENDITURES GREW BY ALMOST \$7 BILLION SINCE FY 2010

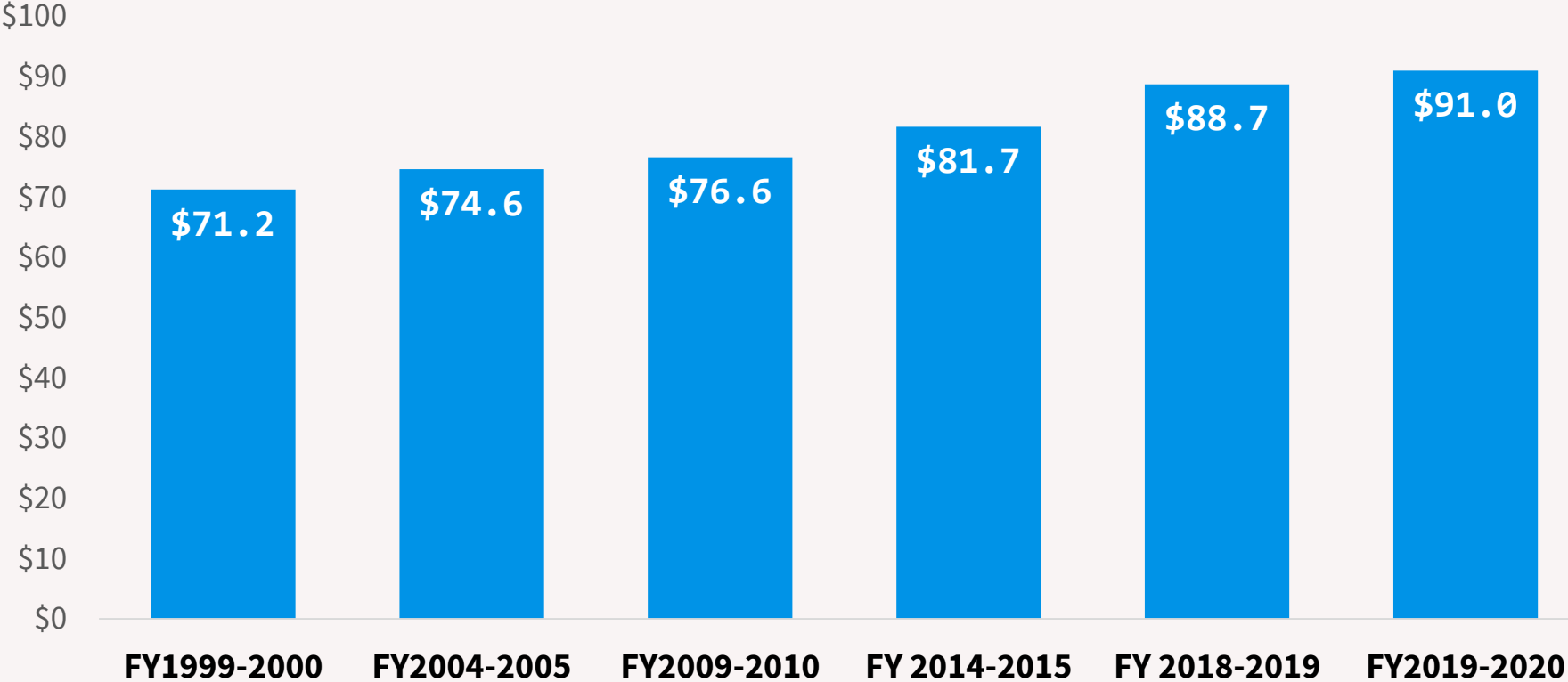


- Florida will spend \$20.5 billion this year in tax expenditures

# FLORIDA BUDGET, FISCAL YEARS 2000-2020

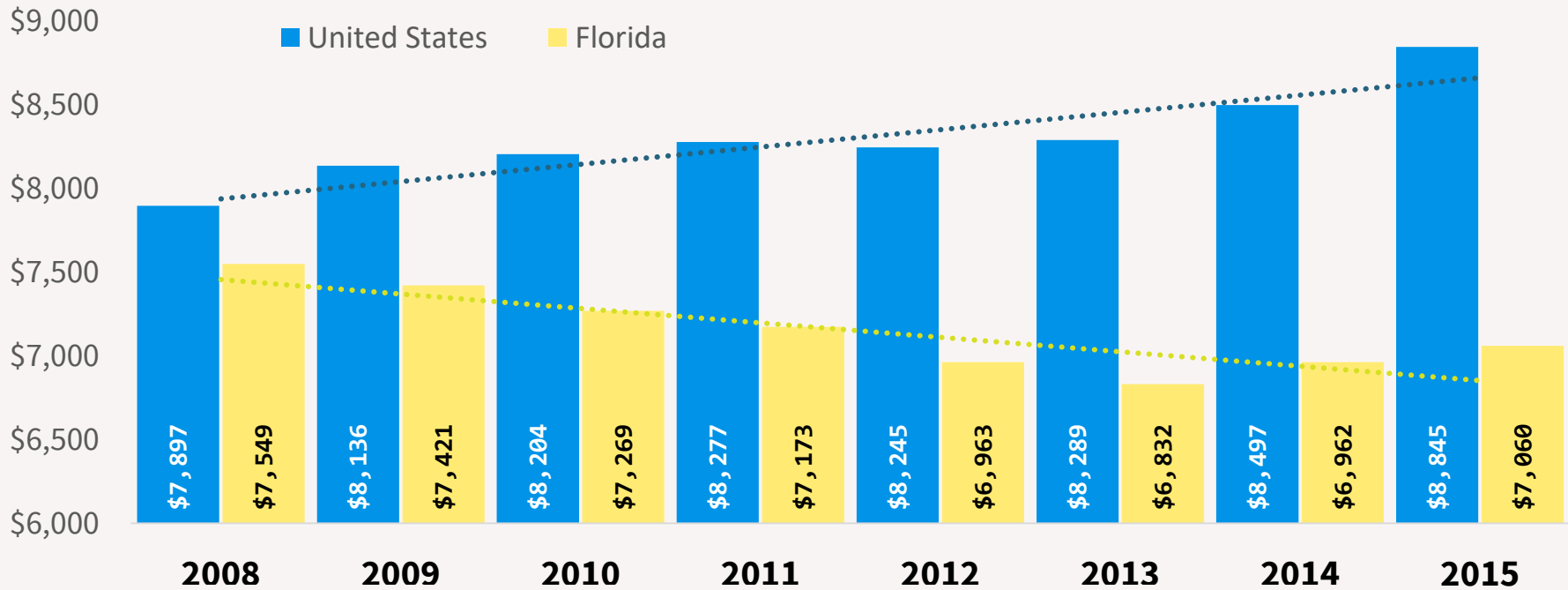
## TOTAL APPROPRIATIONS HAVE INCREASED OVER TIME

Inflation Adjusted, in billions



# ECONOMY GREW, SPENDING SHRUNK

## FLORIDA PER-PERSON PUBLIC SPENDING LAGS BEHIND NATIONAL AVERAGE



Source: Tax Policy Center. State and Local Government Expenditures, Per Capita.

- Florida ranks 50<sup>th</sup> in the nation for providing essential public services



# INVESTMENTS VS. TAX CUTS

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- ▶ During Florida's annual budget process legislators continually bemoan their inability to fund important investments in our families, communities and economy while consistently reducing available revenue by imposing new tax cuts.

Tax Cuts	Investments
<ul style="list-style-type: none"><li>• Budget is a zero sum game</li><li>• Business tax cuts shift revenue from state to federal coffers</li><li>• Dollars often end up out of state</li></ul>	<ul style="list-style-type: none"><li>• Revenue to fund priorities</li><li>• Tend to stay local</li><li>• Generate spin-off economic activity as a result</li></ul>

# INVESTING IN AFFORDABLE HOUSING

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## ▶ Benefits for families:

- Greater economic mobility and well-being
- Increased ability to save
- Ability to spend on other household priorities
- Reduction in child poverty

## ▶ Benefits for the economy:

- Increased revenue for local businesses
- Jobs for Florida's workers
- Tax revenue generated for the state

# INVESTING IN AFFORDABLE HOUSING

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## THE SADOWSKI HOUSING TRUST FUND GENERATES ECONOMIC ACTIVITY FOR FLORIDA

\$6.55B in Funds invested in the Sadowski Trust Fund between 2006 and 2016 resulted in...



Sales / Revenue for Businesses

**\$12.54B**

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Jobs for Florida Workers

**94,149**

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Income for Florida Households

**\$2.97B**

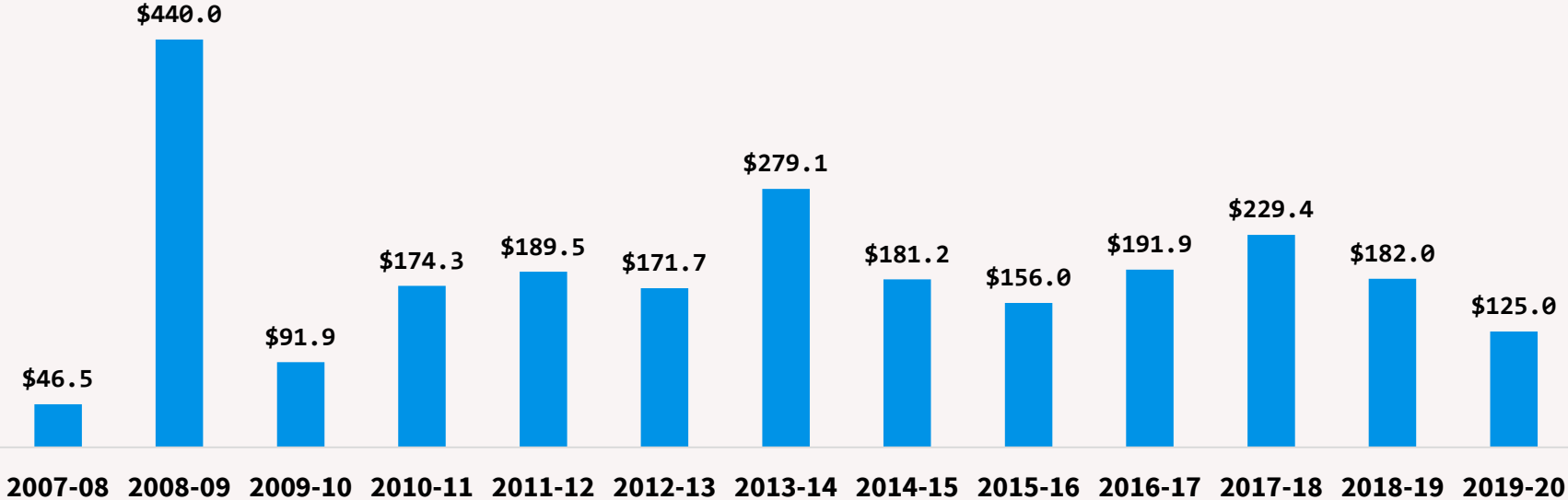
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Source: Florida Realtors. Economic Analysis of the SHIP and SAIL funds by county, in Florida. March 2017.

# INVESTING IN AFFORDABLE HOUSING

## FLORIDA HAS HISTORICALLY UNDERINVESTED IN AFFORDABLE HOUSING

Total sweeps of the Sadowski Housing Trust Fund, in millions, FY 2007-08 to FY 2017-18. Current dollars.



Source: Florida Housing Coalition. Historical Financial Summary of Florida's State and Local Government Housing Trust Funds.

# INVESTING IN AFFORDABLE HOUSING

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- ▶ Don't accept the argument that housing can't be fully funded because there's insufficient revenue
- ▶ Investments in affordable housing are a better means of growing Florida's economy than more revenue cuts

Fiscal Year	Tax Cuts	Sadowski Sweeps
FY 2017-2018	\$120 Million	\$154.4 million
FY 2018-2019	\$174 million	\$182 million
FY 2019-2020	\$121.5 million	\$125 million

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