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# PRESERVING AFFORDABILITY

*“Rick Appleton discusses how communities in South Florida are preserving affordable housing developments that have expiring subsidies.”*



### **Richard F. Appleton, Assistant City Attorney**

Mr. Appleton joined the Office of the City Attorney in June 2017 and is presently assigned to the Complex Transactions Division where he handles community development, real estate, economic development, and grant related matters. Prior to joining the Office of the City Attorney, Mr. Appleton served as a Client Advisor for PNC Wealth Management. He previously worked for the Supreme Court of Pennsylvania, the Court of Common Pleas of Lackawanna County, Pennsylvania, and the United States Senator Arlene Specter.

**Education:** Juris Doctorate (2014), Duquesne University School of Law;  
Bachelor of Science (2010), Pennsylvania State University.

# WHAT'S THE PROBLEM?

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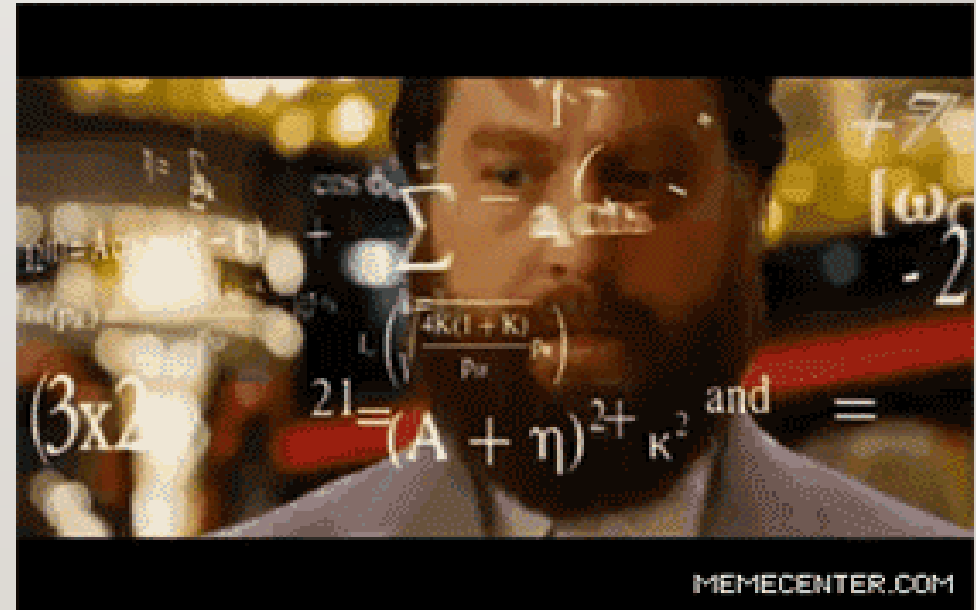
- Under various housing programs, owners agree to maintain affordable rents for a set period, roughly 15 to 30 years, in exchange for public subsidies. When those subsidies expire, owners can either re-enroll in the affordability program or convert their properties to market-rate units.



# THE NUMBERS

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- There are roughly 2,200 assisted housing units in Miami-Dade County at risk of potentially losing their primary subsidy by 2020, according to the University of Miami's Housing Solutions Lab.
- Since 2001, Miami-Dade County has lost more than 5,000 affordable housing units from subsidy expirations, demolition, the owner pre-paying the subsidized mortgage, or foreclosure, according to the Shimberg Center at the University of Florida.
  - Of the 73 developments lost during that time, 17 were lost during and after the 2007 recession.



# WHAT'S THE ACTION PLAN?

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- 1. Legislate locally
- 2. HUD programs
- 3. Targeted funding
- 4. High-capacity non profits



# WHAT'S THE ACTION PLAN?

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## I. Legislate locally:

- Local governments are creating laws that require increased notice of intended sale and that require a right of first refusal.
- Local governments are beginning to use financial, zoning, and development incentives to target at-risk properties.
  - This incentive-strengthening approach is already occurring in the City of Miami. The City's Attainable Housing Ordinance (Section 3.15 of Miami 21) strongly incentivizes developers to create affordable housing; this type of innovative thinking can be channeled into creating stronger incentives to preserve affordable housing as well.


# WHAT'S THE ACTION PLAN? (CONTINUED)

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- 2. HUD programs:

- In HUD's Rental Assistance Demonstration (RAD) program, public housing units move to a Section 8-like platform with a long-term contract that, by law, must be renewed. This ensures that the units remain affordable to low-income households.

- 3. Targeted funding :

- Federal, state, and local funding sources are used to help properties meet certain needs, such as building rehabilitation, in exchange for a long-term extension of affordability.
  - The preservation fund of the Florida Community Loan Fund provides financing statewide for affordable housing developments at risk of losing federal project-based rental assistance as well as multifamily housing in need of renovations. This fund, along with existing housing resources, could also assist local mission-driven affordable housing developers to acquire at-risk developments.
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# WHAT'S THE ACTION PLAN? (CONTINUED)

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- 4. High-capacity non profit organizations:
  - South Florida has a shortage of high-capacity housing non profit organizations. Accordingly, local governments and community development organizations are attracting higher-capacity non profit organizations to South Florida in order to undertake the preservation of affordable housing.
    - Additionally, local governments and community development organizations are developing the capacity of non profit organizations that are already located in South Florida.



# WHAT CAN YOU, THE AUDIENCE, DO?

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- 1. Lobby Tallahassee
- 2. Re-examine funding processes
- 3. Continue to legislate locally
- 4. Create a local preservation committee



# WHAT CAN YOU, THE AUDIENCE, DO?

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- I. Lobby Tallahassee:
  - The for-profit real estate lobby is strong.
  - The Florida Legislature is sweeping dedicated affordable housing dollars into other parts of the budget.
    - Last year, lawmakers swept \$182 million from the Sadowski Trust, which takes revenue generated through doc stamp taxes — the tax on documents such as real estate titles — and saves it for assisting with affordable housing.

# WHAT CAN YOU, THE AUDIENCE, DO? (CONTINUED)

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- 2. Local governments could re-examine funding processes in order to put preservation projects in better positions to receive more funding:
  - a. Include a preservation set-aside in the County surtax program and give equal weight to preservation projects in the scoring process.
  - b. Shift focus towards preservation in Miami-Dade's Affordable Housing Trust Fund and the City's Miami Forever Bond.
  - c. Miami Dade County's Surtax/SHIP Request for Proposals (RFP) provides bonus points for Community Land Trusts (CLTs) for perpetual affordability. Future RFPs, from other public entities in the region, for federal, state, and local funds could include similar considerations to ensure long-term affordability.

# WHAT CAN YOU, THE AUDIENCE, DO? (CONTINUED)

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- 3. Continue to legislate locally:
  - Cities, such as Vancouver, have enacted vacancy taxes where the revenue generated is spent solely on preserving and creating more affordable units. While this type of tax appears to be impermissible under Florida law, it illustrates the type of innovative thinking that's required to help preserve expiring covenants and subsidies.
- 4. Create a local preservation committee:
  - Local governments, community groups, religious organizations, and affordable housing developers should be communicating to avoid duplication of efforts. A committee, which would work towards preserving units that are at risk of losing affordability, could be comprised of key figures in our community and would identify and prioritize preserving at risk units.
    - An important element of the preservation committee could be the creation of some type of tracking and monitoring system of at-risk properties.



**THANK YOU**

# MY CONTACT INFO

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