

August 4, 2016

Affordable Housing Committee

Guest Speaker Notes – What should we know? (Ed)

Bill Lazar

My business is improving sub-standard housing. My company rehabilitates between 100 and 200 houses per year. We developed a 30 home subdivision of worker housing. We own and manage 51 properties and a 60-unit apartment building.

We now are focusing on the rental market with Section 8 being the magic wand.

I was told years ago that builders will build anything as long as they can make money.

Builders are not building affordable housing because there are too many obstacles to make money.

There is a gap between income and wages / affordable prices

Biggest obstacle is \$30K automobiles that have to be driven across county lines for workers. Leaves no money for housing

Former mentor Nate Krestal worked as builder for 25 years and made only \$1000 per house but made it up in volume of 2000 houses per year.

An economic rising tide does not lift the affordable housing boat. St. Johns County is booming but not affordable housing.

We cannot impact the market to make affordable housing profitable, but it is important enough to make it profitable

St. Johns County is very grateful to all of the affordable housing programs in Duval because it is housing their workforce

How do we incentivize affordable housing?

It is estimated that keeping a senior in their home vs an assisted living facility saves \$50K per year.

Providing housing reduces social costs.

Look up the web site named "Out of Reach 2016" (<http://nlihc.org/oor>)

Website will reveal that in order for a two-income household to afford a house in St. Johns County they must make \$17 per hour in wages

We need to coordinate social regulation with housing regulation so as to make them complement each other

Allowed density is an area ripe for development -)allow accessory dwelling units and avoid single purpose zoning)

Government can reduce the regulatory burden for builders and developers of affordable housing

Volume building of affordable housing works

Tax credits are too cumbersome when interest rates are as low as they are right now.

Impact fees are an obstacle the local government can do something about.

I look at the person making less than 30% of average median income who are spending more than 50% of their income on rental housing – 3000 in St. Johns County, my market.

Janet Hamer

Affordable housing is a complex issue with several subsets of issues

South and southwest Florida has been addressing these affordable housing issues for more than a decade

Workforce housing is one subset of issues,

low wage workers is another.

Very low income households (less than 30% of average median income)is a subset, along with rental housing

Persons with disabilities

Homeless or near homeless

The Community Re-investment Act (CRA) was passed several years back and it has worked pretty well but projects must still make money. The cash flow must work

But it requires layering and leveraging with more than 2 partners

This is true at the scale of a single family home or a large multi-family complex

In all cases, the solution is in closing the gap between market cost and affordable cost. The public sector steps in to close the gap

Multi-family scale usually works well in affordable housing

Non-profits have good intentions but lack the capacity and know-how

The financing has to work every time

Low income tax credits work and deal in partnerships (Current rate is \$1.10 per credit)

Premise of tax credits for banks is to use equity to apply against liability

Project-based assistance for tenants works especially for extremely low income households

There is a fund set aside just for the disabled that works

There is a set aside for the homeless that works

Local government program funding fills the gap – source of funds may be State or Federal but managed locally through trusts and grants

Supportive Housing works

Loan Consortiums work but we need no more of them.

Community Development Financial Institutions- CDFIs have a double bottom line and fill the gap for non-profits working in affordable housing

There are two large CDFIs in Florida, Florida Community Loan Fund (<http://www.fclf.org/>) and Neighborhood Lending Partners (<http://centercommunitylending.org/lenders/neighborhood-lending-partners-inc/>)

They are good at shepherding the non-profits and offering technical assistance