

Tallahassee Democrat

Op-Ed

Steven Kirk: Lawmakers lose their way over affordable housing

January 16, 2009

This past week our legislators slashed \$190M in affordable housing construction. Just as essential elected officials broke faith with working people, investors and other governments as it violated signed loan commitments previously agreed. Such rash, unthinking action results in the loss of \$1B in construction expenditures, a thousand jobs and the risk of bankruptcy to charitable and for-profit firms alike.

Rural Neighborhoods, a charitable housing group, has constructed \$125M serving more than 4,000 Floridians in just over a decade targeting migrant and seasonal farmworkers and the homeless -- making us among the most successful nonprofit developers in our state. Proposed cuts of \$6.9M will stop housing to the poorest among us in places like Homestead, LaBelle and Florida City.

Proposed savings do not simply cut current spending. Legislative action calls for Florida Housing Finance Corporation to reach back and cancel commitments made in '06-'08 -- good-faith (and perhaps legally-binding) agreements that required the recipient to spend hundreds of thousands on land, architecture, studies, permitting et al. The result -- one charitable group, ourselves, are left \$2.3M out-of-pocket on broken promises and scrambling to mitigate the harm.

To what end? The Feds struggle to create ways to stimulate construction and at the same time our state legislature thwarts 36 shovel-ready projects leveraging \$1B infusion to the economy. Ironically, likely sales taxes on the materials incorporated in these affordable housing projects recover \$35M of Florida's investment. Taxes paid on spending by those earning wages toiling on construction are equivalent.

Not only it this action a breach of faith -- it's bad math! In the meantime, a few legislators point to foreclosures as the new affordable housing. P.S. that \$350,000 foreclosure in Doral, Brandon or other suburbs just doesn't work for a migrant worker earning \$16,000 a year in Immokalee.

Governor Crist must restore common sense and exercise his veto. Not to say affordable housing should not share painful budget limitations, but allow FHFC professionals to propose savings. Micro-management of FHFC's budget isn't a job for a special session.