



Testimony of Florida State Representative Elaine Schwartz

Public Forum on

Creating and Implementing a True New York State Housing

Trust Fund

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Testimony respectfully submitted by:
Florida State Representative Elaine Schwartz
District 99

Elaine Schwartz

My name is Deborah Schwartz, and I too work at Habitat for Humanity – New York City. I am here today to testify on behalf of my mother, Elaine Schwartz, who is a member of the Florida House of Representatives, District 99. Representative Schwartz is honored to submit this testimony at the Public Forum on Creating a True New York State Housing Trust Fund.

Representative Schwartz states:

I am writing today to urge you to create a true affordable housing trust fund similar to the one in our state and to tell you—from first-hand experience—why this is such an invaluable tool.

You may be wondering what relevance a Florida program has to New York.

When most people hear the word “Florida,” they think either of hanging chads in my own Broward County, during the 2000 presidential election, the glamour of South Beach or the idyllic beaches of our western coast—a world away from Buffalo’s snowy winters or the gritty streets of Brooklyn.

However, there is another Florida that’s not so different from New York State. The other Florida has a large immigrant population that struggles economically. Our poverty rate of almost 12 percent rivals your own 14.6 percent poverty rate. Our job growth is fueled with low-wage, often part-time work that *decreases* median family income, even in boom times. Ever-increasing

housing costs strain the budgets of our workforce and low-income families. One in five Floridians don't have health insurance—leaving them in financial peril.

Florida's housing trust fund is a silver bullet that simultaneously takes aim at poverty housing *and* generates economic development. Created through The William E. Sadowski Affordable Housing Act in 1992, our trust fund is considered one of the best in the nation. Today, it generates \$243 million annually, which is invested in affordable housing.

And, as a native New Yorker, I can ask: What's not to like about this program? It creates jobs; it creates homeownership; it increases economic activity and generates sales taxes; it provides flexibility and enables local governments to address local problems; it targets low- and very low-income and workforce households while leveraging public resources.

The Sadowski Act provides a mechanism for a dedicated source of revenue through the state's documentary stamp tax on the transfer of real estate. About a third of these funds go to a state housing trust fund; the remainder goes to a local housing trust fund that is available to local governments. Since its inception, the Sadowski Act has spent more than \$2.4 billion from the Fund for affordable housing and has helped more than 150,000 families find affordable homes to buy or rent.

Another positive result of the Sadowski Act is the ability to leverage these state dollars with private sector investment and federal funds. For every \$1 million of state funding for housing, over \$6.05 million of housing is built for sales or rental.

State housing programs are efficiently designed, so that the state appropriation pays for only a small part of the total housing built. The vast majority of the funds come from private-sector investment and federal programs—both of which would be lost without the state housing funding.

For example, a first-time homebuyer may be able to afford a \$150,000 mortgage, when modest homes cost \$180,000. The SHIP Program provides down-payment assistance to the homebuyer to bridge the gap between what he can borrow and the cost of the housing. In this example, \$30,000 of state funds (loaned and recovered for future use when the home is sold) leverages a \$150,000 loan from a bank or mortgage company—a loan that would not be made without the state funding. In other cases, the first mortgage is provided by federal tax-exempt bonds—a federal resource that cannot be captured without the state funds.

This all translates to a lot of new homes – more than 33,000 last year alone. These new homes provide security for our families and revitalize our neighborhoods. As important, each new home contributes to economic growth. Other Florida programs work similar magic in the construction of rental housing as well.

The National Association of Home Builders (NAHB) estimates that building 100 single-family homes in a typical metropolitan area will generate in \$16 million in local income, \$1.8 million in taxes and other government revenues and 284 jobs—in the first year alone.

In every year that follows, those 100 homes create \$3.2 million in local income, \$648,000 in taxes and other revenue and 63 local jobs.

Not a bad return on investment.

Florida legislators will be happy to work with all of you in Albany, to share the mechanisms that were used to design the Sadowski Act and to speak about the lessons we've learned through our experience. It was created by a diverse group of unlikely allies. While the outcomes reflect many compromises, all participants have been enthusiastic supporters ever since.

New York State families deserve safe and affordable homes. Your communities deserve the vitality that comes with new homes and new growth. Your economy deserves the surge that comes with homebuilding. A true housing trust fund, with a dedicated funding stream, flexibility and strong protections will achieve this.

Thank you.