Sadowski/Workforce Housing Coalition

"SCRAP THE CAP IN 2009"

926 East Park Avenue • Tallahassee, Florida 32301 • Phone 850.212.0587 • jaimieross@aol.com

The William E. Sadowski Affordable Housing Act (the Sadowski Act), enacted in 1992, created a dedicated revenue source for affordable housing by increasing the documentary stamp tax paid on all real estate transactions and dedicating that increase in taxes to the State and Local Housing Trust Funds.

This increase in doc stamp taxes was supported by a diverse coalition of interests (the Sadowski Housing Coalition) including industry groups like the Florida Home Builders Association and the Florida Association of Realtors because the monies raised were to be placed in trust funds to be used exclusively for housing.

The documentary stamp tax was the vehicle used to fund the state and local housing trust funds because of the nexus between the cost of housing and the need for housing assistance for very low, low, and moderate income Floridians. As real estate prices rise, the collection of doc stamps increases. This increase in collections can then be used to fill the gap between what market rate housing costs to buy or rent and what very low to moderate income Floridian's can afford to pay.

When the Florida real estate market was on the rise, the collection in doc stamps also rose. But instead of using the increase in trust fund dollars to fill the housing gap, monies were left unappropriated and the trust funds were "capped" at approximately $243 million annually beginning in 2007.

The Sadowski Coalition, now known as the Sadowski Workforce Housing Coalition is a diverse collection of interests representing the housing industry, business interest, low income advocates, state and local governments, faith based organizations, advocates for the elderly, and growth management.

The Sadowski Workforce Housing Coalition is calling upon the 2009 Legislature to restore the Sadowski Act to its original structure by repealing the cap.

Why Now?

- Repealing the cap on the Sadowski state and local housing trust funds will have NO revenue impact on the state of Florida. Because real estate transactions and the cost of housing are down, the collections projected for FY 2009-10 and FY 2010-2011 are less than the amount of the cap.
- Repealing the cap will restore the "trust" in the state and local housing trust funds.
- With the cap lifted, the Sadowski Act can return to its intended function- to generate revenues from the rise in the real estate market. As Florida's future economy revives, we can get back to fueling Florida's economic engine—the housing industry.