

How to Bring Affordable Housing to the Region

By Anthony R. Parrish Jr.

Editor's Note: Anthony R. Parrish Jr. is president of Wind & Rain, Inc., a Coconut Grove-based, for-profit single-family homebuyer. The Op-Ed comes in response to "Challenge to Developers: Provide Affordable Housing," a December 29 editorial that asked developers what could be done to provide affordable housing in the area.

We can have "affordable housing" built in South Florida again if most of the following things happen (and ALL should be at least partly doable):

1. The mayor must publicly announce that affordable housing is a high priority. Remember "We Will Rebuild" after Hurricane Andrew? The priority to do "whatever it takes" was announced so there was no turning back. There needs to be a firm commitment from the governmental sector to assist in the creation of this housing on a priority basis. The county manager (and city managers of Miami-Dade's municipalities) would then appoint an assistant manager to administer the Department of Affordable Housing (DAH) whose ONLY job is to assist the private sector to: (a) obtain lots, (b) get through permitting,

(c) coordinate the subsidized end-loan mortgages and (d) problem-solve with WASD, FPL, MDHFA and all departments. This assistant manager has to have some real authority and has to really believe in the mission. Otherwise he or she will be ignored and/or eaten alive by the other county departments.

2. "Affordable housing" must be clearly defined. Not every family is ready or even wants to become homeowners. In addition, homeownership needs to be earned, by having steady jobs, keeping credit records clean, and accumulating savings to make a deposit on the house. No one should be able to buy a publicly subsidized house without some of their own money in the deal. These criteria are common sense. They take human nature into account. The mayor could announce, for example, that "we have committed to provide first-time homeownership to every family with (a) gross family income of at least \$45,000, (b) credit score of 650 or better and (c) savings of \$10,000. First come, first served." Flexible guidelines are important since nobody makes exactly \$45,000 and has 2.5 children.

3. Unleash the private sector. Let the private sec-

tor do what it does best. Private at-risk developers should find their own construction financing and build the houses, and put them on the market "for sale." They can form a joint venture with Community Development Corporations (CDCs), who are very good at finding and qualifying buyers, should they choose to do so. They can use "pre-approved" plans from the DAH, or they can design their own houses so long as they meet the design criteria of the DAH. When the house has been completed with certificate of occupancy, it would be inspected by DAH to insure compliance with specified criteria. If the house does not comply, or no buyer wants it because it is ugly, or badly designed, or for any other reason that would make a buyer prefer a competitor's house, the private developer would be "at risk," and would be on his own to find a buyer. But if the house is a good and desirable house, the DAH would make sure that the subsidized financing package for the new homeowner is available immediately, and I mean immediately. The developer should NOT be at risk that the DAH is slow in producing the promised funding for the "soft second mortgage."

4. Getting the land. The cost of the lot these days is the biggest obstacle to creating affordable housing. Any lots the government can get hold of, whether through tax liens, drug seizures, code enforcement liens or even purchase (see 5 below), should be put up for bid to the private sector with the requirement that the purchaser produce affordable housing upon it. These lots should all have good and marketable title. The county and the city of Miami have both been known to deed properties with "dirty titles" to CDCs and then to point the finger at the lag-

gardly CDC when no housing can be built on them.

5. New local bonding initiatives to fund soft second mortgages and land acquisition. Today when a dollar of local, state or federal money comes in for "affordable housing," it is loaned out dollar-for-dollar (after the administering authority takes its cut). We can do better. If the default rate for affordable homeownership is five percent or less (which it should be if the applicants are properly screened and educated about homeownership, and if the principal, interest, taxes and insurance (PITI) monthly payment for the home is the "equivalent of rent"), then the subsidy funding should be used as a "guarantee fund" to cover any defaults. This would allow the local government to leverage the funding by floating its own tax-free "affordable housing" bonds every year. For example, if the state were to send the county \$1 million in funding, the county could issue \$20 million in new low-interest bonds for affordable housing every year instead of just saying "we only got \$1 million from the state." This would take some political leadership (see 1 above).

6. Just do it. Every one of the five items above can be improved, nipped or found to be totally unworkable. The author is no genius and no magician. But he did manage to build over a dozen single-family homes for first-time homebuyers who were all low-to-moderate income and without one cent of taxpayer money going to anyone other than the homebuyers. It was difficult but fun. It's all on www.windandrain.com for those who are interested. For those who are not interested, get ready to wait on your own tables, teach your own kids and police your own neighborhoods.

Comments? E-mail letters@miamisunpost.com.