

## **PROPOSED CONSTITUTIONAL AMENDMENT RESTRICTS LOCAL CONTROL OVER AFFORDABLE HOUSING FUNDS**

Floridians for Affordable Housing, the PAC established by the Florida Realtors, has proposed a constitutional amendment to establish the State and Local Government Housing Trust Funds in the Florida Constitution. While this proposal would dedicate 25 percent of net revenues from the existing documentary stamp taxes on real estate transactions to those Trust Funds, it would destroy Broward County's future ability to increase the equitable distribution of those funds to support multifamily affordable rentals. While Broward would support a constitutional amendment to protect doc stamp proceeds dedicated for affordable housing and preventative measures from future legislative fund sweeps, the County would only support a proposal that allows local governments the flexibility to address the affordable housing crisis in their communities. The constitutional amendment proposed by the Florida Realtors does not accomplish this goal.

Under the draft amendment, 65 percent of the funds allocated to the proposed State and Local Government Housing Trust Funds must be used to purchase affordable housing access and availability; it shall not be used for programs related to rental of affordable housing. This restrictive language would preclude Broward County from using an equitable percentage of funds for multifamily rentals, which are critical to improving the housing crisis in the county.

During the 2021 State Legislative Session, Rep. Robin Bartleman and Sen. Annette Taddeo filed bills ([HB 567](#) and [SB 1068](#), Local Housing Assistance Plans) that would provide large urban counties with discretionary flexibility by amending the existing distribution of State Housing Initiative Partnership (SHIP) funds. Currently, s. 420.9075(5)(a) requires at least 65 percent of SHIP funding to be used for home ownership, and s. 420.9075(5)(b), allows up to 25 percent of funding may be used for rental housing. Due to the unique housing market constraints in Broward County, the bill was proposed to amend the current law to mandate 50 percent of SHIP funding for home ownership, while allowing local governments the option to use up to 50 percent for multifamily rental housing, allowing for flexible funding and increased local control to address the housing crisis. For counties like Broward in critical need of more affordable rental units, this would have provided the opportunity for additional gap financing for the construction of additional multifamily rental units at the same level of SHIP funding.

Considering the extreme home prices in Broward County where only 12.7% of all families in the county can afford the median priced home (\$464,000), Broward is in desperate need of additional tools to solve the affordable housing crisis. Amending the current law would have provided a more equitable distribution of SHIP funds under the current reality of the housing market, but the proposed constitutional amendment would preclude any efforts to ameliorate the inequity for Broward's in need of affordable housing.

Broward County is a built-out, densely populated coastal county bordered by the Florida Everglades and needs the flexibility to invest in high-density, multiunit housing and rental assistance programs, in part due to the county's low real estate inventory and geographical boundaries. As the second most populous and second most densely populated county in the state, Broward County expects affordable housing

issues to continue to exacerbate due to the COVID-19 pandemic and the increase in Florida's population by almost 900 new residents daily<sup>1</sup>.

While Broward County is expecting a significant increase in job growth, the shortage of affordable workforce housing has risen exponentially. In 2018, the Florida International University/Metropolitan Center conducted an Affordable Housing Needs Assessment of Broward County and found that Broward is one of the most unaffordable places to live in the country.<sup>2</sup> About 54% of its 760,312 households (homeowners and renters) are cost-burdened; meaning more than 30% of family income is spent on housing. Further, with an average cost of a rental unit totaling \$1,902 a month, 147,313 renters are cost-burdened, and 77,677 renters are severely cost-burdened, spending more than 50% of family income on housing.

In Broward, severely cost-burdened households make up 84.3% of renters earning less than \$20,000 per year; 90.6% of renters earning \$20,000 to \$34,999 per year; and 74.1% of renters earning \$35,000 to \$49,999 per year. Due in part to low-income wage tourism jobs, Florida ranks thirty-sixth nationally for the annual median wage (\$46,010)<sup>3</sup>, twenty-fourth for the highest median home price (\$215,300)<sup>4</sup>, and twelfth highest for the median rentals (\$1,175).<sup>5</sup> According to the Florida Housing Finance Corporation (FHFC), Broward County is the lowest ranked county in Florida for housing affordability and is the only county in the state with less than 25 housing units for each 100 families earning 60% of Area Median Income.<sup>6</sup> This is over 50% of the county population.

Furthermore, in FY 2020-21, the SHIP program was allocated \$94.5 million, and the State Apartment Incentive Loan (SAIL) program was allocated \$221.2 million. Of these amounts, Broward County taxpayers contributed \$29 million and received \$11.51 million in return. In the past nine years, Broward County taxpayers have contributed \$202.9 million in documentary stamp taxes, but the County has only received \$101.3 million in aggregate.

This is a systematic problem that Broward sought to address by filing a local bill ([HB 1491](#)) by Rep. Michael Gottlieb) during the 2020 and 2021 state legislative sessions. This local bill would have provided much needed funding for affordable housing options for the County's cost-burdened and severely cost-burdened homeowners and rental households by proposing a special act to allow a discretionary surtax on documents. Currently, Miami-Dade County is the only county in the state where this is allowed, and the Legislature has to date refused to hear Broward's local proposal.

Additionally, 73% of voters during the 2018 general election overwhelmingly approved a charter amendment to create the Broward County Affordable Housing Trust Fund (AHTF), finding yet another local solution to the affordable housing crisis. The Trust Fund creates a localized version of the state's

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<sup>1</sup> The Office of Economic and Demographic Research (EDR), *Demographic Estimating Conference Executive Summary*, March 3, 2021

<sup>2</sup> Florida International University (FIU) Jorge M. Perez Metropolitan Center, *Countywide Affordable Housing Analysis for Broward County*, 2018.

<sup>3</sup> Bureau of Labor Statistics. Occupational Employment Statistics, *State Occupational Employment and Wage Estimates*. May 2018.

<sup>4</sup> Zillow's Home Value Index, 2021.

<sup>5</sup> World Population Review, *Average Rent by State*, 2021.

<sup>6</sup> Florida International University (FIU) Jorge M. Perez Metropolitan Center, *Countywide Affordable Housing Analysis for Broward County*, 2018.

affordable housing fund, but unlike the state, money in Broward's fund must be used exclusively on housing projects and programs. The idea behind the fund was to create a 'lock box' that would safeguard money earmarked only for lower-rent housing developments, first-time homebuyer assistance programs, and small home rehab and repair programs.

Since 2018, the Broward County Commission has allocated \$25 million to the AHTF to provide gap financing for affordable housing developments and continues to seek innovative solutions to the housing crisis despite the many roadblocks to these efforts. The constitutional amendment proposed by the Florida Realtors does not recognize the overwhelming need to balance funding for home purchase with rental demand and needs. This is a circumstance that exists in all urban Florida counties.