



But Hasn't the Foreclosure Crisis Solved Florida's Need for Affordable Housing?



By Lloyd Boggio

“A *Packed House for a Home,*” the lead *Miami Herald* story on February 22nd, described an estimated 5,000 desperate applicants, many who slept there overnight, crowding around a Ft. Lauderdale government office hoping to fill out

applications for Section 8 rental housing subsidies. Many were turned away, as the potential housing available is only a fraction of the applications taken. Miami Dade County has reported waiting lists in the tens of thousands for its Section 8 subsidies, and many of the people crowding the Ft. Lauderdale office were from Miami Dade, as well as from other parts of the State, including a single mother from Bradenton who had driven down in futile hope.

At the same time, both Miami and Ft. Lauderdale are listed in national publications as among the top ten metropolitan areas in percentage of foreclosures, as well as availability of unsold homes and condos. In fact, Florida had four Metro areas in this top ten list, as did California.

Some would say, and in fact, have said, that these two conditions cannot coexist in the same place at the same time. In fact, some, including members of our state legislature, say we no longer need an Affordable Housing program in Florida, since all those folks sleeping outside to get their names on a

waiting list for affordable rentals should just buy up all that unsold inventory.

Home ownership, as much as most people consider it the ultimate goal, comes with substantial financial demands. A homeowner must be able to accumulate savings; not just to buy in the first place, but to replace roofs and appliances, pay special assessments, make major repairs, and handle in some cases, the doubling of real estate taxes and utility bills, as well as the tripling of property insurance premiums. A homeowner's income must be certain

and predictable, as one can't downsize a mortgage payment to make allowances for fluctuating income. And that income needs to be substantially MORE than what is required to keep a mortgage current, for all the foregoing reasons.

So we have lots of unsold new homes, townhouses and condos, overwhelmingly targeted by

their erstwhile developers at the most profitable market segment, which is the upper middle price range or higher. These homes cannot be sold at what their developers have invested, so the developers will either reluctantly take huge losses, or the housing will be foreclosed. We also have a huge inventory of unsold existing homes, financed well past their current market value, and thus un-salable. These owners will have to wait it out, or lose these homes to foreclosure. Lastly, we have the already foreclosed homes, or those on their way to foreclosure.



The low income working people of Florida, the folks at 60% of Area Median Income and below, the people that The Shimberg Center for Affordable Housing at the University of Florida defines as severely cost burdened, meaning they must pay more for Housing than they can afford, and who according to Shimberg number more than 300,000, are almost entirely unable to meet financing requirements. They couldn't before the bubble, and surely can't now. They are not potential buyers of that inventory.

Those unfortunate tens of thousands of Floridians that were lured into home ownership they could not support, have lost what savings they had, have had their credit irreversibly ruined, are certainly not potential buyers of that inventory.

No, for the folks above, those unsold houses might as well be on the dark side of the moon. And not surprisingly, the home ownership percentage in America, which approached 70%, is quickly sliding back to 60%, and probably below.

So in this economy the need for affordable rental housing grows exponentially, right along side the huge inventory of unsold homes. And suggesting that these Floridians buy this inventory is the equivalent of Marie Antoinette's reported response when told that the French people were angry because they had no bread, and she suggested that instead of the missing bread "***Let them eat cake.***"

Lloyd J. Boggio is the founder and a principal of Carlisle Development Group, a General Partner in over 10,000 Affordable Housing units developed in Florida. Mr. Boggio was appointed by two Governors to serve a total of eight years on the Affordable Housing Study Commission. He is the Chairman of the Coalition of Affordable Housing Providers.

A typical affordable housing development funded with Sadowski Act monies provides a home to:

Our workforce: Nurses, nurses aides, teachers aids, police officers, government workers, store managers, store clerks, bank employees, school bus drivers, cashiers...



Our elderly, our disabled, and our children.

The typical affordable housing development funded with Sadowski Act monies has energy efficient appliances, after school programs, including computer rooms, financial literacy programs, and is close to public transportation and services.



It provides housing in areas of opportunity—a safe, quality home environment- a well managed complex that provides financial stability to the people who live there and an opportunity to move into home ownership for those who are ready. Nearly every apartment complex provides a homeownership down payment savings program that returns up to 5% of the resident's rent in the form of down payment assistance toward the purchase of a first home-which has resulted in more than 800 renter households moving into homeownership over the past 7 years.

