Affordable Housing Through the Economics Lens
AFFORDABLE HOUSING THROUGH AN ECONOMIC LENS

Florida Housing Coalition Annual Conference

August 2019
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.

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

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)

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*

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

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

- Nevada: 15
- California: 22
- Delaware: 24
- Oregon: 25
- Florida: 26
- U.S. Average: 35

Source: FPI Analysis of National Low Income Housing Coalition Data
“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
FLORIDA RANKS 48th IN THE NATION FOR TAX FAIRNESS

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

FLORIDA’S SALES & EXCISE TAXES DRIVE INEQUALITY

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

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest 20%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Second 20%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Middle 20%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Fourth 20%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Next 15%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Next 4%</td>
<td>1.9%</td>
</tr>
<tr>
<td>Top 1%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Less than $18,700  $18,700-$31,400  $31,400-$49,500  $49,500-$86,800  $86,800-$197,700  $197,700-$548,700  More than $548,700

Florida’s regressive tax structure disproportionately impacts communities of color.

Source: Data analysis by the Institute on Taxation and Economic Policy.
“SILENT SPENDING” IS LOCKED INTO THE TAX CODE

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

- $13.7B
- $13.8B
- $14.0B
- $14.4B
- $15.3B
- $15.9B
- $16.7B
- $17.7B
- $18.2B
- $20.0B
- $20.5B

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

floridapolicy.org
TOTAL APPROPRIATIONS HAVE INCREASED OVER TIME

Inflation Adjusted, in billions

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Appropriations</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY1999-2000</td>
<td>$71.2</td>
</tr>
<tr>
<td>FY2004-2005</td>
<td>$74.6</td>
</tr>
<tr>
<td>FY2009-2010</td>
<td>$76.6</td>
</tr>
<tr>
<td>FY 2014-2015</td>
<td>$81.7</td>
</tr>
<tr>
<td>FY 2018-2019</td>
<td>$88.7</td>
</tr>
<tr>
<td>FY2019-2020</td>
<td>$91.0</td>
</tr>
</tbody>
</table>
Florida ranks 50th in the nation for providing essential public services.
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.

<table>
<thead>
<tr>
<th>Tax Cuts</th>
<th>Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Budget is a zero sum game</td>
<td>• Revenue to fund priorities</td>
</tr>
<tr>
<td>• Business tax cuts shift revenue from state to federal coffers</td>
<td>• Tend to stay local</td>
</tr>
<tr>
<td>• Dollars often end up out of state</td>
<td>• Generate spin-off economic activity as a result</td>
</tr>
</tbody>
</table>
INVESTING IN AFFORDABLE HOUSING

► 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

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...

<table>
<thead>
<tr>
<th>Economic Activity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales / Revenue for Businesses</td>
<td>$12.54B</td>
</tr>
<tr>
<td>Jobs for Florida Workers</td>
<td>94,149</td>
</tr>
<tr>
<td>Income for Florida Households</td>
<td>$2.97B</td>
</tr>
</tbody>
</table>

INVESTING IN AFFORDABLE HOUSING

FLORIDA HAS HISTORICALLY UNDERINVESTED IN AFFORDABLE HOUSING


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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Tax Cuts</th>
<th>Sadowski Sweeps</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017-2018</td>
<td>$120 Million</td>
<td>$154.4 million</td>
</tr>
<tr>
<td>FY 2018-2019</td>
<td>$174 million</td>
<td>$182 million</td>
</tr>
<tr>
<td>FY 2019-2020</td>
<td>$121.5 million</td>
<td>$125 million</td>
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