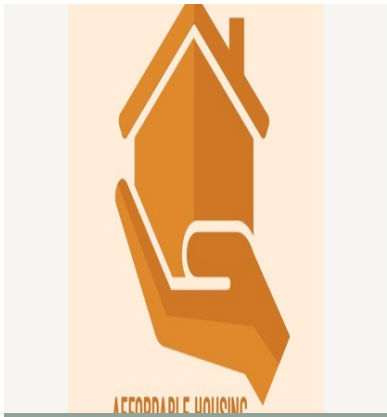


# Affordable Housing Credit Combo

Packaging Government Incentives To Offset The Decline Of LITCH



your date here

By Elijah John Bowdre

# Affordable Housing Credit Combo

## A Fight For The Future Of Miami

- The lack of affordable housing in Miami is a substantial threat to the long term growth of the city
- Low Income Housing Tax Credits are the primary traditional driver of Affordable Housing in Miami
- Anticipation of tax-reform has pressured the values of current Low Income Housing Tax Credits (LITHC)



# Affordable Housing Credit Combo

## Cost Vs Benefits

These elements vary by market, project type, and funding source. While some cost drivers are unique to the affordable housing sector, others are experienced by all developers trying to work in a given jurisdiction

## Main Drivers Of Cost

- Project Scale
- Project Design and Construction
- Finance and Underwriting
- Program and Investor Requirements
- State and Local Regulations



# Affordable Housing Credit Combo

## The Case For The COMBO

- \*Miami-Dade County has a severe and worsening housing affordability crisis which negatively impacts the region's economic development prospects
- A study by **Apartment List** found that renters in the Miami metro area are the most housing-cost burdened in the US; **64% of renters spend more than 30% of their income on rent.**
- Miami has an affordability gap (a calculation measuring the gap between median household income and median home price) of 6.1, behind only some cities in California. By comparison, New York City has a gap of 5.7 (Cox and Pavletich 2017).

**\*Quantifying the Impacts of Regulatory Delay on Housing Affordability and Quality in Austin, Texas**

### **\*WORKFORCE HOUSING IN MIAMI-DADE COUNTY**

What strategies can Miami-Dade County employ for greater collaboration with the private sector to spur the development of **workforce housing**?



# Affordable Housing Credit Combo

## Creating the “COMBO”

1. Promote cost-effectiveness through consolidation, coordination, and simplification
2. Remove barriers to reducing construction costs and delays
3. Facilitate a more efficient deal assembly and development timeline.
4. Improve and align incentives
5. Improve the flexibility of existing sources of financing and create new financial products to better meet needs.
6. Support the development and dissemination of information and best practices.

-2014 by the Urban Land Institute



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## \*Case Study Example: Austin, TX

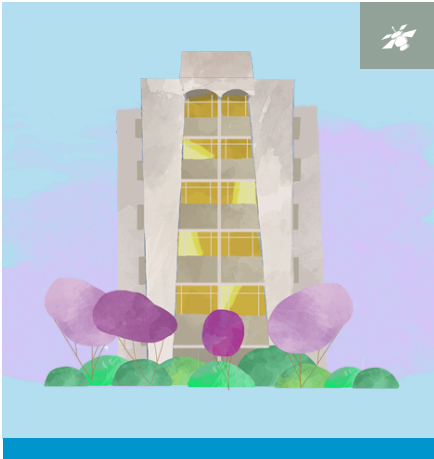
- *Accordingly, the average 3.5 month delay during regulatory approvals in Austin requires a developer to increase base rent prices by 4% in order to meet the project's expected returns.*
- *Similarly, if delay was eliminated from regulatory approvals, renters could expect to save 4% on their monthly rent, which for these newly delivered projects in Austin is about \$60 per month, or \$720 annually (p. 48).*

## **Combo Features**

- Zoning, housing, and impact fees,
- modifies density bonus and
- Provide deferral of road impact fees for development of workforce housing units;
- Amends eligibility requirements relating to Workforce Housing Development Program administration; amends



# Affordable Housing Credit Combo



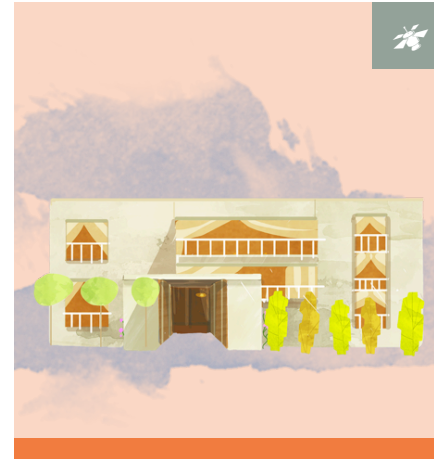
Direct

- Cash subsidies
- Could be structured as either equity (in the form of a grant)
- Or debt (in the form of an interest-free loan).



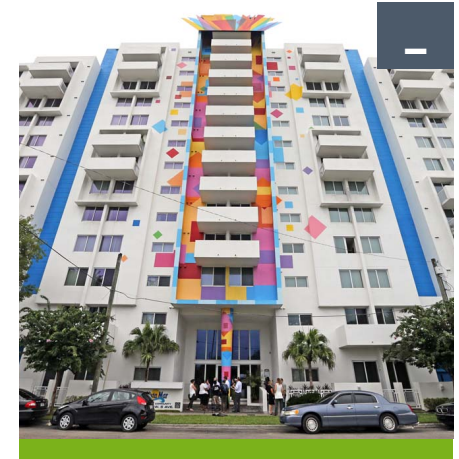
Direct Non Monetary

- Local contribution
- Could includes Government own land holdings
- Helps the developer save on the cost of acquiring land.



Indirect Monetary

- Help's subsidize a project's cash flow
- Waiving impact fees
- Reducing tax liabilities. time.



Indirect Non-Monetary

- Expedited approval process fin the
- Zoning code around
- Density,
- Parking

# Affordable Housing Credit Combo

**Pinellas  
County, FL**

**Austin, TX**

**Montgomery  
County, MD**

