



www.SadowskiCoalition.com

WHAT IS THE SADOWSKI COALITION AND WHAT ARE SADOWSKI FUNDS?

- The Sadowski Coalition is a nonpartisan collection of more than 30 diverse statewide organizations.
- Began in 1991 to obtain a dedicated revenue source for Florida's affordable housing programs: The Sadowski Act passed in 1992, creating a dedicated revenue source to fund Florida's affordable housing programs and funding the Catalyst Program for Training and Technical Assistance.

HOW ARE FLORIDA'S HOUSING PROGRAMS FUNDED?

- Doc stamp tax paid on all real estate transactions was increased in 1992.
- Those monies were dedicated to the state and local housing trust funds.
- 70% of monies to the Local Government Housing Trust Fund for the State Housing Initiatives Partnership (SHIP) program which funds housing programs in all 67 counties and larger cities.
- 30% of monies to the State Housing Trust Fund for Florida Housing Finance Corporation programs such as the State Apartment Incentive Loan (SAIL) program.

WHAT DO THESE PROGRAMS DO? WHO DO THEY SERVE?

- SHIP funds can be used for rehabilitation/renovation of existing housing stock to allow seniors to age in place or to provide retrofitting for persons with special needs;
- SHIP funds can be used to move the existing housing stock and provide first time homeownership with down payment and closing cost assistance, as well as rehabilitation and retrofit;
- SAIL funds can be used to rehabilitate existing apartments in dire need of repair or to build new units where needed; apartments that house Florida's most vulnerable populations, such as the frail elderly and persons with disabilities;
- SAIL and SHIP programs span from homelessness to the moderate income essential workforce;
- The beauty of both SHIP and SAIL is that they are flexible and can meet changing needs and priorities within the same program framework.

WHAT IS THE NEED FOR THESE PROGRAMS?

- Over 951,000 very low income Floridians pay more than 50% of their income on housing—they are one missed paycheck away from homelessness;
- Florida has the third largest homeless population in the nation.

WHAT IS THE ECONOMIC IMPACT OF FLORIDA'S HOUSING PROGRAMS?

- SHIP and SAIL are highly leveraged, with private sector loans and equity providing \$4 to \$6 for every one dollar of state funding—thus greatly increasing economic impact.
- The appropriation of the estimated \$292.37* million in the state and local housing trust funds in Fiscal Year 2017-18 into Florida's housing programs will create **28,700 jobs** and **\$3.78 BILLION in positive economic impact in Florida.***

WHAT IS OUR PRIORITY FOR THE 2017 SESSION?

The Sadowski Coalition urges the Florida Legislature to use all of Florida's housing trust fund monies for Florida's Housing Programs.

*\$292.37 million based upon documentary stamp projection from December 2016 Revenue Estimating Conference for FY 17-18.

For more information, please visit: www.SadowskiCoalition.com

SADOWSKI HOUSING COALITION MEMBERS

BUSINESS/ INDUSTRY GROUPS

- Associated Industries of Florida
- Coalition of Affordable Housing Providers
- Florida Apartment Association
- Florida Bankers Association
- Florida Chamber of Commerce

BUSINESS/ INDUSTRY GROUPS

- Florida Green Building Coalition
- Florida Home Builders Association
- Florida Manufactured Housing Association
- Florida Realtors
- Florida Retail Federation

ADVOCATES FOR ELDERLY/ VETERANS/ HOMELESS/ SPECIAL NEEDS

- AARP of Florida
- Florida Association of Housing and Redevelopment Officials
- Florida Coalition for the Homeless
- Florida Housing Coalition
- Florida Legal Services

ADVOCATES FOR ELDERLY/ VETERANS/ HOMELESS/ SPECIAL NEEDS

- Florida Supportive Housing Coalition
- Florida Veterans Foundation
- Florida Weatherization Network
- LeadingAge Florida
- The Arc of Florida
- United Way of Florida

GOVERNMENT/ PLANNING ORGANIZATIONS

- American Planning Association, Fla. Ch.
- Florida Association of Counties
- Florida Association of Local Housing Finance Authorities
- Florida League of Cities
- Florida Redevelopment Association
- Florida Regional Councils Association

FAITH BASED ORGANIZATIONS

- Florida Conference of Catholic Bishops
- Florida Impact
- Habitat for Humanity of Florida



MANY Voices, ONE Message, ALL Housing Funds

WHAT IS THE SADOWSKI COALITION AND WHO ARE THE SADOWSKI COALITION AFFILIATES?

- The Sadowski Coalition, a collection of nonpartisan diverse statewide organizations, began in 1991 to obtain a dedicated revenue source for Florida's affordable housing programs.
- The Sadowski Act passed in 1992, increasing the doc stamp tax paid on all real estate transactions and placing these monies in a dedicated state and local housing trust fund.
- Today the Sadowski Coalition is comprised of more than 30 nonpartisan diverse statewide organizations that agree Florida's trust fund monies for affordable housing should be used for housing programs.
- The Sadowski Coalition Affiliates are local and regional organizations in Florida that also agree with this premise, and together with the Sadowski Coalition bring MANY Voices, ONE Message, ALL Housing Funds.

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*\$292.37 million based upon documentary stamp projection from December 2016 Revenue Estimating Conference for FY 17-18.

For more information, please visit: www.SadowskiCoalition.com

Membership in the Sadowski Affiliates is free thanks to support from JPMorgan Chase & Co.

JPMORGAN CHASE & CO.

SHIP Distribution Estimates for Fiscal Year 2017-18

Based on revenue estimate of \$292.37 million in the state and local housing trust funds for Fiscal Year 2017-18, \$204.88 million is available to be distributed to local SHIP jurisdictions.*

| County/CDGB Cities | County Share/City Share | County/CDGB Cities | County Share/City Share | County/CDGB Cities | County Share/City Share | County/CDGB Cities | County Share/City Share |
|--------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|
| Alachua | \$1,299,286 | Columbia | \$699,684 | Madison | \$350,000 | Winter Haven | \$388,322 |
| Gainesville | \$1,309,722 | De Soto | \$361,435 | Manatee | \$3,025,222 | Putnam | \$745,577 |
| Baker | \$350,000 | Dixie | \$350,000 | Bradenton | \$535,538 | St. Johns | \$2,173,256 |
| Bay | \$1,400,905 | Duval | \$9,237,070 | Marion | \$2,885,344 | St. Lucie | \$730,679 |
| Panama City | \$365,238 | Escambia | \$2,594,194 | Ocala | \$595,167 | Ft. Pierce | \$430,641 |
| Bradford | \$350,000 | Pensacola | \$542,300 | Martin | \$1,536,832 | Port St. Lucie | \$1,780,219 |
| Brevard | \$3,168,474 | Flagler | \$220,468 | Miami-Dade | \$11,106,790 | Santa Rosa | \$1,657,205 |
| Cocoa | \$186,549 | Palm Coast | \$817,516 | Hialeah | \$1,506,994 | Sarasota | \$3,462,372 |
| Melbourne | \$810,859 | Franklin | \$350,000 | Miami | \$2,842,349 | Sarasota | \$539,908 |
| Palm Bay | \$1,094,689 | Gadsden | \$493,294 | Miami Beach | \$593,872 | Seminole | \$4,524,049 |
| Titusville | \$461,795 | Gilchrist | \$350,000 | Miami Gardens | \$710,587 | Sumter | \$1,181,329 |
| Broward | \$3,987,729 | Glades | \$350,000 | North Miami | \$403,353 | Suwannee | \$458,887 |
| Coconut Creek | \$578,202 | Gulf | \$350,000 | Monroe | \$751,294 | Taylor | \$350,000 |
| Coral Springs | \$1,268,314 | Hamilton | \$350,000 | Nassau | \$797,187 | Union | \$350,000 |
| Davie | \$988,539 | Hardee | \$350,000 | Okaloosa | \$1,747,731 | Volusia | \$3,669,828 |
| Deerfield Beach | \$783,370 | Hendry | \$390,074 | Ft. Walton Beach | \$213,367 | Daytona Beach | \$648,904 |
| Ft. Lauderdale | \$1,786,831 | Hernando | \$1,800,549 | Okeechobee | \$407,277 | Deltona | \$893,351 |
| Hollywood | \$1,479,078 | Highlands | \$1,037,984 | Orange | \$10,082,975 | Wakulla | \$350,000 |
| Lauderhill | \$710,629 | Hillsborough | \$9,853,069 | Orlando | \$2,680,284 | Walton | \$630,921 |
| Margate | \$570,741 | Tampa | \$3,649,835 | Osceola | \$2,472,498 | Washington | \$350,000 |
| Miramar | \$1,348,516 | Holmes | \$350,000 | Kissimmee | \$681,199 | | |
| Pembroke Pines | \$1,632,022 | Indian River | \$1,462,250 | Palm Beach | \$10,703,605 | | |
| Plantation | \$893,415 | Jackson | \$510,497 | Boca Raton | \$896,659 | | |
| Pompano Beach | \$1,083,662 | Jefferson | \$350,000 | Boynton Beach | \$743,228 | | |
| Sunrise | \$904,606 | Lafayette | \$350,000 | Delray Beach | \$644,694 | | |
| Tamarac | \$636,022 | Lake | \$3,239,714 | W. Palm Beach | \$1,088,097 | | |
| Calhoun | \$350,000 | Lee | \$4,352,995 | Pasco | \$4,965,518 | | |
| Charlotte | \$1,523,080 | Cape Coral | \$1,697,885 | Pinellas | \$5,065,835 | | |
| Punta Gorda | \$180,017 | Ft. Myers | \$737,945 | Clearwater | \$1,127,989 | | |
| Citrus | \$1,439,329 | Leon | \$987,765 | Largo | \$822,632 | | |
| Clay | \$2,064,318 | Tallahassee | \$1,925,136 | St. Petersburg | \$2,616,241 | | |
| Collier | \$3,309,877 | Levy | \$412,995 | Polk | \$5,027,539 | | |
| Naples | \$199,323 | Liberty | \$350,000 | Lakeland | \$1,034,664 | Total | *\$204,880,000 |

**Appropriation total of \$204,880,000 includes \$5,512,200 of SHIP compliance monitoring & disaster relief and \$4,000,000 of homeless funding.*

National Mortgage News

ORIGINATION

Prospect of Tax Reform Upends Affordable Housing Finance

By Kristin Broughton
January 13, 2017

The mere whiff of corporate tax reform is said to be causing delays in bank-backed financing for low-income housing projects amid a severe U.S. shortage of affordable units.

Investments by banks in housing developments have hit snags in the two months since Republicans swept the elections, according to bankers, auditors and affordable-housing advocates.

The sense that tax reform is within reach for the first time in decades "immediately slowed things down," said Rob Likes, national manager for community development at KeyBank. "We're hearing about that from our clients and from the market."

What's the connection? The affordable housing market relies heavily on subsidies through the low-income housing tax credit program. Developers use the credits to fund as much as 70% of the cost of new housing projects. Banks make equity investments in the projects by buying the tax credits and in return claim a range of tax benefits over a 10-year period.

Some banks have recently told developers they will make smaller-than-planned investments in an effort to ensure the deals are profitable if and when corporate rates (and thus potential tax savings) drop. Such decisions leave last-minute gaps in financial plans that have taken years to finalize, observers said.

Banks walked away from affordable housing projects in "a few cases" last month, said Fred Copeman, a partner with the accounting firm CohnReznick who focuses on tax investments.

"There has been some market dislocation," Copeman said, though he declined to provide specifics. He expects the pace of new deals in the \$14 billion market to slow down in the first few months of 2017 and then pick up again whenever the market has a better sense of where tax reform is heading.

"Different banks are approaching this differently," said Buzz Roberts, CEO of the National Association of Affordable Housing Lenders, whose members include several large and regional banks.

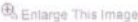
Some banks have taken a "bit of a pause" on making new investments, describing it as a "prudent" move as banks wait for clarity on corporate rates, Roberts said.

Evidence about the funding delays for affordable housing projects is mostly anecdotal at this point. Copeman, for instance, described an affordable housing deal in Virginia that was delayed a few weeks ago because the bank — which he declined to name — told the developer to restructure its offer. The project now faces a \$1 million shortfall.

Still, the delays illustrate the awkward situation many banks — especially big banks — face as they plan for decade-long investments in tax-credit programs amid the uncertainty about future tax rates. Moreover, the situation provides a glimpse of how incentives may change for banks to invest in social programs — such as affordable housing or renewable energy — as the tax reform debate takes shape.

President-elect Donald Trump and Republican leaders in Congress have made tax reform a priority in the coming year.

Trump promised on the campaign trail to lower the corporate rate to 15% from its current level of 35%. Meanwhile, House Republicans last year proposed a 20% corporate rate as well as the elimination of special credits.

 Enlarge This Image

Affordability Issue
Banks and other investors would expect to pay affordable-housing developers less for low-income housing tax credits under tax reform. Here is a hypothetical scenario.

| | Current 35% Tax Rate | 25% Tax Rate |
|-------------------------------------|----------------------|--------------|
| Project cost | \$14M | \$14M |
| No. of tax credits | 10M | 10M |
| Banks' payments for tax credits | \$10M | \$8.9M |
| Am't. developer must seek elsewhere | \$4M | \$5.1M |

NOTE: Assumed 100% cost of sale. Source: CohnReznick, research from CohnReznick & Co.

Bankers and housing advocates said they feel confident that the low-income housing credit will remain intact. Most noted bipartisan support for the program. A House Ways and Means Committee staffer has sought to reassure the affordable housing community that the program won't be on the chopping block, Copeman said.

It's possible that lawmakers may also expand the low-income housing tax credit program as part of a tax overhaul, observers said.

But the legislative process is, of course, messy. And with Congress facing a packed schedule, it's hard to tell how long it will take before banks — the primary investors in the affordable housing market — have clarity.

"The probability of [Congress scaling it back the low-income housing credit] goes up if people take it for granted," said Michael Novogradac, managing partner at the accounting firm Novogradac & Co., who is also a member of the Affordable Housing Tax Credit Coalition. "A strong advocacy effort is underway."

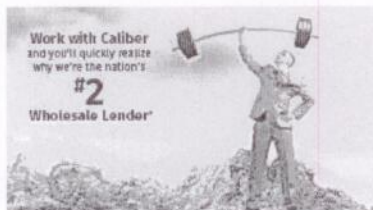
To better understand why some banks are temporarily pulling back from the market, consider this scenario.

Say that an affordable housing developer receives an allocation of \$10 million in low-income credits. Banks bid against each other to invest in the credits, with the goal of lowering their tax liability and possibly receiving credit on their Community Reinvestment Act exams.

Under the hypothetical scenario, a big bank tells the developer that it will invest \$10 million in the housing project, or pay \$1 per credit.

But as the corporate tax rate falls, the value of the tax benefits fall, as well. To keep the yield on its investment steady, the bank tells the developer that it plans to invest less in the housing project.

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According to estimates from Novogradac, lowering the tax rate to 25% would lower the price per credit to 89 cents. In the scenario above, the bank would invest \$8.9 million in the affordable housing project, or \$1.1 million less than originally planned.

Also contributing to delays in getting projects off the ground has been an increase in the rates on commercial mortgages since the election, KeyBank's Likes said.

Likes added that Key has honored the pricing it promised to developers before the November elections. The \$135 billion-asset bank has, however, started underwriting new deals assuming a 25% tax rate, he said.

Others are making course corrections, too.

"We are looking at each investment we will make in 2017 in the context of potential tax reform, which has meant some adjustments to our assumptions," said Beth Stohr, senior vice president of low-income housing tax credit production at the \$448 billion-asset U.S. Bancorp in Minneapolis, in an email.

Most observers say that the pullback will be temporary as banks wait for clarity from Congress. Still, if uncertainty about tax reform drag on, it's likely that rent-burdened households will have the most to lose.

Demand for affordable housing has spiked upward in the past decade, especially in cities such as Los Angeles and Miami, where supply is low and the cost of living is soaring.

Meanwhile, affordable housing is getting harder to come by for families in need. Across the country, cities are losing about 300,000 units per year as units convert to market pricing, according to the Department of Housing and Urban Development.

The low-income housing tax credit – established during the last tax reform effort, in 1986 – is the primary tool that policymakers have to add to the stock of affordable housing, said Chris Herbert, head of the Joint Center for Housing Studies at Harvard University.

Over the past 20 years, it has added an average of 107,000 affordable units to the market per year, according to HUD.

"It's track record of success is pretty remarkable, and it relates to the fact that, if you have private investors on the hook, this creates some discipline," Herbert said.

Still, as banks wait for clarity from Congress on the details of a tax reform bill, some are scaling back their presence in the market, at least for the time being.

"This is an unusual situation," Roberts said. "We haven't really seen a moment where tax reform seemed this likely in quite a number of years."

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LOG IN

Hot and not: Uneven fortunes for Palm Beach County housing market

NATION-WORLD By Jeff Ostrowski - Palm Beach Post Staff Writer



1



Palm Beach County's property prices have shot up in part because of the slow pace of construction of new homes. Burned by the crash, homebuilders are putting up relatively few houses in Palm Beach County.

Posted: 5:07 p.m. Friday, January 13, 2017

By one measure, at least, Palm Beach County's housing market is on fire.

From late 2015 to late 2016, the county's home prices jumped 12 percent, the highest appreciation of any metro area in the country, according to a recent study by Ten-X, an online real estate marketplace based in California.

However, the strongest price growth is concentrated in lower price ranges and more desirable neighborhoods. Meanwhile, rising values create their own challenges, and many real estate experts say prices already have begun to cool as home values have risen out of reach of many workers.

Palm Beach County's property prices have shot up in part because of the slow pace of construction of new homes. Burned by the crash, homebuilders are putting up relatively few houses in Palm Beach County.

"We've got limited inventory, so that scarcity has helped push prices higher," said Greg McBride, financial analyst at Bankrate.com in Palm Beach Gardens. "And unlike the rest of the country, we've got a lot of sunshine, a lot of golf courses and no state income taxes. Those are persistent draws."

Indeed, Florida's home prices have come back strong after a wrenching crash during the Great Recession. Orlando's 11 percent appreciation and Tampa's 10 percent rise ranked second and third on Ten-X's list of the nation's fastest-appreciating markets.

While this run-up is nothing like the disastrous bubble that inflated a decade ago, it brings back fears about the affordability of homes.

"I still think South Florida is behind in wages, and I'm feeling vibrations from 10 or 11 years ago, when South Florida was unaffordable," said David Dweck, head of the Boca Real Estate Investors Club.

Housing affordability returns as a challenge because of the combination of double-digit price increases and stagnant incomes.

Even as home prices bounce back, Palm Beach County incomes have been essentially flat over the past decade. The median family income in Palm Beach County was \$65,400 in 2016, according to the U.S. Department of Housing and Urban Development. In 2008, median family income was \$66,000.

Meanwhile, Palm Beach County's job growth has lagged other areas of Florida. Amid the harsh reality of flat incomes and tepid job growth, many Palm Beach County residents are relegated to renting rather than buying.

"It's a great landlord's market," Dweck said — but not so great for workers who want to build their wealth through homeownership.

The 12 percent price appreciation over the past year hasn't rewarded all property owners evenly. For instance, from November 2015 to November 2016, the median price of a single-family house sold in Palm Beach County rose just 4 percent, while the median price for condos and townhouses soared 15 percent, according to the Realtors Association of the Palm Beaches.

The gap between houses and condos is one symptom of the housing squeeze. The typical condo costs about half as much as the typical house in Palm Beach County.

In another example of uneven appreciation, there's strong demand for entry-level homes but not for more expensive properties.

"We are seeing strong appreciation, but it's not across the board," said Randy Bianchi of Paradise Properties of Florida, a real estate brokerage in West Palm Beach. "Anything under \$200,000 to \$250,000 flies on the shelf. But when you get above that \$300,000 to \$350,000 level, things are sitting longer."

And in the higher price ranges, demand seems even softer, Dweck said.

"When you get to the half a million market, that's where things start to wobble and teeter," Dweck said. "Sellers' expectations are too high right now. If you're around \$500,000, you better be priced right, or you're going to sit on the market."

Appreciation varies by location, too. Over-55 neighborhoods are languishing, but hot neighborhoods such as West Palm Beach's South of Southern area have seen big price jumps.

"In that section of town, we've had huge appreciation," Bianchi said. "The prices are getting a little crazy."

Mortgage rates are an important wild card for the housing market. Bankrate's McBride expects the typical cost of a 30-year fixed-rate loan to remain below 4.5 percent in 2017. The average now stands at 4.1 percent, according to mortgage giant Freddie Mac.

Even at 4.5 percent, mortgage rates still would remain near record lows.

"The real determinant of whether people are going to buy a house is not whether mortgage rates are 4 percent or 4.5 percent," McBride said. "I don't see mortgage rates being an impediment to the housing market at all this year."

However wage growth and affordability concerns could put a damper on price appreciation.

"We're going to see the market settle," Bianchi said, "and maybe we'll get back to normal appreciation — perhaps 2 percent to 4 percent."

About the Author



JEFF OSTROWSKI



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