BUSINESS MONDAY

SOLVING THE HOUSING CRISIS
Developers share their views
DEVELOPERS’ VIEW:
Solving South Florida’s housing crisis REQUIRES COLLABORATION

BY RENÉE RODRIGUEZ
renere@journalleadmail.com

Over the past 15 years, Miami has catapulted from a regional metro into a global city, with all the benefits and growing pains of having the world at your doorstep.

But while housing costs have skyrocketed, wages have not. Today Miami-Dade is the most expensive metro in the U.S. for renters and one of the costliest for home buyers.

And the problem is likely to get worse, say experts. While studies show an increase of more than 140,000 jobs over by 2026, most of them will be low-paying, according to projections.

Private developers say they can’t solve the problem on their own. The cost of land continues to go up, especially in desirable locations near the urban core; so do construction costs.

So what’s the answer?

We asked three developers intimately vested in the issue to share their thoughts on what should and could be done about Miami-Dade’s housing affordability crisis. The essays that appear below were submitted by them.

Stephanie Berman-Eisenberg is president and CEO of non-profit Carfour Supportive Housing.

The Related Group is best known as Miami’s largest condo developer. But long before he created luxury communities including Icon Brickell and Paraiso in Edgewater, Related Chairman Jorge M. Pérez specialized in affordable housing development, healing the Miami office of the New York-based Related Companies owned by Stephen Ross. By the mid-1990s, Pérez owned a majority stake in the Miami firm and became the biggest developer in Florida. But he still remains involved in the affordable field: His affordable housing affiliate Related Urban Development Group recently completed the first phase of the ambitious Liberty Square mixed-income redevelopment in Liberty City.

David Deutch is a partner and co-founder of Pinnacle Housing Group, a Miami-based development firm launched in 1997 that specializes in both luxury and affordable/workforce housing.

The company has built more than 9,000 multi-family units in Florida, Texas and Mississippi. The firm’s 23-story Brickell View Terrace mixed-income complex features 100 affordable units and 76 market-rate units. Pinnacle’s “Art in Public Spaces” program pairs local artists with giant canvases to beautify neighborhoods, such as Kyle Holbrook’s nine-story “Liberty City Mural” at 7901 NW Seventh Avenue, which was completed in April.

Here are their views on the region’s housing crisis.

STEPHANIE BERMAN-EISENBERG

Affordable housing options are disappearing from the Miami real estate landscape, and our window for reversing the trend is closing fast. It’s time to move from discussion to action and taking that step will require political will and community-wide engagement.

There’s little doubt that Miami’s economy benefits from its growing appeal among investors, residents and visitors from around the world, evidenced by the rise of jaw-dropping condominums, sleek office towers and retail centers, and pool resorts.

But the hard truth is that every time land is scooped up for luxury or commercial development, we lose an opportunity to meet growing demand among thousands of families who are struggling to survive and hard-pressed to find an affordable place to call home.

Miami faces a widening chasm between the haves and have-nots, a shrinking middle-class, and average wages that rank among the lowest of any major city in the U.S., according to a recent report by the Miami Urban Future Initiative at F.L.U. The irony is that this affordability crisis unduly impacts the very people that keep our community running – from hotel and restaurant employees, to workers at our construction sites, airport and seaport.

PRICED OUT OF PARADISE

Priced out of Paradise is an ongoing series about South Florida’s housing crisis and possible solutions. The entire series is available online at Miamiherald.com/pricedoutofparadise.

The underlying real estate challenge is that demand for affordable housing units has far outpaced available supply as our population grows. This dynamic is compounded by land constraints and a hyper-competitive real estate market that forces affordable housing developers to compete with their luxury and market-rate counterparts when it comes to buying land, securing financing, hiring contractors, and purchasing building materials.

Truth be told, Miami’s public sector has done more than many metro areas to stimulate affordable housing over the years. County surtax funds provide loans for developing affordable housing and a food-and-beverage tax offsets the cost of housing the homeless.

We are also home to several capable and creative developers experienced in leveraging funding sources. For example, Carfour Supportive Housing has developed thousands of units through a unique approach combining affor-
HOUSING

impact. We don’t have the luxury of spending more time on studies, community meetings, summits and planning committees. It’s time for political will and action.

Jorge M. Perez

Affordable housing is critical to the daily lives of countless Miami residents and a hugely complex issue. It is fundamentally wrong for local families to continuously struggle to keep a roof over their heads; however, the reality is that this is part of a much larger web of challenges our community is currently facing.

All of our local issues—housing affordability, brain drain, income inequality, environmental threats et al.—are inexorably linked and should be treated as symptoms of larger problems. With ever increasing home prices and the lower wages paid in South Florida relative to other metropolitan centers, affordable housing options are becoming scarcer. Availability of workforce and subsidized homes is an extremely necessary part of the solution but tackling the issue from purely a supply perspective is not sustainable. We need to simultaneously address education, wages, employment and economic opportunities to eliminate systemic poverty, violence and other factors plaguing low-income communities for generations.

We need to take a more holistic view to find all-encompassing solutions for subsidized urban housing beyond simply providing a roof and four walls. Take for instance the new Liberty Square Rising project. Yes, 1,500 new beautiful units will absolutely change lives for the better, but the redevelopment of this historic housing project goes far beyond a visual upgrade. The original Liberty Square, built in the 1950s, was beautiful, but the developers forgot that if you concentrate poverty in a single defined area and don’t include businesses, employment training initiatives, quality educational offerings, healthcare, community centers and all of the other factors you need to foster household growth, the area will inevitably slide into decay.

With this reality in mind, we chose to take a more all-encompassing approach with Liberty Square Rising. More than an affordable housing project, we set out to create a thriving, sustainable neighborhood, complete with housing options at a variety of price points; numerous businesses, including locally owned shops and national retailers; community centers; and ample community support options, including on-site job training opportunities, financial literacy courses, new educational options and legal support. We hope the combination of support and opportunity will empower the community and have long-term, positive impacts on all residents.

While this is still a small-scale solution when compared to the enormity of the local housing crisis, I’m certain this represents a major step in the right direction. Moving forward, I’d like to see continued collaboration between government entities and the private sector, especially when it comes to the matter of financial viability of affordable housing developments. Furthermore, public policy needs to continue to encourage affordable housing developments by providing zoning incentives and facilitating development with fast-tracked and streamlined reviews and approvals of these projects, including tax breaks and reduced impact fees.

For better or worse, all developers, large and small, are motivated by profits. As such, creating some kind of economic imperative motivating developers to pursue this kind of job is absolutely key. Of course, this is easier said than done, but it is one of the economic realities all major cities around the world are currently facing.

We still have a long road ahead of us, but every day brings us closer to achieving Miami’s real potential.

David Deutch

As practitioners in the housing industry, with over 9,000 units of affordable housing built in the last 20 years, we at Pinnacle have seen more than our share of real estate roller coaster rides and accompanying market peaks and valleys. We are currently at the summits, just as we were in 2004-2007, which led to the valley of 2008-2012 that took years to recover.

During the prior market peak, unprecedented concern grew over the lack of quality affordable and workforce housing. Far too many were priced out of the housing market, and a coalition of business leaders, politicians, housing practitioners and citizens from across our area and the country joined together to advocate for workforce housing. However, with the onset of the Great Recession the fervor died down, replaced by policy efforts focused on economic stability, housing reform, housing preservation, job creation and health care.

Those efforts bore the fruit of an eventual robust recovery and now housing affordability is a critical focal point again—worse in South Florida than it
ever has been, and arguably more dire than anywhere else in the US. Many fellow South Floridians are overly cost-burdened with six in 10 renters spending more than 30% on rent and some paying more than an astonishing 50% or more of their income on housing.

History tells us that now is the time to recommit ourselves to a sustained effort to address housing affordability. However, this time we must continue our effort unabated and not leave advocates fighting alone for workforce housing when the economic cycle turns. When we collectively embrace the notion that this is a marathon and not a sprint, we can enact the change that will make a difference for generations to come.

Immediate actions that will make a difference in solving the current crisis include:

- Public sector assessment of policies and procedures affecting housing development must occur, and steps must be taken to eliminate bureaucracy in order to produce more workforce housing. Regulations impacting workforce housing, a conventionally shortened, streamlined or lifted altogether. Expedited permitting and streamlined approval should mean such projects move to the top of the approval process, a task made more difficult as permit review agencies are overworked and overburdened. Dedicated plan reviewers, paid out of housing budget allocations if necessary, should review workforce housing projects as their primary employment directive.
- Free up more public land for affordable and workforce housing. Not just the land itself, but "air rights" above public land and facilities. This can be done when using new public/private partnership ("PP") tools that speed up procurement and encourage innovation.
- Diligence in promoting and incentivizing communities that mix both incomes and uses within the same development. Pinnacle has enjoyed success with such communities including Brickell View Terrace in downtown Miami. Mixed income/mixed use developments reduce cost and promote healthier living environments while increasing public support for affordable housing.

Little Havana’s Villa Aurora was developed by Carfora Supportive Housing. It features 76 affordable housing units catering to elderly residents and low-income and formerly homeless families.

"HISTORY TELLS US THAT NOW IS THE TIME TO RECOMMEN OURELVES TO A SUSTAINED EFFORT TO ADDRESS HOUSING AFFORDABILITY."

David Denton

New Jersey Transportation Authority Revenue Bond - 5.00% Maturity - 6/15/2045 Price - 111.833 Call Feature - 6/15/2025 @ 100 Call To Speak with a Representative (844) 345-1544

www.sloeverglass.com

Subject to availability. Minimum investment $500.00. Interest income is exempt from federal income tax. Depending on state of residence, interest income may be subject to state and local taxes, as well as the Federal Alternative Minimum Tax. The tax attributes of your investment may vary and are not guaranteed. Additional information is available upon request. Offer subject to prospectus. Investment in bonds involves risks, including possible loss of principal. The value of bonds can decline and investors may lose principal. Price of bonds as of 6/2/2019.