

Posted on Sat, Feb. 25, 2006

Solutions for finding affordable housing

BY MATTHEW HAGGMAN AND LISA ARTHUR
mhaggman@MiamiHerald.com

The new houses in Model City are typical single-family homes, with three bedrooms and handsome barrel-tiled roofs. The difference: They cost just \$160,000 each.

These Miami homes are an experiment in creating housing workers can afford. The city gave the developers vacant land for free. The exchange: They must sell the houses they build to buyers who make less than about \$33,000.

The plan to build houses on 98 abandoned city-owned parcels of land is one of several recent attempts to make a dent in South Florida's housing crisis.

As the problem of finding affordable housing spreads to the middle class, it is also drawing more attention. High housing prices are making it harder for companies to relocate to South Florida; for hotels and restaurants to staff up; for teachers and police officers to find homes.

"Affordable housing has always been considered a social issue," said Joe Kocy, Broward's "housing czar", or assistant to the county administrator. "Now it is an economic development issue."

But it's also harder than ever to find solutions, because they must now address not just the low-income but also professionals and even mid-level executives. "Affordable" used to mean 80 percent or less of the mid-priced household income; now some programs would take it all the way up to 140 percent, or about \$65,000.

Here are some solutions on the table:

The Trust Fund

There is already money -- a lot of money -- set aside for affordable housing in South Florida. But it doesn't always get there.

Under the 1992 Sadowski Act, whenever a tax stamp is levied on real estate documents -- for instance, when a house is sold -- a portion goes into a trust fund for various affordable housing programs, from new construction and home repairs to down payment assistance. The fund is projected to hold as much as \$940 million for 2006-2007.

Yet the state legislature is spending much of the money elsewhere, and last year capped the amount for affordable housing at \$243 million.

Some legislators say the cap gives the state money for emergencies like a busy hurricane season. Gov. Jeb Bush wants the cap raised this year. But he still supports a cap, saying the money should not be limited to a single use.

Government and business groups are pushing to lift the cap entirely.

"If we had full funding we would have been able to help three times as many households in Broward County," said Kocy.

Brisas Del Mar, a 160-unit rental apartment for the elderly, went up two years ago on the western flank of the Miami River with the help of trust fund money. The Flagler Street complex is now full, with a waiting list of .

But the raiding of the trust fund has led to a dramatic drop in the construction of such apartments, critics say, from 17,033 units statewide in 2002 to just 8,127 in 2005.

In the Zone

It's a new solution for South Florida: If you build homes, you must set aside residences working people can buy.

Under a Miami-Dade proposal, developers who build new houses or condos in unincorporated parts of the county must reserve a percentage of units for households earning 65 to 140 percent of the median income. The proposal is expected to come to a vote in April.

This measure, dubbed "inclusionary zoning," is growing popular. Fort Lauderdale rolled out a similar proposal this week, and several other cities are privately discussing one, Kocy said. The city of Miami also plans to unveil such an ordinance in the next few months.

With South Florida's building boom, few options could provide so many affordable units, so fast. But some say it's simply too much government meddling.

"It's a bad idea," complains developer Sergio Pino, among the biggest homebuilders in South Florida. "It's putting affordable housing on the backs of home builders."

Such programs have worked elsewhere. Montgomery County, Maryland, for instance, is credited with significantly expanding affordable housing options through similar means.

There are questions: Should such a program be mandatory or incentive-based? And in urban areas like Miami, even if people bought low-priced housing, could they afford monthly maintenance fees of more than \$800?

Keep down the tax

If you want rents to stay low, some say, keep down the property tax on apartments.

The slew of new condos has driven up property taxes 18.7 percent in Miami-Dade County in the past year. But rental apartments get taxed at the same rate as new condos, making it harder for owners to keep rents low, said Miami Mayor Manny Diaz.

That gives many owners two choices: hike rates or sell.

Under a measure Diaz is pushing this legislative session, moderate and lower-priced apartment rentals would be assessed on the income they generate -- not the value of nearby land sales.

Broward County Property Appraiser Lori Parrish has embraced the idea, but Miami-Dade's Frank Jacobs is not so sure.

"Our job is to determine fair market value," Jacobs said. "We use the techniques that are most reliable to do that. For rental buildings, that's often income and sales comparison."

Such resistance has prompted Diaz to go to Tallahassee to get the state law changed.

"This is as big a problem as anything when it comes to affordable housing," said Diaz. "The way it is now, we think it is gentrification through taxation."

Build a hotel, fund a home

When developers build a new shopping mall or hotel, they don't pay a dime towards affordable housing. But some leaders say they should.

Jobs drive housing need, they say. For example, a new office building draws people who look for houses they can afford, said Andy Dolkart, co-chairman of Miami-Dade's Affordable Housing Commission.

With this idea, builders of commercial projects would pay a one-time "linkage" fee, similar to an impact fee for roads and schools, into an affordable housing fund. To date, only residential developers have been pegged to deal with the affordable housing.

Just this week, the Broward County Commission took up the idea. And Miami-Dade Commissioner Barbara Jordan is crafting legislation for a linkage program that could come to a vote in April. Builder groups are currently negotiating with Jordan's office.

Community Land Trusts

It all comes down to land.

One of the toughest obstacles to creating affordable housing is not always funding, but the price of land. This is prompting some to propose creating community land trusts run by non-profits, county or local government.

Two such trusts have been set up in the Florida Keys, in Marathon and Key West. The idea has also been done on a small-scale by the Miami-based Collins Center for Public Policy, which purchased several acres in Miami's Overtown area.

How it works: Land donated, acquired or already owned by the government is put into a land bank. The land is then used solely for affordable housing.

Housing built on the land, for instance, could be rented or sold to people in targeted income brackets. Someone purchasing a home would actually be buying what amounts to a long-term lease on the land.

Community land trusts can come in various forms, but deed restrictions generally require the owner sell the home back either to the trust or to another low- or medium- income buyer.

The Human Services Coalition in Miami-Dade trumpeted such a move in a December report on affordable housing. Gov. Bush recently said the time may be here for more community land trusts.

"Governments buy land for schools, roads, and parks," said Lloyd Boggio, chairman and chief executive of The Carlisle Group, which builds affordable housing. ``They need to buy land for affordable housing."

More Tax Credits

The tax credit program is one of the most traditional forms of affordable rental housing.

How it works: The government awards tax credits to a developer. The developer then sells the tax credits to companies,. So they get money for new building, but they must then build affordable housing.

Louisiana and Mississippi, for example, tripled their tax credits in the wake of Hurricane Katrina, and some say the amount of tax credits should also be increased in South Florida.

Betty Saint Louis has the tax credit program to thank in part for giving her back her life.

A year ago, she was number 40,860 on Miami-Dade's waiting list for government-subsidized housing. She was living in a studio apartment so small there was "three feet from the stove to toilet," she says.

So the 49-year old, who's disabled, went to Miami-Dade's Government Center in search of a new place to live. She spotted a yellow flyer on the ground advertising a low-rent apartment under construction on the outskirts of Miami's Overtown neighborhood.

In November she moved into Tuscan Place, a one-bedroom apartment at the new 199-unit apartment complex, replete with fitness center and computer room. The project was built by private developers with financial contributions from the city of Miami and county. She pays \$449 a month in rent, making ends meet with help from her children.

"I'm happy to wake up now," said Saint Louis. ``It's like I'm starting over."