

Practice Update

\$175 Million in State Subsidy Made Available in Florida FY 2015-2016 Budget for Affordable Housing

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Recently, the State of Florida passed the FY 2015-2016 budget which contained an appropriation of \$175 million for the Sadowski Housing Trust Fund. This budget line item provides affordable housing developers with additional resources for development. We look toward to the next Legislative Session scheduled to start in mid-January. Many may wonder if the Governor will recommend the same level of funding or increase it? Will the Legislature follow the Governor's recommendations or go in a different direction?

Here is a look at what this current funding level means for affordable housing developers:

- Of this \$175 million, \$70 million will be directed to the Florida Housing Finance Corporation ("FHFC").
 - \$48 million will be directed to SAIL (State Apartment Incentive Loan program), a subsidy program for multifamily affordable housing which bridges the gap between the project's primary financing and the total cost of development for low income households.

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- \$10 million will be directed to persons with developmental disabilities or non-profits whose mission is to serve the homeless.
- \$12 million will be available for FHFC for its discretionary uses.
- \$105 million will be directed to local governments based on a population –based formula through SHIP (State Housing Initiatives Partnership), a program administered by FHFC to create partnerships with local governments to produce and preserve home ownership and multifamily housing for very low, low and moderate income families.
- The budget requires that local governments reserve certain percentages of its allocation to persons with development disabilities, the homeless, and technical training.

In 1992, the State of Florida enacted the William E. Sadowski Act to create the Sadowski Housing Trust Fund, a dedicated source of subsidy funding revenue to supplement the federal programs for affordable housing. The revenue for the Sadowski Housing Trust Fund is derived from the documentary stamp tax paid on the transfer of real estate.

Historically, because of low allocations of State funding into the Sadowski Housing Trust Fund, it has been highly competitive for developers to receive State subsidy on affordable housing projects. Without the State subsidy, the economics of certain proposed affordable housing projects have not worked.

Please contact us if you would like to find out more about how these funds can be procured and used as a source of financing in a transaction.

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