



# MIAMI

AFFORDABLE HOUSING

# MASTER

PLAN

**FIU** Jorge M. Pérez  
Metropolitan Center  
FLORIDA INTERNATIONAL UNIVERSITY

INVESTING IN THE FUTURE  
AND SOUL OF MIAMI

DRAFT







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# FIU

## Jorge M. Pérez Metropolitan Center

The Florida International University Jorge M. Pérez Metropolitan Center is Florida's leading urban policy think tank and solutions center. Established in 1997, the Center provides economic development, strategic planning, community revitalization, and performance improvement services to public, private and non-profit organizations in South Florida. Its staff and senior researchers are leaders in their respective fields, and bring extensive research, practical, and professional experience to each project. The Center's research has catalyzed major policy initiatives and projects in housing, economic redevelopment, transportation, social services, and health services throughout South Florida.

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The **Affordable Housing Master Plan** is crucial to the City's future — creating opportunity for City residents and re-developing communities suffering from persistent poverty, underinvestment, and rapid gentrification. Greater housing affordability is a fight for the soul of Miami — **enhancing, protecting, and preserving** the neighborhoods that make Miami the most diverse and dynamic City in North America.





## A FIGHT FOR THE SOUL OF MIAMI

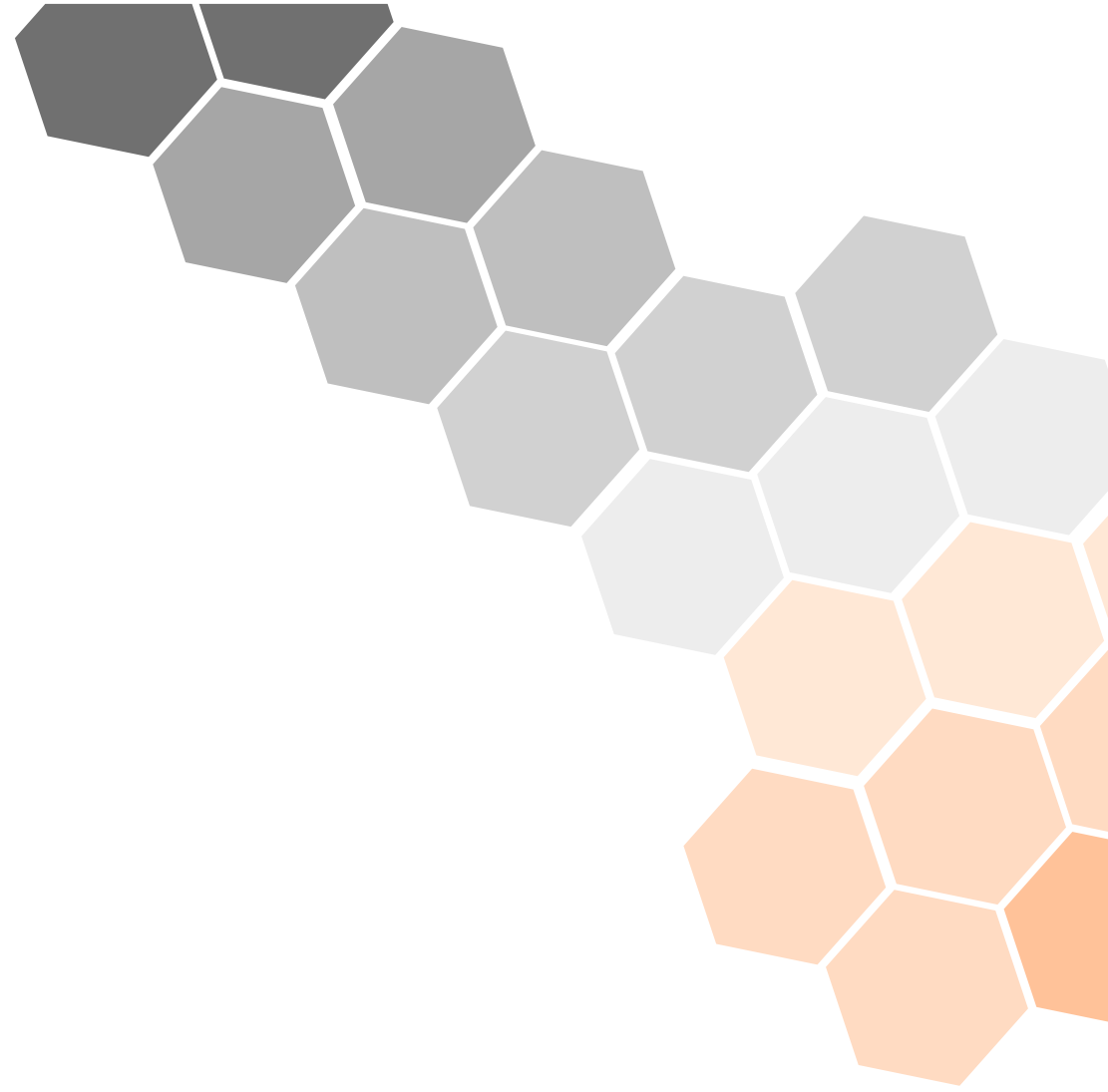
Miami, the Magic City, faces an existential threat – the rapid loss of affordable housing is steadily eviscerating the essence of what makes Miami magical. Great cities are comprised of great neighborhoods that must be vigilantly nurtured and preserved, and Miami is fortunate to have some of the most culturally diverse and vibrant neighborhoods in the U.S., including Allapattah, Coconut Grove, Little Haiti, Little Havana, Model City, Overtown and Wynwood. Yet Miami is the nation's most **unaffordable** large City in the nation – 57 percent of its households (94,638) pay more than 30 percent of their income on housing costs, and more 32.3 percent (39,112 households) of renter households pay in excess of 50 percent of their income on rent. Housing affordability has reached crisis levels in Miami, threatening its economy, businesses, and neighborhoods.

Recognizing the need to preserve and positively impact our neighborhoods, the goal of the **City of Miami Affordable Housing Master Plan** (The Plan) is to ensure the values that are central to the City and its neighborhoods – diversity, inclusivity, sustainability – are supported by a spectrum of housing choice and opportunity and a substantial increase in the quantity and quality of affordable owner and rental housing to all who want to live in Miami.

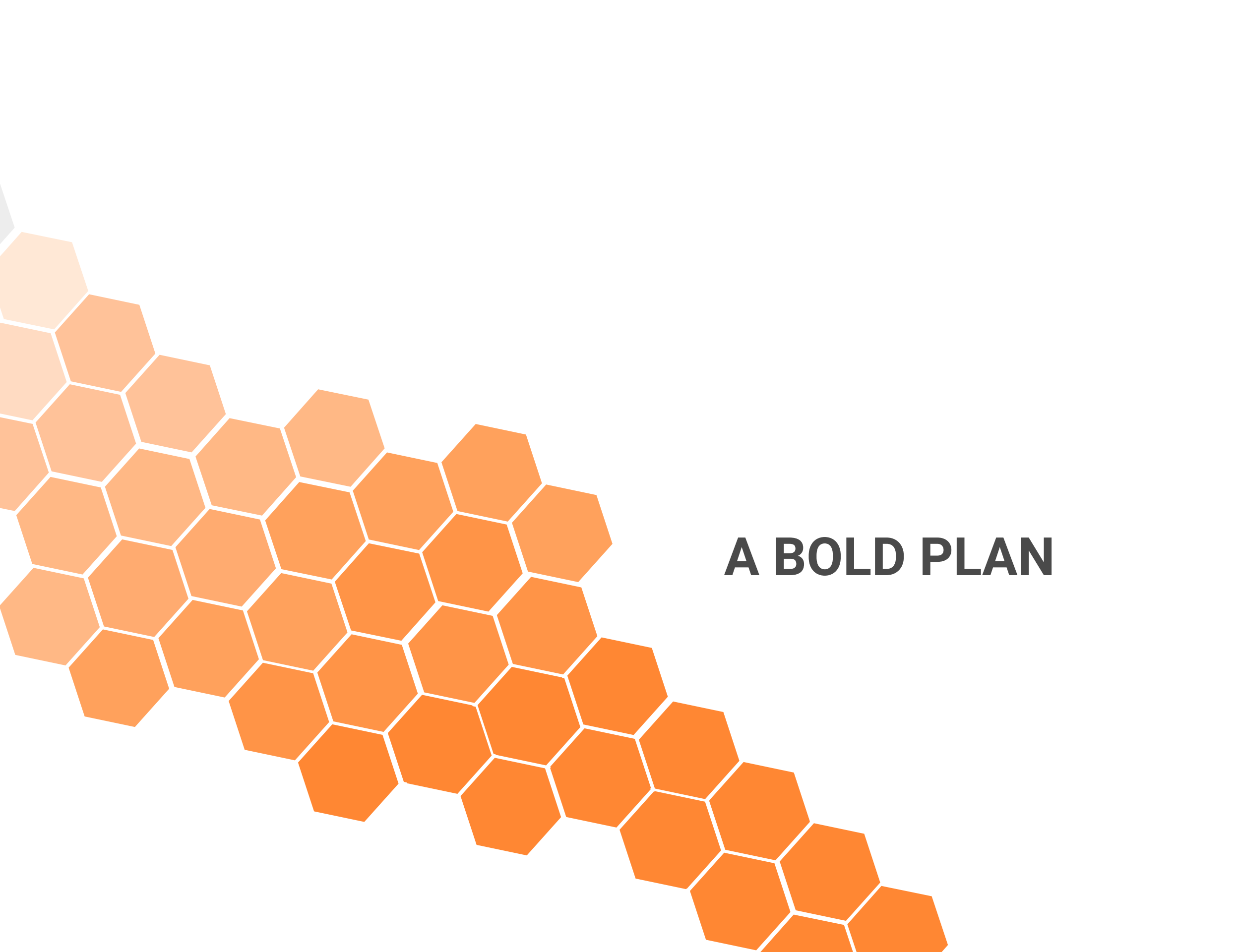
The Plan provides a bold action agenda to address the City's current and future supply and demand of affordable housing. The Plan offers solutions at scale with the City's unprecedented affordable housing need, delivering large-scale production, speed and flexibility. The Plan builds on well-established housing development practices and financing, leverages the region's highly talented and productive development industries, expands the participation of individual homeowners in solving housing affordability, and is in concert with the City's land use, transportation and climate change policies.

The Plan was built out of an extensive analytical and review process, contained in the **Affordable Housing Master Plan Needs Assessment and Technical Compendium**. The Plan also benefitted from an extensive public engagement process involving residents across every City Commission District and focus groups involving over 100 lenders, builders, developers, managers and designers of affordable housing in the Greater Miami area.

The Plan is crucial to the City's future – creating opportunity for City residents and re-developing communities suffering from persistent poverty, underinvestment, and rapid gentrification. Greater housing affordability is a fight for the soul of Miami – enhancing, protecting, and preserving the neighborhoods that make Miami the most diverse and dynamic City in North America.







# **A BOLD PLAN**

A partnership led by the Mayor's Office, City Commissioners, Department Heads, and the FIU Jorge M. Perez Metropolitan Center has produced a bold and innovative 5-point Miami Affordable Housing Master Plan that after extensive review from citizens and businesses, promises to dramatically improve housing affordability in Miami.

The primary goal of the Plan is to increase the spectrum of choice, opportunity, and quality of affordable owner and rental housing to all who want to live in Miami. The objective is to grow the supply of affordable housing from **20 to 25 percent** of all housing units in the City by 2030. Since Miami's population will continue to grow, this will require the preservation or development of 32,000 units over the next ten years.

The Plan offers solutions at scale with the City's unprecedented affordable housing need, delivering **large-scale production, speed and flexibility**. The Plan builds on well-established housing development practices and financing, leverages the region's highly talented and productive development industries, expands the participation of individual homeowners in solving housing affordability, and is in concert with the City's land use, transportation and climate change policies.







# MIAMI'S FIVE POINT AFFORDABLE HOUSING MASTER PLAN

## I. AFFORDABLE HOUSING DEVELOPMENT FOCUS

The Plan can't rely on large mega-projects. Instead, the bulk of affordable housing developed over the next ten years will come from improving, protecting and developing single family and multi-family homes from 5 to 50 units. The plan will require focused, smart, and creative development of: 1) small and mid-scale multi-family housing in the City's T-5 and T-6 high density corridors, 2) the rehabilitation of existing single-family and multi-family homes throughout the City, 3) new multi-family housing on vacant residential properties, 4) conversion and expansion of Miami-Dade County's Public Housing Communities to include middle-income housing, 5) the rehabilitation and improvement of accessory dwelling units on existing single-family lots, 6) converting commercial properties and retail plazas to mixed-use, mixed income residential developments, and 7) multi-family housing built around future transportation hubs with an emphasis on equitable transportation oriented developments (ETODs).

## II. THE MIAMI AFFORDABLE HOUSING FINANCE CORPORATION

To drive this unprecedented scale of housing development, the City plans to create the **Miami Affordable Housing Finance Corporation**. The Affordable Housing Finance Corporation will focus on providing low cost loans, grants, and tax incentives to anyone seeking to develop, acquire or rehabilitate affordable housing, and rely on the talent and skills of the area's builders, developers, realtors, managers, owners and non-profits to increase the supply of affordable housing in the City. Under close City oversight, the Affordable Housing Finance Corporation will be an independent City development organization, so that it can operate and grow funding sources quickly and efficiently.

### III. THE MIAMI AFFORDABLE HOUSING INNOVATION FUND

(A PRIVATELY FUNDED PLAN PROVIDING AFFORDABLE HOUSING FINANCE FOR ALL)

The Miami Affordable Housing Finance Corporation will create the **Miami Housing Innovation Fund**. \$85 Million dollars of the City **Forever Bond** will be used to leverage, over ten years, a pool of \$1 Billion in state and Federal incentives and tax credits, with the rest provided by private financing, including low interest loans from area banks, real estate investment trust funding, Opportunity Zone funds, shared equity investment programs, Florida Housing Finance and Economic Development loans, grants, and philanthropic donations. Achieving the City's affordable housing goal could require \$4 to \$6 Billion dollars in total investment over ten years.

Through the Innovation Fund, the Miami Affordable Housing Finance Corporation will offer a wide variety of funding assistance and low-cost financing including acquisition, purchase and rehab loans, access to Federal affordable housing programs, loan guarantees, interest-rate write-downs, down payment assistance, and grants.

**Funding and financing assistance provided through the Housing Innovation Fund is open to anyone, including single family homeowners, to support their efforts to re-build Miami's affordable housing stock and protect its unique neighborhoods.**





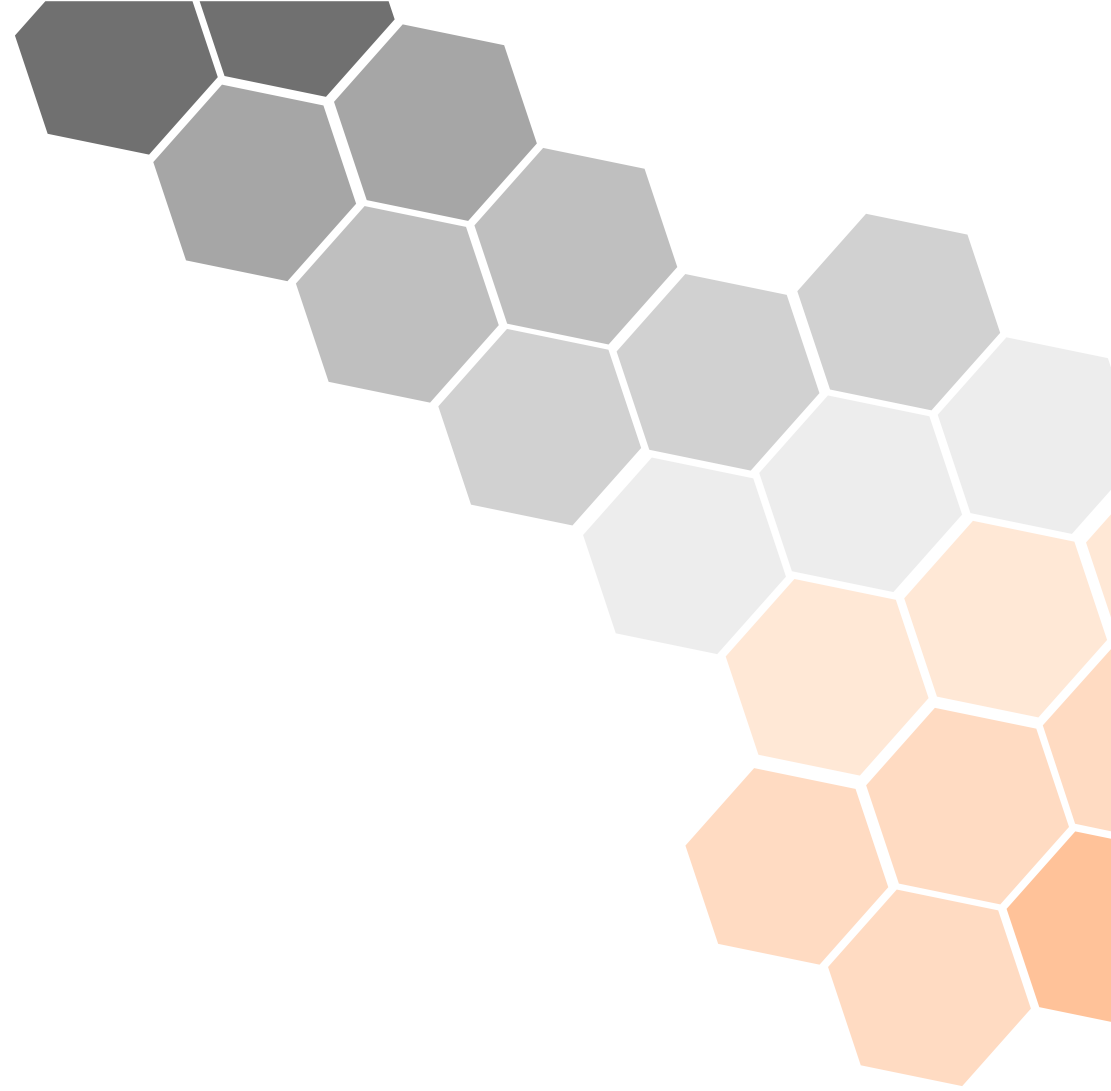


## IV. STREAMLINING AFFORDABLE HOUSING DEVELOPMENT FOR ALL RESIDENTS

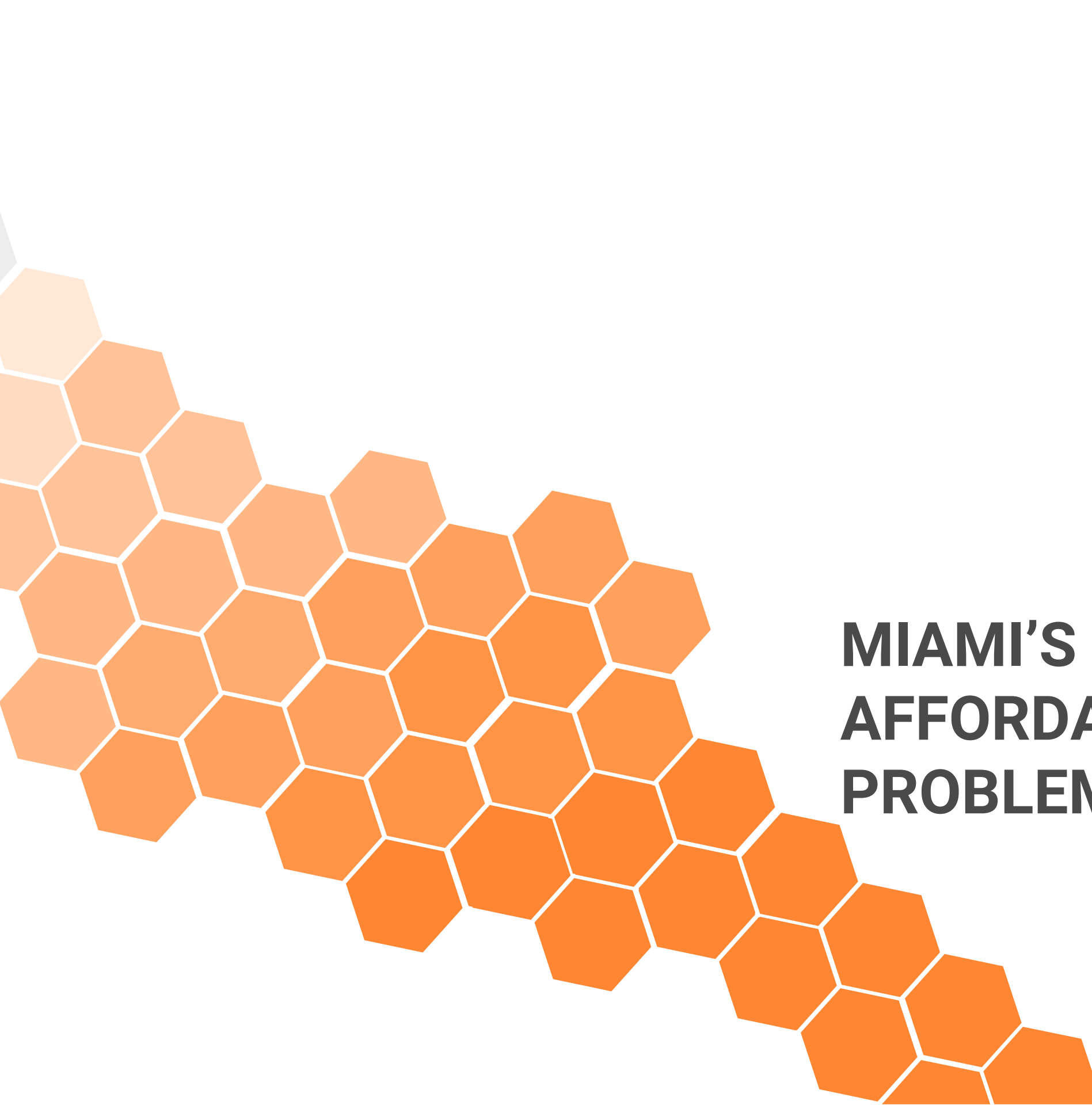
The City will launch programs that make affordable housing development faster and less costly, including 1) selective, careful zoning changes that make review easier, and protect its historic neighborhood fabric, 2) completing an overhaul of its building and construction permitting process to make it faster, easier, and more transparent, 3) fast-tracking zoning and permit review for affordable housing projects, 4) waiving impact and inspection fees for affordable housing, and 5) increasing zoning and permit staff and creating a special unit to review affordable housing projects.

## V. CREATING NEW BUSINESSES AND JOBS

The Miami Affordable Housing Master Plan is also the State's largest economic development initiative. The Master Plan will create over 14,000 new jobs and create a total of over \$11 billion in total investment. The Plan is an opportunity to create new businesses and good-paying jobs. A portion of the Miami Affordable Housing Innovation Fund will be invested in 1) Skilled trade training, mentorship, licensing and certification, 2) Equipment grants for small design & construction firms, 3) Construction & Development business incubators, 4) a Community Benefits Agreement with local hiring preferences, 5) A local hiring information and assistance network, 6) Incentives for small, minority, and women-owned businesses, 7) a Housing Technology Innovation Fund, and 8) Climate change resiliency support.







# **MIAMI'S HOUSING AFFORDABILITY PROBLEM**

## WHY HOUSING AFFORDABILITY MATTERS

Solving housing affordability is a key investment in the City's economic competitiveness and the quality of life for its residents. Housing is one of the fundamental building blocks of wealth building and is one of the keys to upward economic mobility – a home represents the largest single asset for 98 percent of the nation's families. Keeping housing costs as a reasonable percentage of family income promotes higher educational attainment and improves family health outcomes, as families have more money to spend on education and health costs.

Affordable housing has broad-based economic growth impacts. As families keep more of their income, they drive greater local spending which in turn stimulates high-wage job creation, increased tax revenue, and lower public costs for health, human services and policing.

Improved affordability promotes inclusive economic growth, where families at the bottom and middle share in expanding regional economic opportunity.

Housing affordability can be a potent tool for improving economic performance, driving employment growth, productivity, wages, business development, and retaining and attracting high-skilled, educated workers to the region. The cumulative economic impacts of greater, more widespread housing affordability would be a major boost to developing a more diversified, higher income City economy.

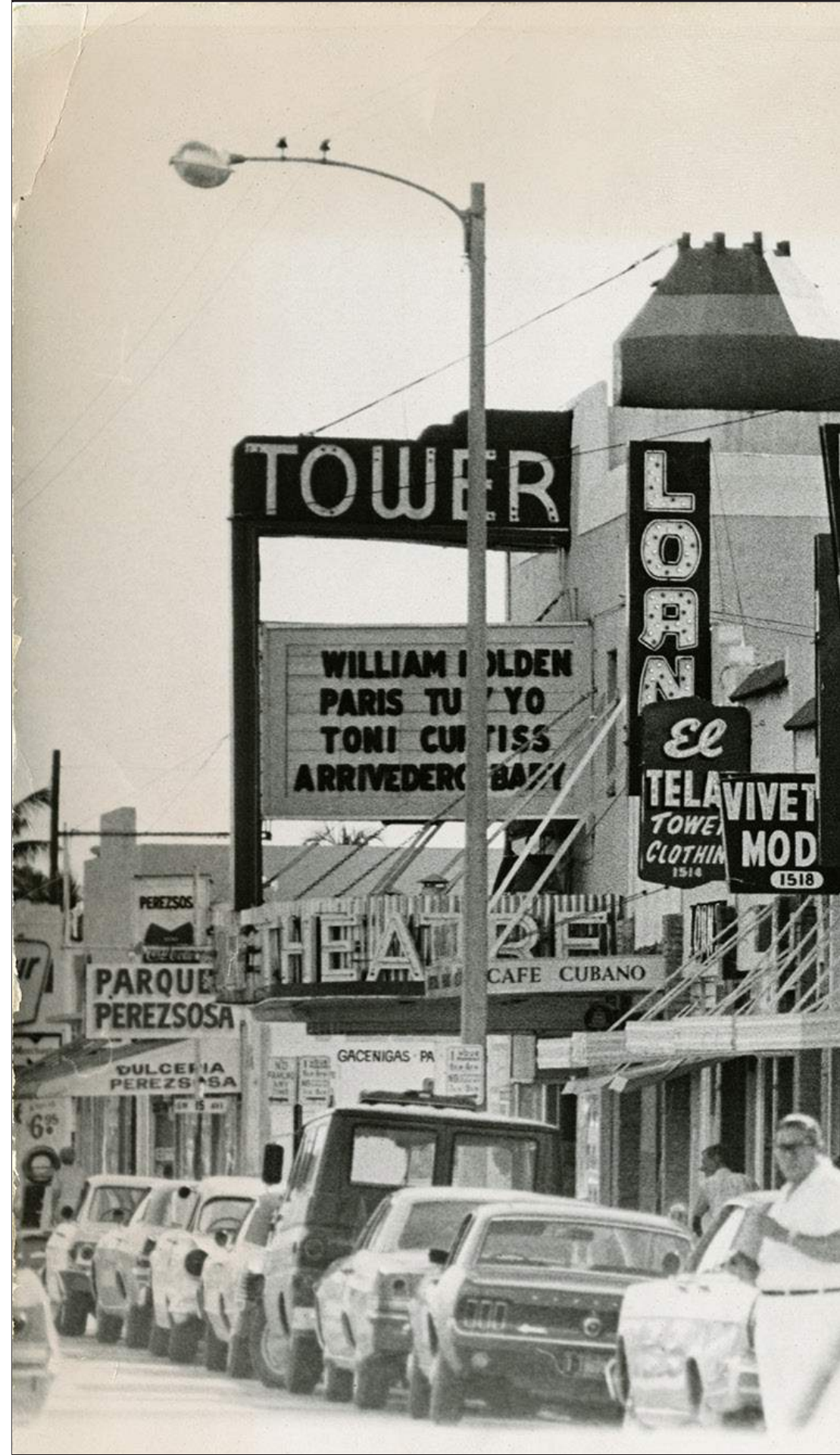






Image Source: Courtesy HistoryMiami

## WHAT'S DRIVING MIAMI'S UNAFFORDABILITY?

Housing affordability is balance between income and housing costs. While Miami isn't the most expensive housing market in the nation, it is the most unaffordable because it's housing costs are high and incomes are lower than comparable cities. The dynamics of Miami's affordability crisis is driven by the following fundamental issues:

### LOW SKILL OCCUPATIONS AND EARNINGS

While jobs created in the City are balanced between high- and low-skill industries, City residents largely work in lower income, lower-skilled occupations. Adjusted for inflation, City resident wages have grown 11 percent since 2013. **However, with annual median resident worker earnings at \$24,931, Miami ranks 3rd to last among 25 comparable cities.** 52 percent of City residents work in occupations with median annual earnings less than \$35,000. **An estimated 45 percent of the jobs created in the City from now through 2024 will be in occupations with a median annual income less than \$35,000 per year.**

The City creates higher paying jobs at a much slower rate than comparable cities. It's 75/50 ratio – the ratio of workers earning \$75,000 or more per year versus those earning less than \$50,000 per year – is near the bottom of comparable large cities. An estimated 72 percent of the City's resident workers earn less than \$75,000 per year.



## HIGH INCOME DISPARITY

At \$33,999, the City of Miami's median household income is only 59 percent of the U.S. median household income, and only 73 percent of Miami-Dade's median household income. Adjusted for inflation, the City's median household income has grown by just over 6 percent since 2013.

Further, Miami has one of the highest income gaps between households at the top and bottom of all cities in the U.S. The mean income of households in the top 5 percent of income in the City is more than 52 times the mean income of households in the lowest 20 percent of income. The City's poverty rate, hovering between 22 and 26 percent over the last decade, is also one of the highest among comparable cities in the U.S.

The City's economic growth continues to be geographically uneven. Across the City's neighborhoods, increasing levels of gentrification has occurred with rising rents and home prices threatening longtime residents and businesses, alike.

## RAPIDLY RISING HOME VALUES, SALE PRICES & RENTS

Miami's December 2018 median single-family home price at \$350,000 is near the middle of comparable cities. Miami condominium sale prices since 2013 have actually run below prices across the rest of the US and Miami-Dade County. However, the City's median condominium sale price has increased 59 percent since 2013, more than double the rate of increase for the County. **Unlike condo prices, median single-family home sale prices in the City are higher than the US and the County, and from 2013 to 2019 have also increased considerably faster.** Miami's median single-family home price has increased over 83 percent since 2013, compared to 50 percent for the US.

Miami's multi-family rents have consistently been 20 percent higher than the County and 44 percent higher than the rest of the US. Rents reached their highest point in 2016, declined through 2018, but have increased rapidly since. Rents for new construction consistently run considerably higher than for existing units.





## COMPETING IN A GLOBAL RESIDENTIAL REAL ESTATE MARKET

Miami's popularity as a destination for global real estate investment plays a large role in driving demand and rising real estate prices, particularly for condominiums. However, resident home buyers increasingly compete in an international market against better funded buyers who often pay cash to purchase homes.

A significant portion of the City's housing stock is owned as investor units, rather than as primary domiciles. The majority — over 62 percent — of all single-family and condominium units in the City are owned as non-primary units, compared to 47 percent for the County as a whole. Miami's overwhelming international demand drives housing prices that are out of touch with local incomes. The volume of international and non-local sales are driving a growing inventory of units being taken off the rental market.

## GROWING AFFORDABILITY GAPS

The City of Miami's housing affordability issues are part of a longer term trend that crested during the previous decade. The share of cost-burdened renters in the City grew from 48.7 percent (42,551 renters) in 2000 to 64.3 percent (62,935 renters) in 2010 as rents and household incomes steadily diverged. Adjusting for inflation, the median rent gross rent rose 15 percent annually between 2012-2017, while the median renter income has grown by less than 1 percent.

The gap between incomes and home purchase price has also accelerated. In Miami, the median home sale price is 9 times the median household income — nearly double the ratio for comparable cities. The ideal ratio, based on standard lending underwriting guidelines, is 3:1. **The median home sale price for all unit types in Miami is unaffordable to 90 percent of all workers in the County and 81 percent of all households in the City.**

**32 percent of all renter households are "Severely" cost-burdened —paying in excess of 50% of their incomes on housing costs.**

## LAND AND REDEVELOPMENT CAPACITY

Vacant properties available and suitable for new housing development are in short supply within the City. **Out of a total of 193 Million square feet of vacant property in the City, only 43.7 Million square feet (1,000 acres) are zoned and suitable for residential uses. Of this inventory, only 5.1 Million square feet of vacant property (119 acres) are owned by government entities.** As of September 2019, the City's land inventory is insufficient to support the scale required of this plan. The City owns 35 acres of property zoned and suitable for residential development, which under current zoning could support the development of just over 3,100 new units.

## RAPID DECLINE IN THE SUPPLY OF AFFORDABLY PRICED HOUSING UNITS

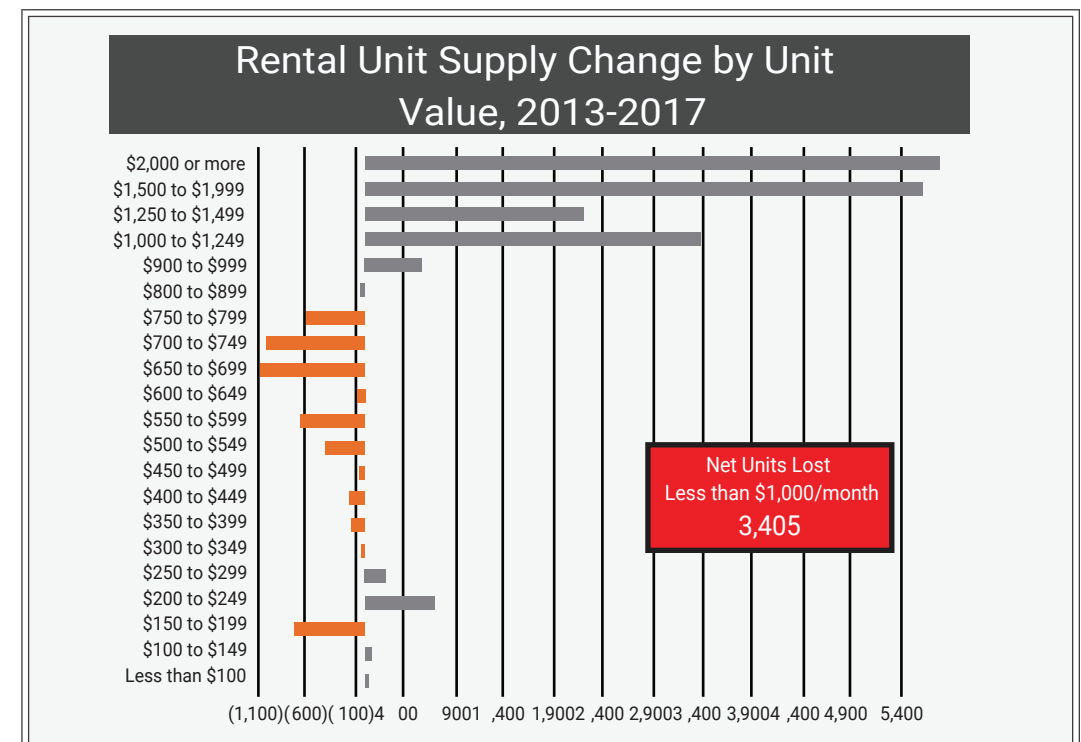
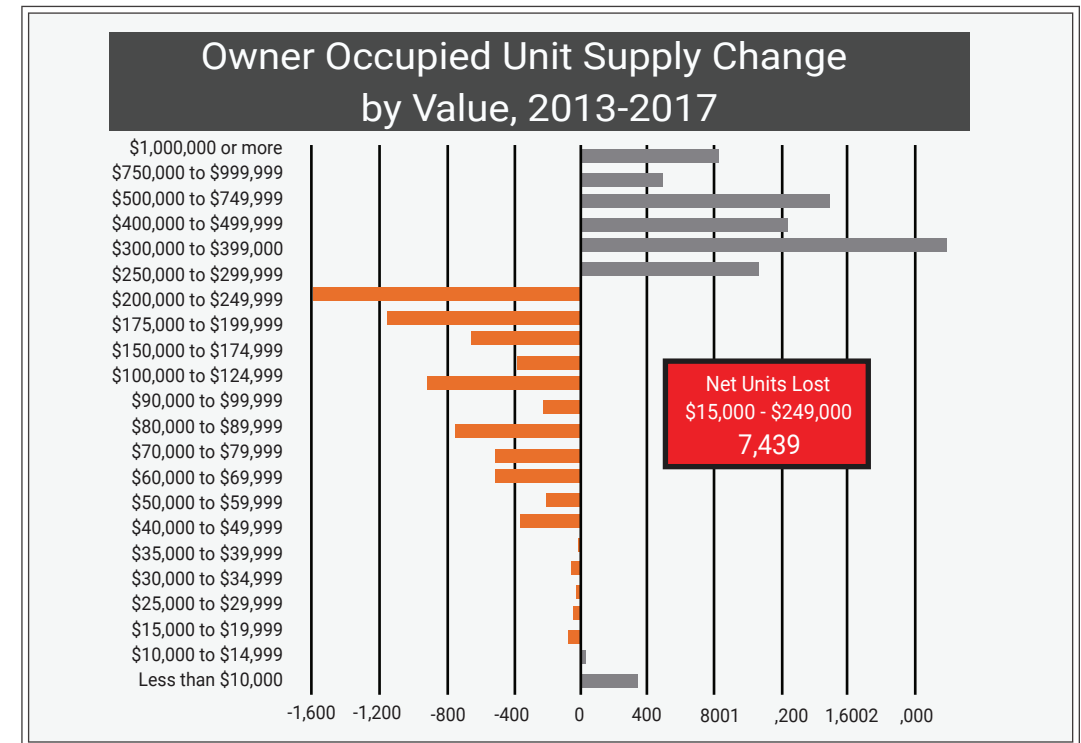
As housing prices and rents have increased in Miami, the supply of affordable housing units has dropped precipitously, hollowing out both owner and renter units at the middle and bottom of the price scale over the last 5 years. Owner and rental units affordable to households earning up to 80 percent of the City median income – owner units priced under \$100,000 and rental units priced at \$800 per month – have been decimated since 2013.

**The City has lost an average of 1,286 affordable housing units each year over the last five years to rising market price pressure.** From 2013 to 2017 units affordable to households earning 80 percent of median income or less dropped from 24 to 20 percent of all housing units. Today, the national average of similarly affordable units is 37 percent of renter units, 22 percent of owner units, and 24 percent of all housing units. Over the same period the numbers and relative portion of units priced over \$250,000 and \$900 per month has increased rapidly. Without intervention, there is no expectation that this situation will change.

## RAPIDLY DECLINING HOME OWNERSHIP

The City of Miami's population has increased by 25.8 percent (90,943 persons) since 2007. Significantly, the number of renter households has increased by 28,536 (33 percent) during this period, while owners have decreased by 10,333 (17 percent). Miami's current homeownership rate is only 30 percent, lowest among similar size cities and comparable to New York City's low rate of homeownership. Driven by rising housing prices, low relative incomes, shifts in preference and tighter debt financing, the City's percentage of renters continues to rise.

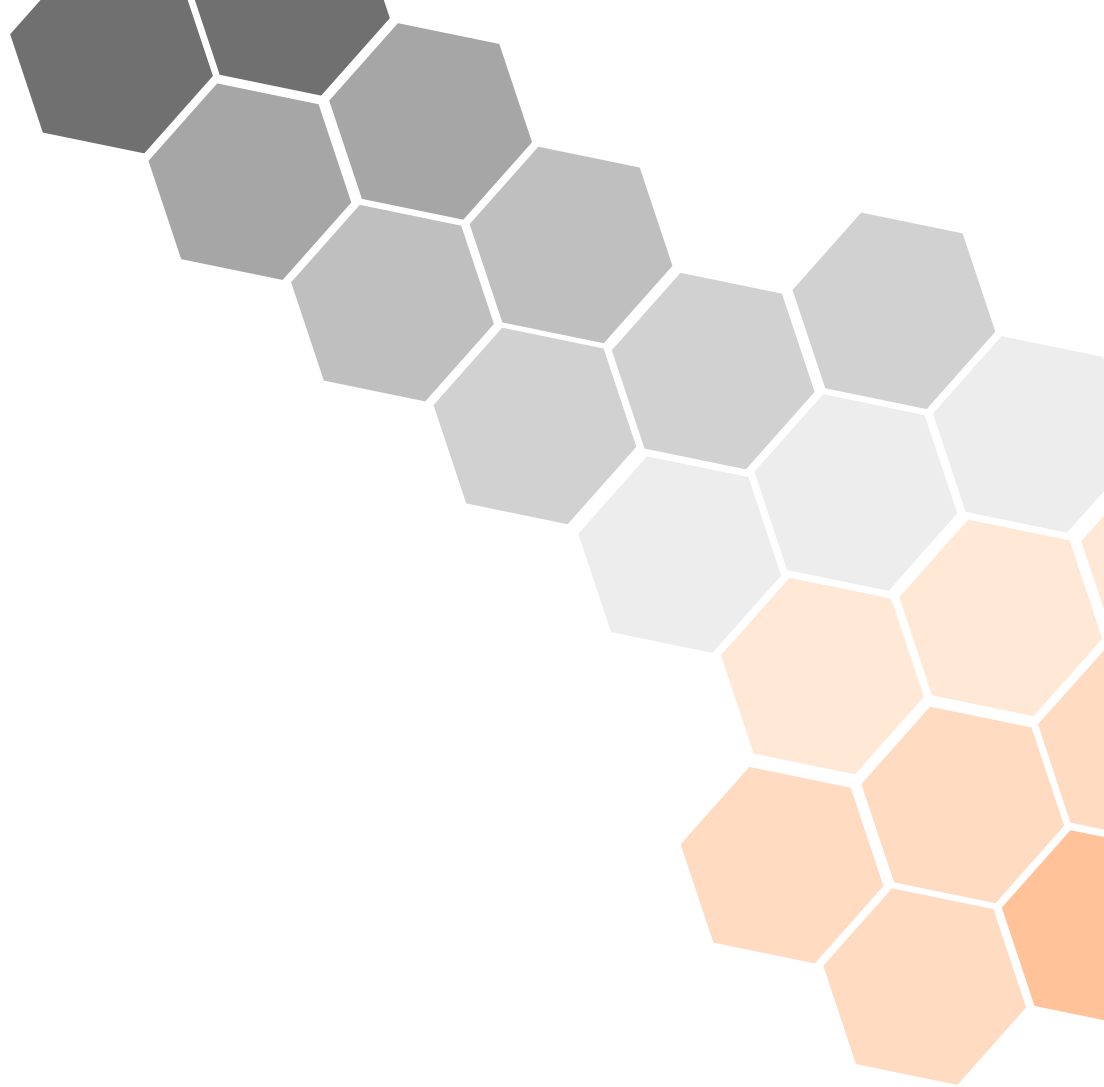
**Miami has become a City of renters. The City's homeownership rate, at 30%, is the lowest among large cities in the U.S.**







*The City has lost an average of **1,286 affordable housing units** each year over the last five years due to rising market price pressure.*







**MIAMI AFFORDABLE  
HOUSING MASTER  
PLAN: STRATEGIES &  
PROGRAMS**

## GROWING THE SHARE OF AFFORDABLE HOUSING

The City's best development target is to improve the market share of housing units affordable to households earning 80 percent of median income and below. **To significantly reduce its growing housing affordability gap, the City needs to rebuild the share of these units to at least 25 percent of all housing units by 2030. If conditions remain the same – household incomes, the loss of affordable units and expected population increases – the City may need to create as many as 32,000 units affordable to households earning 80 percent of the median income over the next decade.**

Focusing on the market share of affordable units avoids creating oversupply conditions which would be damaging to the City economy and provides a benchmark against which policy and programs can be adjusted to respond flexibly to market changes. Four principles will be key to the success of the Plan:

- **SCALE:** Strategies and programs that deliver the scale of production required to address the unprecedented scale of the City's affordable housing crisis;
- **SPEED:** Strategies and programs that can be executed quickly;
- **FLEXIBILITY:** Strategies and programs that can be implemented equitably with a minimum of red tape; and
- **INTELLIGENCE:** Smart, targeted affordable housing development based on the City's needs and its best housing redevelopment opportunities.





## San Francisco, California: Permanent Supportive Housing for Former Chronically Homeless Persons at Drs. Julian and Raye Richardson Apartments

Formerly a parking lot, this five-story building provides permanent supportive housing for a very-low-income, formerly homeless population.

The project is part of the Market + Octavia Neighborhood Plan, which aims to create a dense transit-oriented neighborhood with housing over retail and streets that are friendly to pedestrians and bicyclists.

*Source: David Baker Architects.*



*Image Source: David Baker Architects*

## GROW THE PERMANENT SUPPLY OF AFFORDABLE HOUSING

Because of its economic structure, Miami's affordable housing needs will continue well into the future. Projects and programs providing **permanently** affordable housing should take priority in the implementation of the City's Affordable Housing Master Plan. All financing, incentives, and cost support applied to affordable housing development should be conditioned on maintaining affordability for a minimum of 25 years. Maintaining affordability is achieved through a wide range of simple, proven techniques. Strategies that develop or improve housing units without insuring that they remain affordable long-term are ultimately self-defeating – they merely kick the City's affordability problem into the future.

**The City's immediate and most important strategic priority is to stem the loss of multi-family rental housing affordable to households earning 80 percent of median income using two strategies:**

- 1) preserving existing affordable housing units by providing financing for housing improvements in exchange for extended affordability provisions;
- 2) preserving existing affordable housing through acquisition. Building new units will play an important part of the plan, but the availability of vacant land for new residential development is in short supply and new units take longer to deliver.

## AGGRESSIVE LAND BANKING

Rebuilding the City's supply of affordable housing will require a focus on immediate opportunities to finance the acquisition and rehabilitation of existing multi- and single-family properties to preserve or convert them to long-term affordable housing units. Aggressive **land banking** – the acquisition of vacant, underutilized, or below-market economically underperforming properties – will be needed to build an adequate supply of properties for new construction and expansion projects over the long term. Land banking can be used strategically to protect neighborhoods from rapid displacement and gentrification, and properties acquired in the early years of the plan will provide a hedge against future land price increases, especially focusing on:

- Early opportunities including single-family properties valued at 100,000 or less, and vacant properties valued at \$20,000 per permitted unit or less;
- Considering commercial, retail, and occupied rental properties for re-purposing or expansion, especially within the T-6 corridors;
- Contracting with experienced, third-party non-profit housing organizations to acquire and obtain suitable properties on the City's behalf; and
- Developing loan products to finance the **purchase** of properties by for-profit and non-profit builder/developers, with a deed restriction guaranteeing a negotiated supply of affordable housing units subject to obtaining final permits.

## TAP THE STRENGTH OF THE CITY'S REAL ESTATE DEVELOPMENT INDUSTRY

One of the region's leading strengths is that its real estate development cluster of industries, including development, construction, sales, management and finance is one of the most productive and experienced in the world. Harnessing the talents of the area's real estate development community is probably the only way build at the scale and pace required to change Miami's affordability problem. To attempt to create or re-create public agencies capable of carrying out this plan would be duplicative and probably unsuccessful.



## LOCAL NON-PROFIT DEVELOPMENT CAPACITY

Given local land availability, financial resources and the scale at which the Plan needs to function, relying on private, for-profit development of affordable housing won't be enough. The Plan will actively build the capacity of non-profits to partner and work with the City to re-build its supply of affordable housing. The following strategies can be employed to build local non-profit development and management capacity:

- ③ Conduct a search through an RFP to invite and pre-approve non-profit housing developers with proven records of developing, owning and managing affordable housing at scale. The short list of pre-vetted non-profits selected through this process would be considered “preferred vendors” for working with the City;
- ③ Sponsor and fund rapid expansion and formation of local housing development non-profits, organizing technical assistance, training, and operating funding and improved creditworthiness. Agencies created through this process would also be considered preferred housing development vendors to work with the City; and
- ③ Organize and sponsor the creation of housing development hybrids – partnerships between for-profit and non-profit development companies and agents in which private developers bring their expertise and experience to bear on difficult development challenges on a fee basis. Non-profit partners will bring the experience of building affordable housing at the smaller scale (5-50 units) anticipated in the Plan, and in keeping with the needs of neighborhood residents. The non-profit partner could also focus on long-term ownership and management.

## LEVERAGE HOUSING INVESTMENT TO REBUILD COMMUNITIES

Miami's affordable housing crisis is part of its larger problem of highly concentrated and persistent neighborhood distress. Housing investments anchor and stimulate broader community development. The success of the Plan depends on 1) focusing and targeting affordable housing investments in tightly targeted geographies dramatically improves the chances of programmatic success and return on investment, which delivers a greater return in investment; and 2) leveraging affordable housing development with other community building investment. Affordable housing investment must be coordinated with simultaneous investments in infrastructure, streets, public space schools and commercial development requiring coordinating development spending with other levels of local and state government and the private sector.

## FOCUS ON MIXED-USE, MIXED-INCOME DEVELOPMENT

Close to 4.69 Million households live in or receive Federal affordable housing subsidies in the US. The Nation's history of developing single-income public housing has been a success in that has provided Millions of families in need and working households with shelter that may have otherwise been beyond reach. However, the development of single-use, single-income affordable housing development has created communities that concentrate social problems and experience continuing distress.

Over the last 30 years affordable housing development has slowly embraced the development of affordable housing as part of mixed-use, mixed income **communities**. Mounting evidence shows that affordable housing within mixed-use, mixed income developments provides better quality housing, higher safety and lower crime rates, less tenant turnover, lower maintenance costs, significantly higher tax revenues and greater access to private financing.







## TARGETING THE CITY'S BEST AFFORDABLE HOUSING OPPORTUNITIES

### SMALL & MID-SCALE MULTI-FAMILY HOUSING DEVELOPMENT

Large housing development projects – 100 units or more, will be the exception, rather than the rule in the City's future housing market. The City's affordable housing market will grow through the development, redevelopment and re-purposing of small and mid-size residential projects from 5 to 50 units in size.

### PRESERVING THE CITY'S EXISTING AFFORDABLE HOUSING STOCK

Targeting existing housing for redevelopment and/or conversion to affordable housing can be the fastest and most cost-efficient means of building an affordable housing inventory. Economically underperforming properties are undervalued relative to the rest of the market, usually due to disrepair, foreclosure, extended vacancy, or a homeowner falling behind on maintenance. Based on the City median assessed value of non-vacant properties, economically underperforming residential properties are those whose per-unit value is less than \$150,000. **Of the City's over 192,000 existing housing units, over 85,000 (44 percent) are economically underperforming.**

### FOCUS ON MIAMI 21'S T-5 AND T-6 CORRIDORS

The City's greatest opportunity to preserve and develop affordable housing lies in its T-6 and T-5 corridors west of I-95. The City's major T-6 corridors, interspersed with T-5 zoned segments, have high density zoning (up to 150 units per acre), significant existing affordable multi-family housing, a large number of properties with land values equal \$20,000 per potential housing unit or less, and have can take advantage of affordable and workforce housing development incentives in the Miami-21 City Zoning Code. The T-5 and T-6 corridors include over 98,000 existing housing units, over 42,000 of which are affordable. Maximum development potential of the vacant properties in the T-5 and T-6 Corridors, based on existing permitted density, is almost 73,000 total housing units.

## MIAMI-DADE COUNTY PUBLIC HOUSING COMMUNITIES

Miami-Dade County's Public Housing and Community Development (PHCD) Division oversees approximately 9,000 public housing units serving mostly low and very-low income households. Over one-third of PHCD's units are in the City. Under the US Department of Housing and Urban Development (HUD) **Rental Assistance Demonstration Program (RAD)**, PHCD is seeking to re-structure 6,246 of its public housing units into mixed-use, mixed-income communities.

The RAD program allows for the third-party acquisition of ageing Federally funded housing. The new owners then finance improvements and maintain the housing for families in need. Current residents are given accommodation for housing off-site during construction but are guaranteed to re-lease their units after the improvements are completed. New ownership has the option of increasing the density of the existing development, adding both more below-market and market-rate units to the community. Benefits of the program include better quality housing stock; improved living conditions and health outcomes for residents; removal of the stigma of public housing through more attractive architectural designs; reduced resident utility expenses through increased energy efficiency; expanded housing options; additional job opportunities for tenants and other area residents, reduced crime rates and reduced transportation costs.

## SINGLE FAMILY NEIGHBORHOODS & SCATTERED SITE DEVELOPMENT

An estimated 9,500 of the City's 34,000 single-family homes are affordable to households earning 80 percent of the City median income, concentrated in Little Havana, West Flagler, Liberty City, Little Haiti, Little River, and Allapattah. Targeting these units for financing, acquisition or improvement that converts them into affordable units represent an opportunity to stabilize neighborhoods, assist homeowners challenged with property maintenance, build family wealth.

Just over 8.4 Million square feet of vacant properties larger than 5,000 square feet are zoned T-3 under Miami 21. The City's T-3 zoning allows for densities from 9 to 18 units, which represent an opportunity to increase units on properties larger than 5,000 square feet. However, only 399,000 square feet of that inventory is publicly owned. The primary affordable single-family supply building opportunities are: 1) preservation and conversion of exiting



units, and 2) development of new units on vacant property large enough to accommodate multiple homes. Investment in single family homes, through important, is incremental in scale. The maximum increase in supply of affordable units through single family preservation and new development is expected to be from 2,000 to 5,000 units.

## SINGLE FAMILY ACCESSORY DWELLING UNITS

**Accessory Dwelling Units (ADU's)** are small-scale homes (350 to 500 square feet), built on single family lots in addition to the existing single-family home. ADU programs have been launched in a number of cities with much fanfare, but the results have been disappointing. The experience with ADU's is that they are difficult to permit and approve, cost hundreds of thousands to build, are an investment that most families can't afford, and end up being rented at market or above rates.

**Most of the City's 34,000 single family properties in the City have enough excess space to construct a 400 square foot ADU plus a parking space, but less than 5,000 households have sufficient income to build them. The City estimates that there are currently almost 9,000 ADU's City-wide, but the vast majority are illegal rentals, and many are not built to code.** Rehabilitating and improving existing ADU's to safe dwelling standards could be a real winning strategy – providing both affordable housing units and boosting family net worth. However, ADU's won't provide a significant supply of affordable housing in the City's moderate-and low-income neighborhoods without using prefabricated construction technology, financing and permitting changes. Opportunities to build new ADU's are considerably more limited.

## CAUTIOUS DEVELOPMENT OF MICRO-UNITS

Micro-dwelling units – apartments as small as 275 square feet – have been promoted as an affordable housing solution. Miami 21 permits micro-dwelling units (275-399 square feet) for developments in dense Urban Center (T5) and Urban Core (T6) areas served by transit. **Micro units, as a large-scale affordable housing solution, may not be the answer to Miami's affordable housing needs.** Micro-units serve a small slice of the affordable housing market – 2-person or less households, rely on relaxing occupancy standards (square feet per person) developed over decades of experience, and in Miami thus far, charge rents on a per square foot basis that are at or above market rate. Much has been made of building micro-homes on “left-over” lots. The potential supply of new micro-homes built on leftover lots in the City is actually quite limited – just over 960 units.

## RE-PURPOSING & CONVERSION OF COMMERCIAL PROPERTIES

The shift of retail sales from brick and mortar locations to on-line has dramatically reduced the demand and supply of retail space across the County. The City has a significant inventory of underperforming shopping malls and plazas that would otherwise be suitable for re-purposing as mixed-use, mixed income developments with existing infrastructure, served by mass transit, and accessible from nearby residential neighborhoods. The City's T-6 corridors contain the bulk of the City's inventory of low-density underperforming retail plazas. Although existing zoning supports residential development and affordable housing incentives, additional financial solutions may be needed to deliver affordable housing development on these

## TRANSIT ORIENTED DEVELOPMENT SITES

The City's Master plan incorporates **Transit Oriented Development (TOD)** – high density mixed-use communities built around transit nodes that maximize ridership on the City's existing and future mass-transit systems. The Miami-21 Zoning code regulations for TOD developments incorporates affordable housing incentives in the form of density bonuses, reduced parking, height additions, and reduced setback requirements. The City's best opportunity for the development of affordable housing within TOD projects will be in the designated TOD sites north of SW 8th Street and West of I-95, but will need to overcome considerable land assembly challenges.

## RESIDENTIAL DENSITY INCREASE AREAS

Miami-21 provides significant density increases in the neighborhoods east of I-95 adjacent to the Central Business District. The density increases – up to 1,000 units per acre and building heights up to 80 stories, would otherwise be useful to convert or provide new affordable units. However, even with a mandatory inclusionary zoning policy, expecting any units to be provided in this part of the City is unrealistic due to high land costs, development costs, and prevailing rents.





## Equitable TOD - Quality of Life = (e)Quality Place

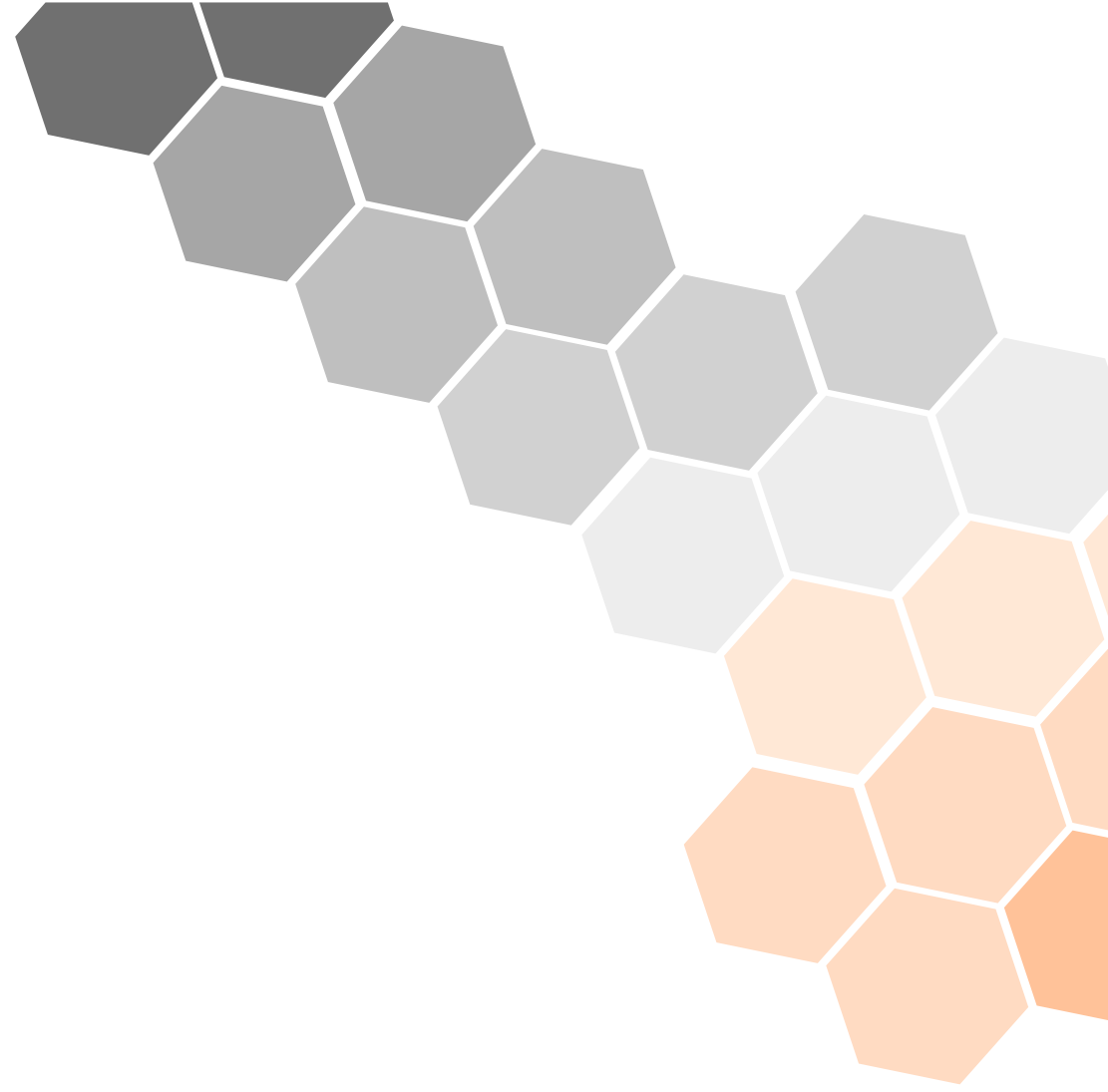
Equitable transit-oriented development (TOD) is development that provides access to housing, jobs, and transportation for all members of the community. TOD is uniquely positioned to positively impact low- and moderate-income (LMI) communities by creating affordable housing and economic opportunities where people actually live while connecting workers to other employment centers.

*Source: Ellinwood + Machado 2019; Images of New Bern ETOD, Charlotte, North Carolina.*

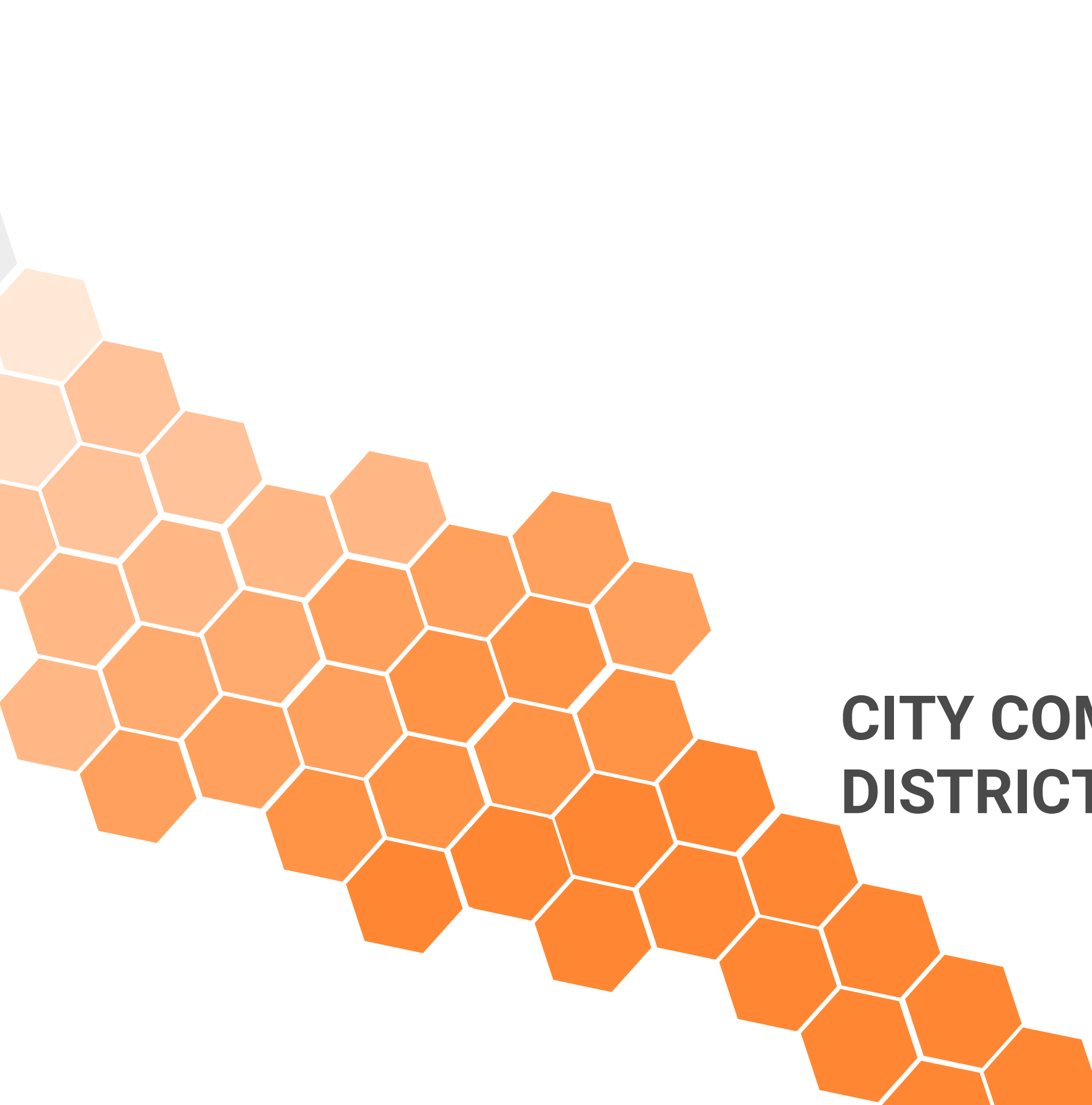


*Image Source: Ellinwood + Machado*

*The City's best opportunity for the development of affordable housing within TOD projects will be in the designated TOD sites **north of SW 8th Street and West of I-95**, but will need to overcome considerable land assembly challenges.*







# **CITY COMMISSION DISTRICTS**

*The Master Plan provides specific affordable housing opportunities in **each Commission District**. The affordable housing target areas represent each Commission District's **best development opportunities in neighborhoods of greatest need**. The following section summarizes the current affordable housing supply and demand conditions in each Commission District and the focus of affordable housing development opportunities.*





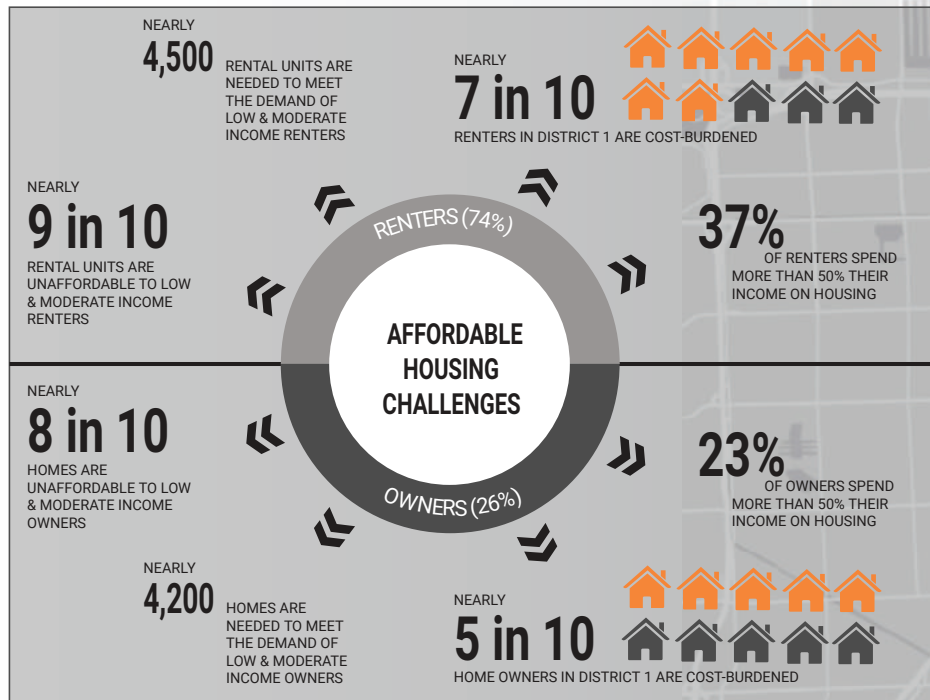
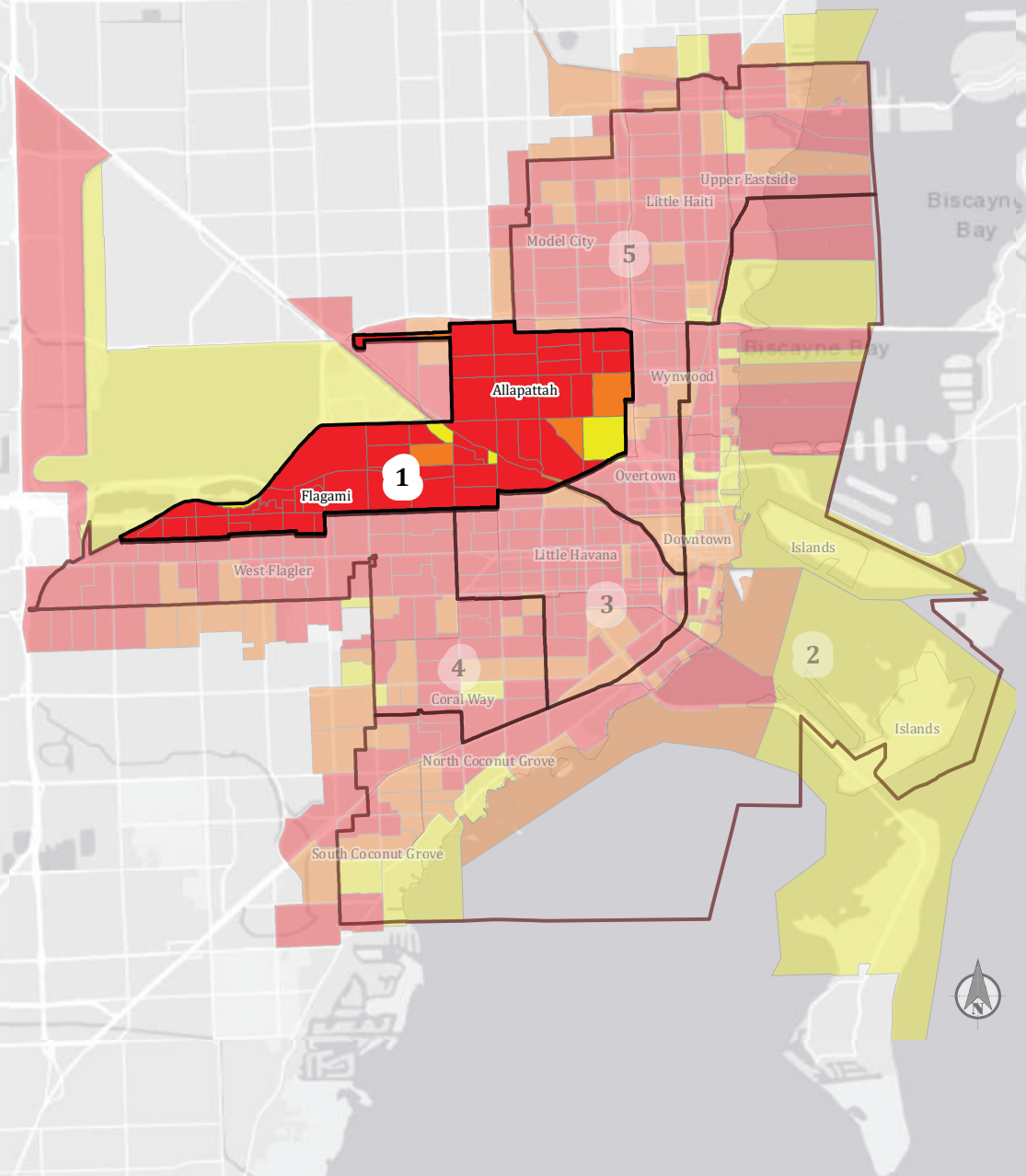
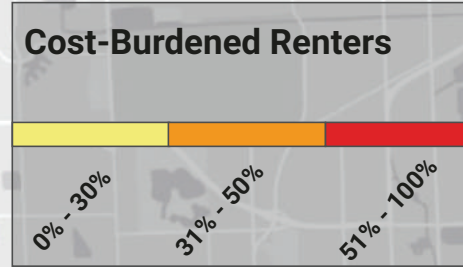




# DISTRICT 1

There are 30,524 housing units in District 1, of which, 35.8 percent are in multi-family structures of 20 units or more. Single-family structures comprise 24.8 percent of units in the District. An estimated 54 percent of units (16,485 units) are in structures 50 years of age or older.

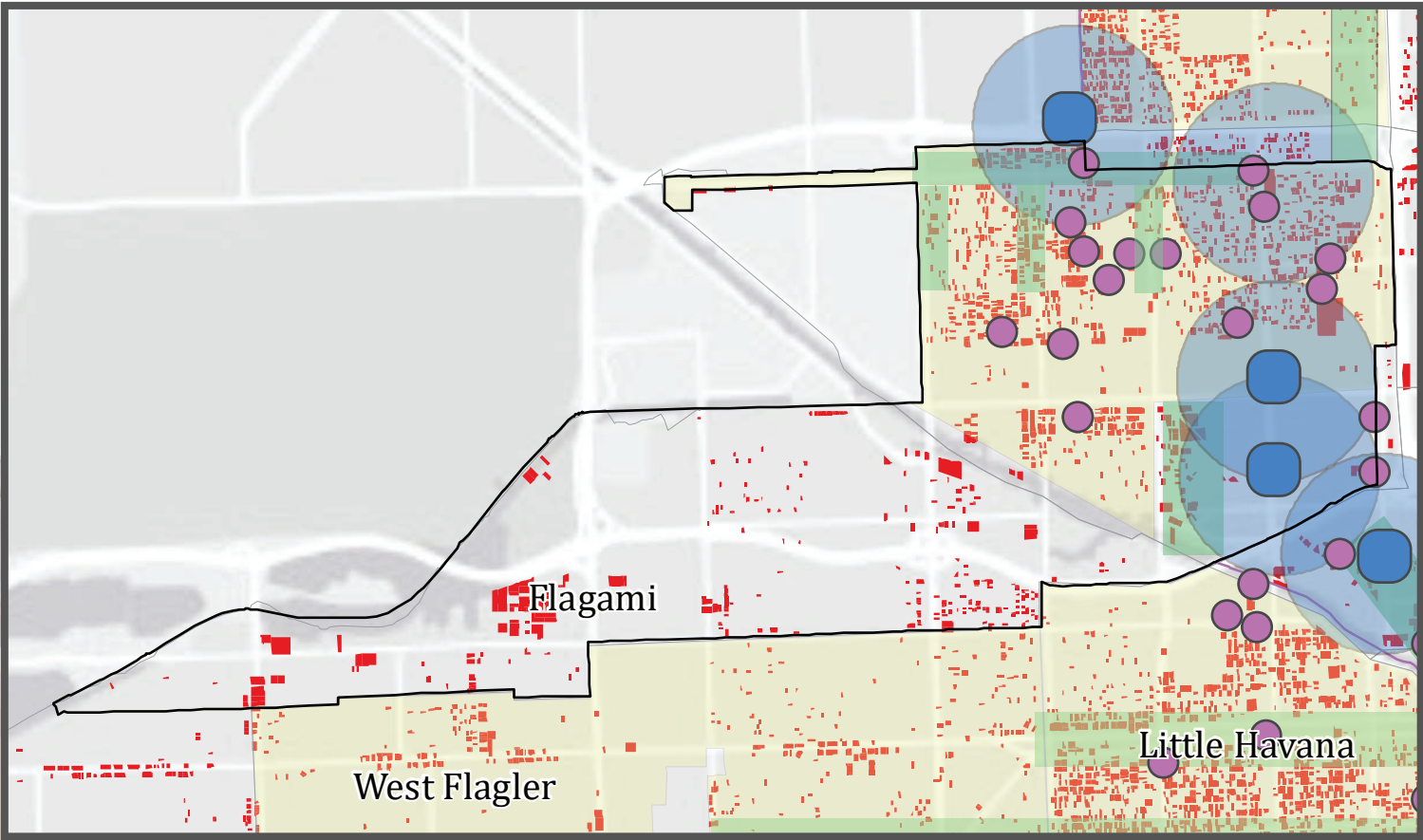
The majority (60.8 percent/13,113 households) of District 1 renters fall within the “Extremely-Low” to “Moderate” household income categories. District 1 has a supply gap of 7,827 affordable units for renters and 512 affordable owner units.





# AFFORDABLE HOUSING TARGET AREAS

-  T-6 and T-5 Corridors
-  Public Housing Communities
-  TOD Sites
-  Single Family Neighborhoods
-  Properties with unit value less or equal to \$100,000

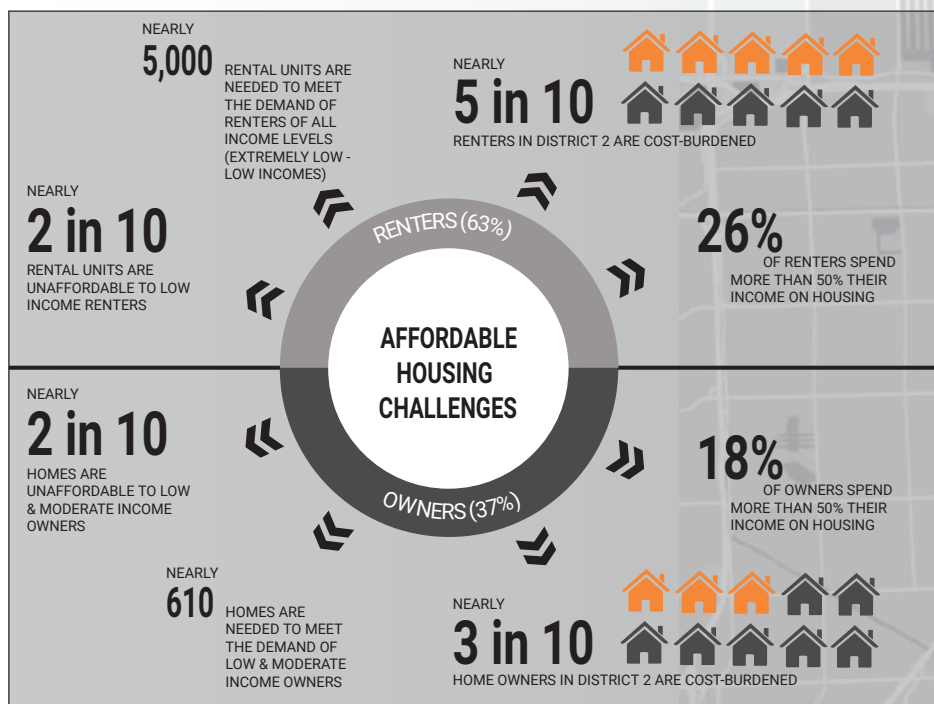
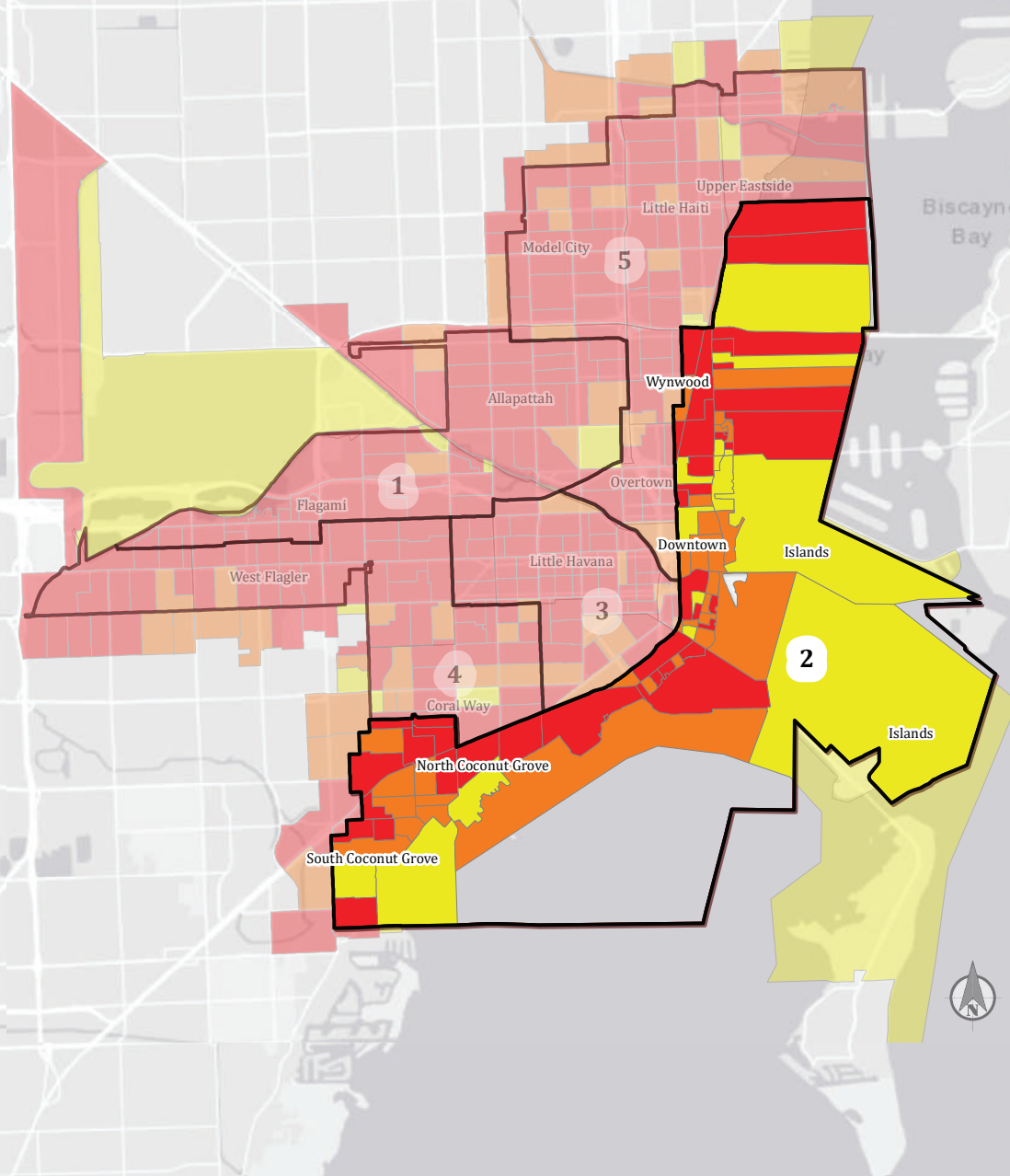
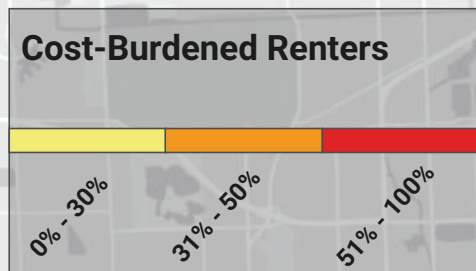


## DISTRICT 2

There are 53,580 housing units in District 2, of which, 72 percent are in multi-family structures of 20 units or more. Single-family structures are 24.8 percent of units in the District. 47.2 percent of units (25,291 units) in the District have been built since 2000.

Highest vacancy rate in the City (29.2percent/15,742units), due to the large share of “seasonal” vacancies (9,638 units). The 81,355 residents are primarily renters (23,514 households) with a median household income of \$61,850 compared to \$28,650 for City renters. 50 percent of District 2 renters are cost-burdened and 26 percent “severely” cost-burdened.

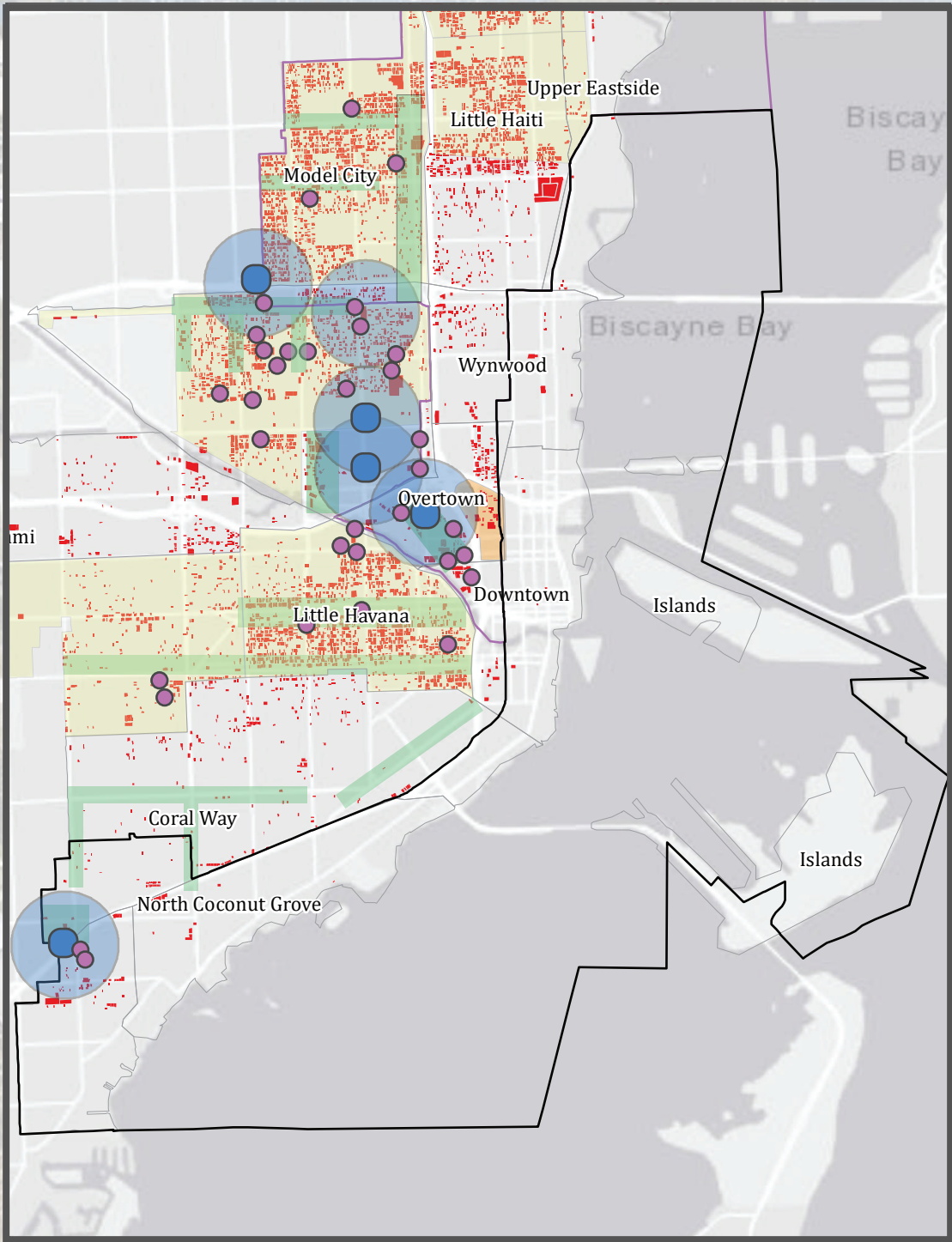
The majority (60.8percent/14,125 households) of District 2 renters fall within the “Extremely-Low” to “Moderate” household income categories. District 2 has a supply gap of 5,021 affordable renter units for households within the “Extremely-Low.” “Very Low” and “Low” household income categories and owner 612 units.





# AFFORDABLE HOUSING TARGET AREAS

-  T-6 and T-5 Corridors
-  Public Housing Communities
-  TOD Sites
-  Single Family Neighborhoods
-  Properties with unit value less or equal to \$100,000
-  Overtown Density Increase Area

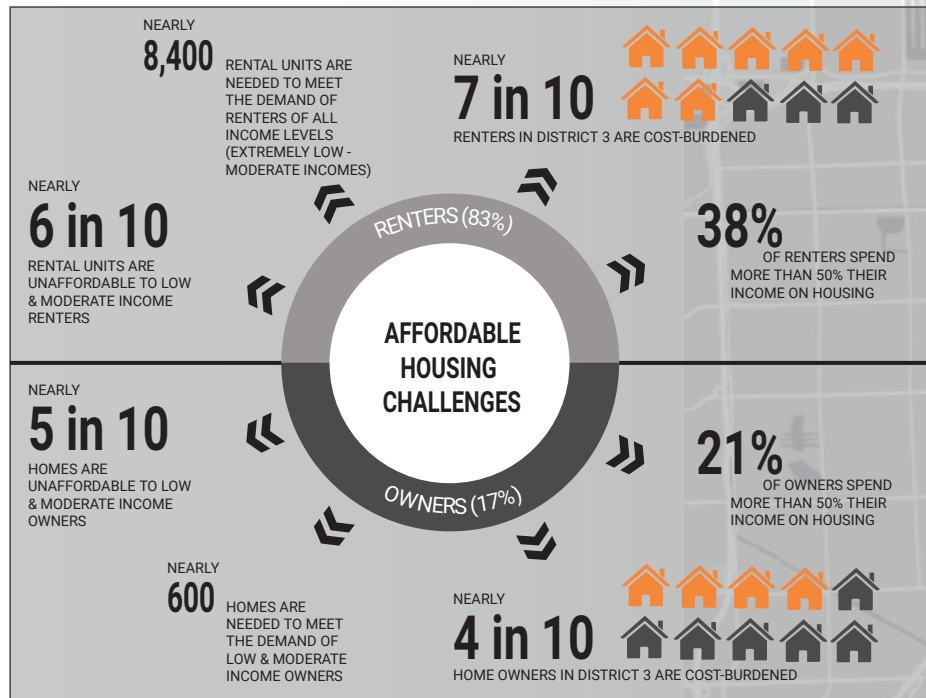
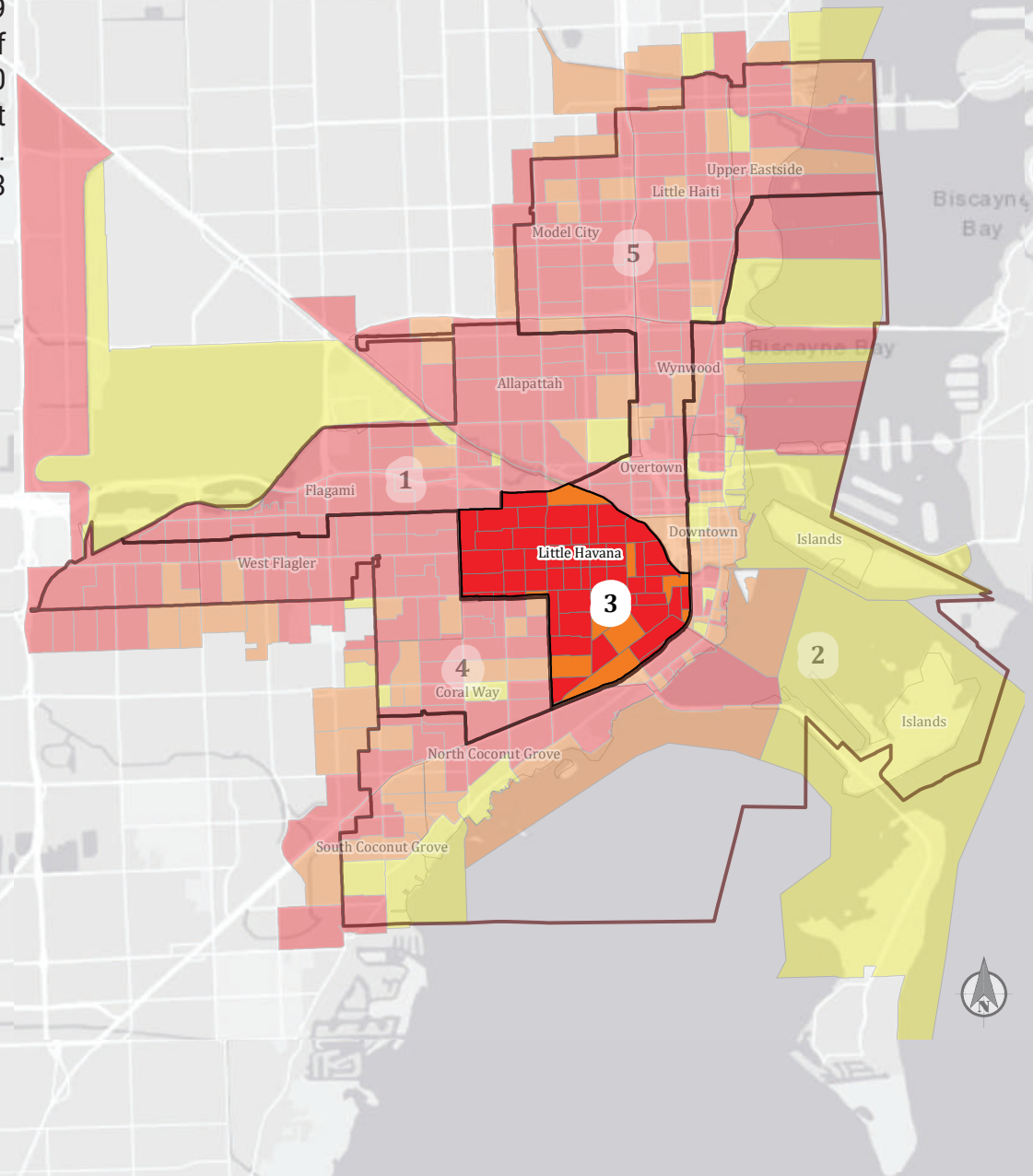
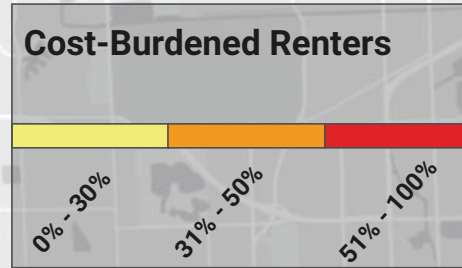




## DISTRICT 3







There are 34,420 housing units in District 3, of which, 47.6 percent are in multi-family structures of 10 or more units. Single-family structures compromise 24.8 percent of units in the District. An estimated 60.6 percent of units (20,854 units) are in structures 50 years of age or older.

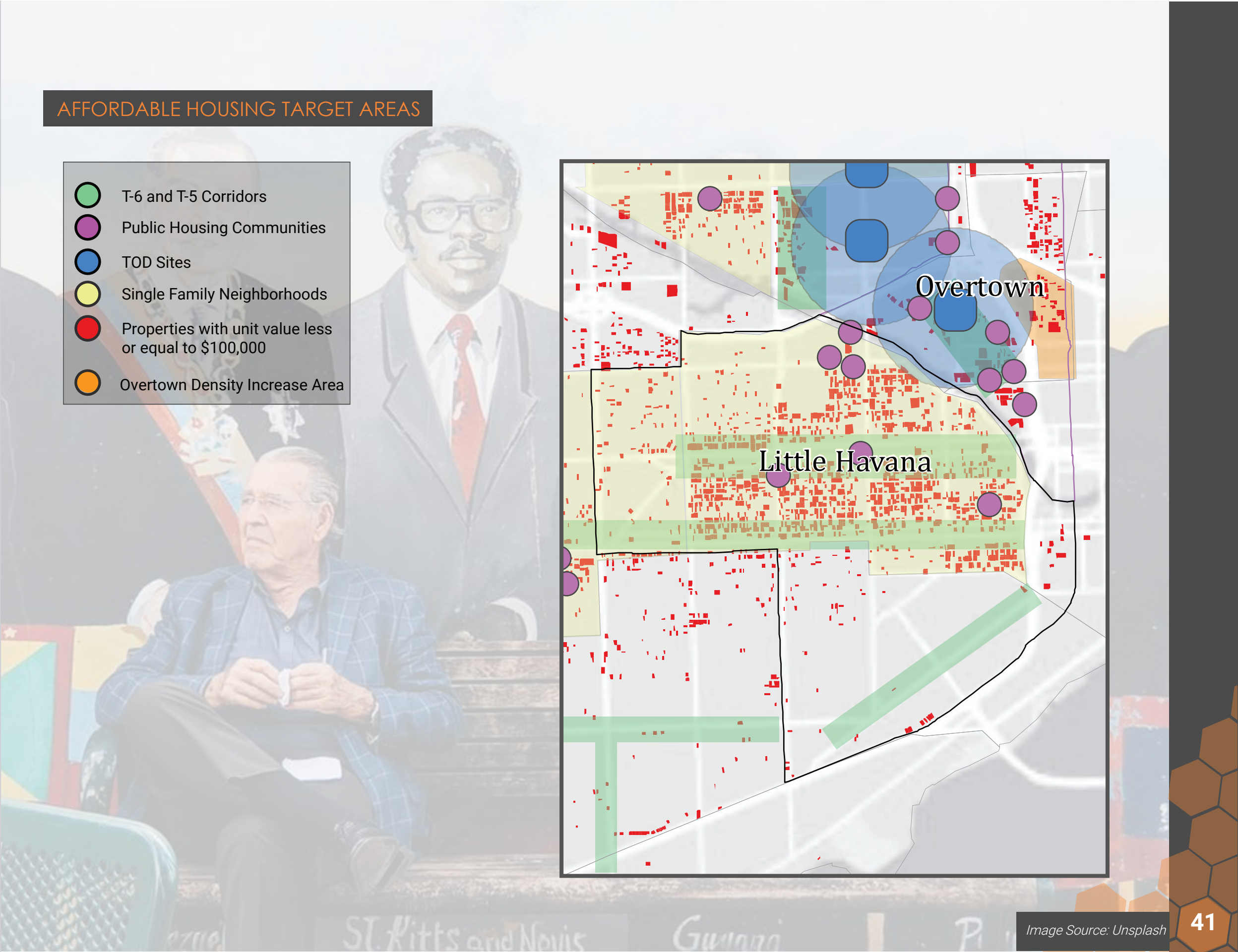
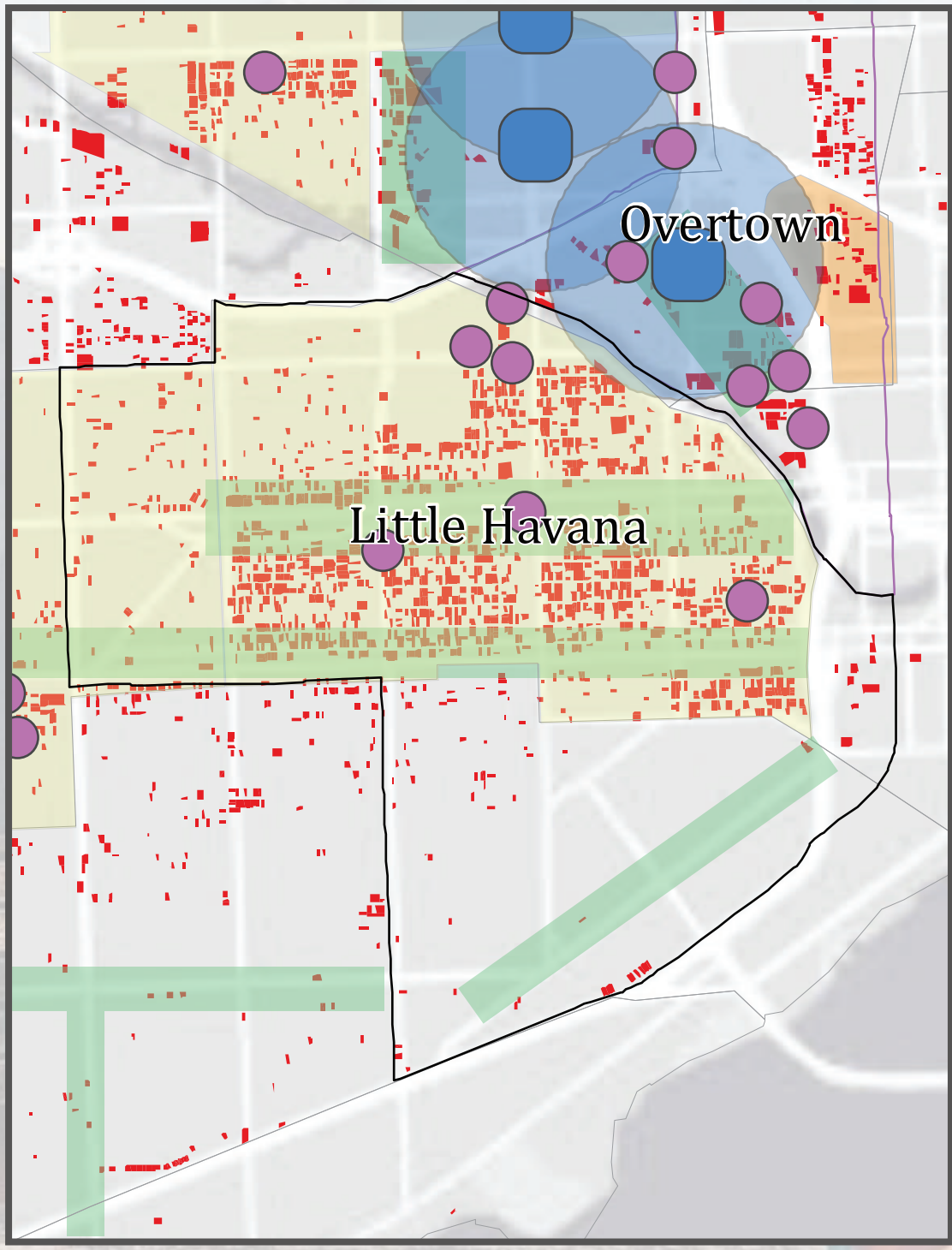
The 81,002 residents of District 3 are primarily renters (83.9 percent/25,351 households) with median household income of \$22,760, compared to \$28,650 for City renters. With nearly 6 in 10 apartments unaffordable to District 3 residents, an estimated 70 percent of renters are cost-burdened and 38 percent “severely” cost-burdened. District 3 has a supply gap of 8,482 affordable units for renters and 573 owner units for “Low” and “Moderate” income owner households.





# AFFORDABLE HOUSING TARGET AREAS

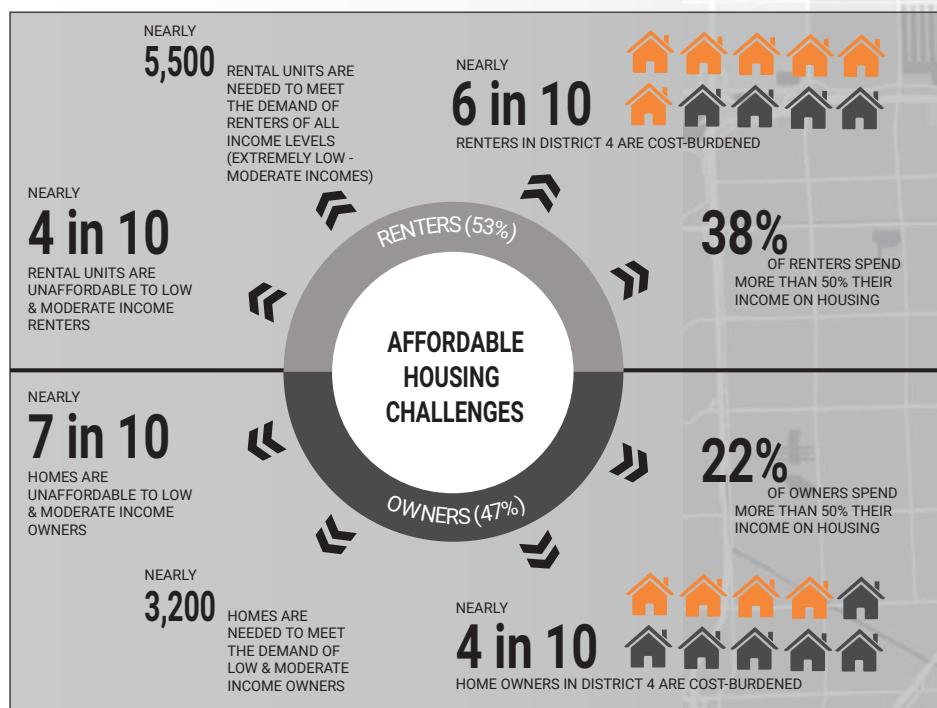
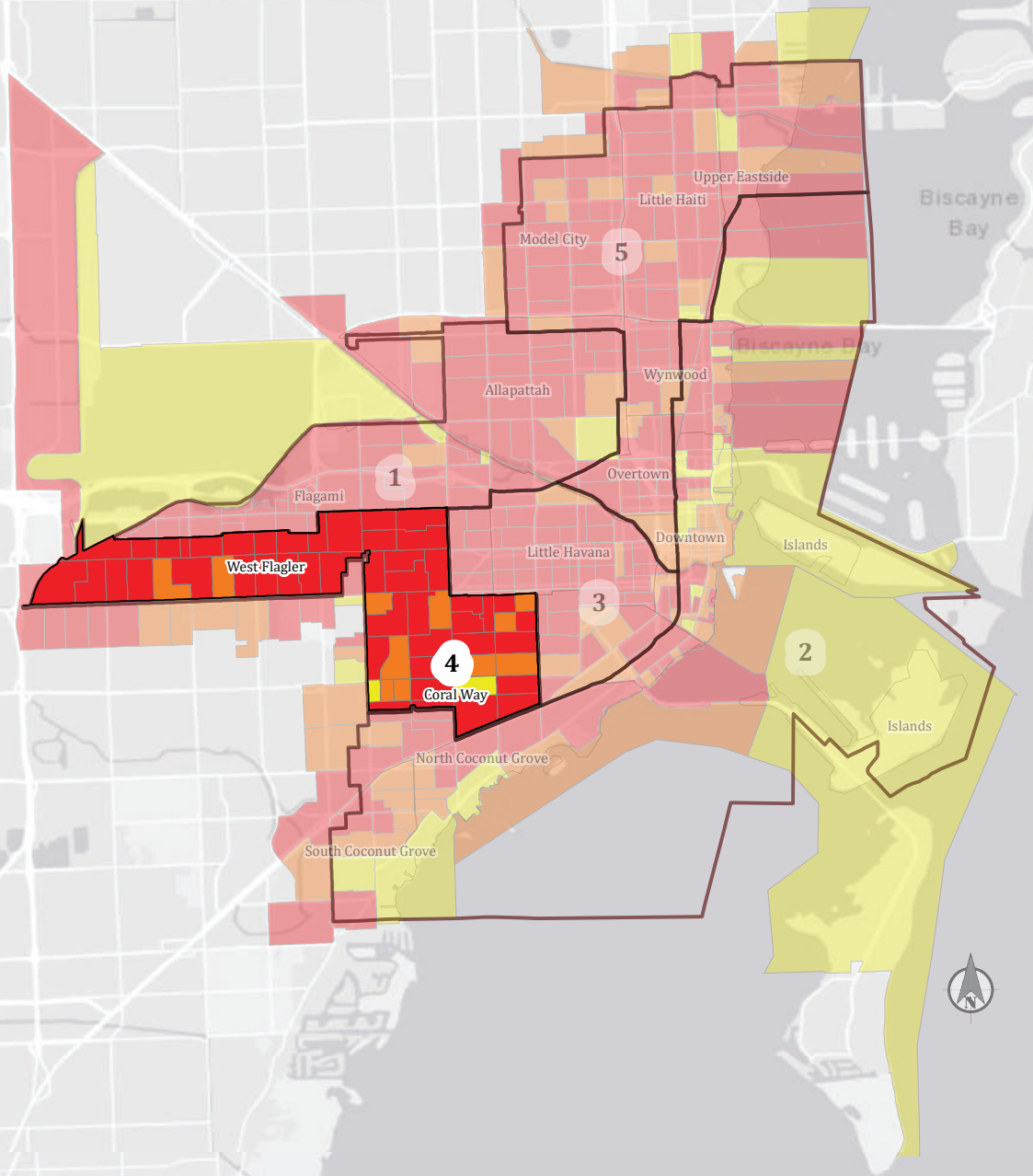
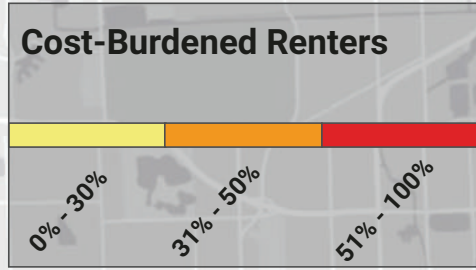
-  T-6 and T-5 Corridors
-  Public Housing Communities
-  TOD Sites
-  Single Family Neighborhoods
-  Properties with unit value less or equal to \$100,000
-  Overtown Density Increase Area



## DISTRICT 4






There are 38,769 housing units in District 4, of which, 66.0 percent are single-family attached and detached structures. An estimated 66 percent of units (26,363 units) are in structures 50 years of age or older.

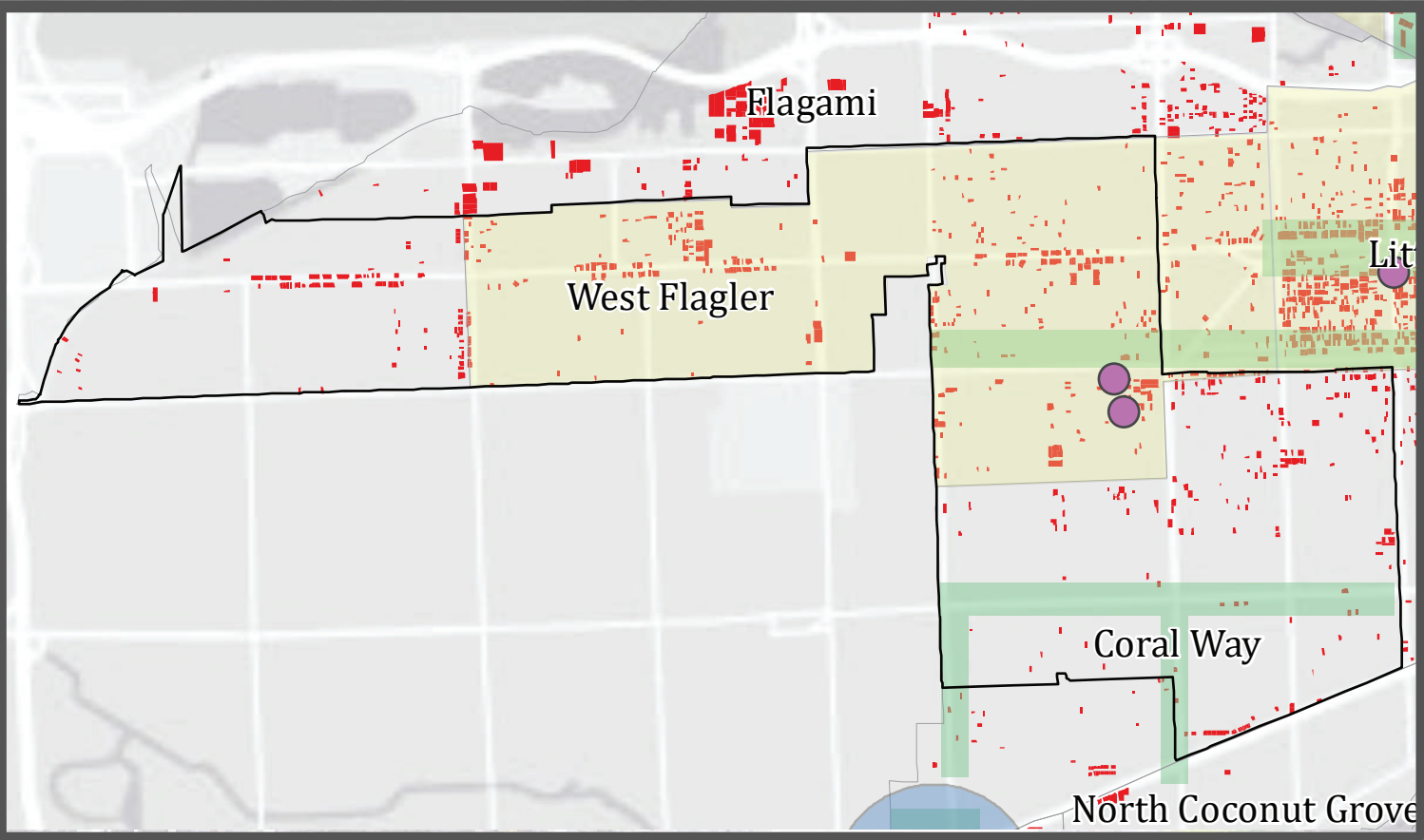
The 104,688 residents of District 4 are primarily renters (53.0 percent/21,573 households) with median household income of \$31,828, compared to \$28,650 for City renters. With nearly 9 in 10 apartments unaffordable to District 4 residents, an estimated 67 percent of renters are cost-burdened and 38 percent “severely” cost burdened. District 4 has a supply gap of 5,856 affordable renter units for “Extremely low, “Very Low” and “Low” income households and 2,078 owner units.





# AFFORDABLE HOUSING TARGET AREAS

-  T-6 and T-5 Corridors
-  Public Housing Communities
-  TOD Sites
-  Single Family Neighborhoods
-  Properties with unit value less or equal to \$100,000

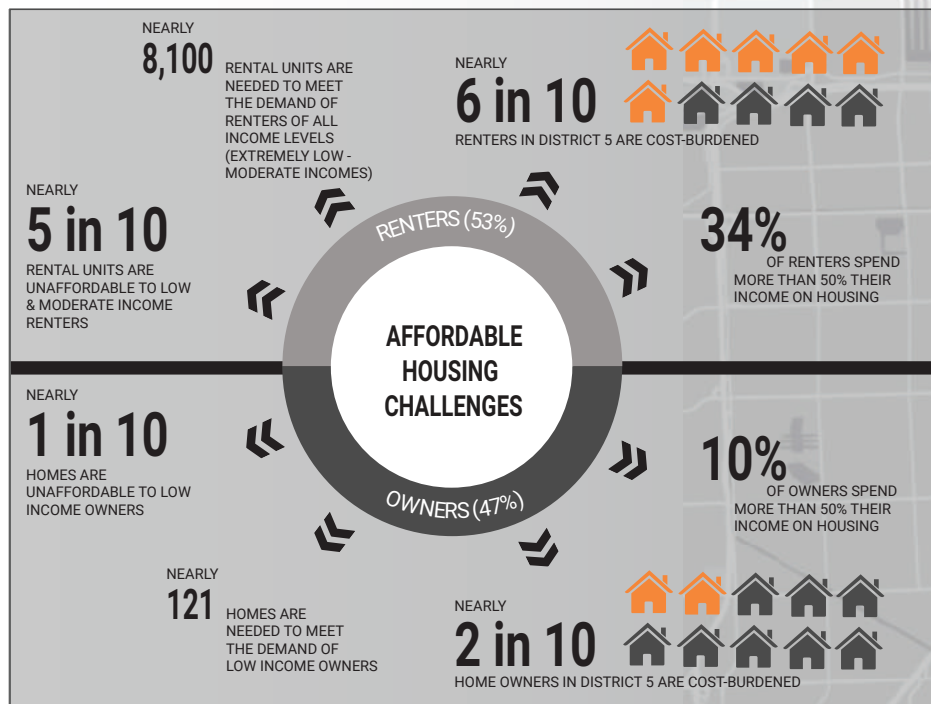
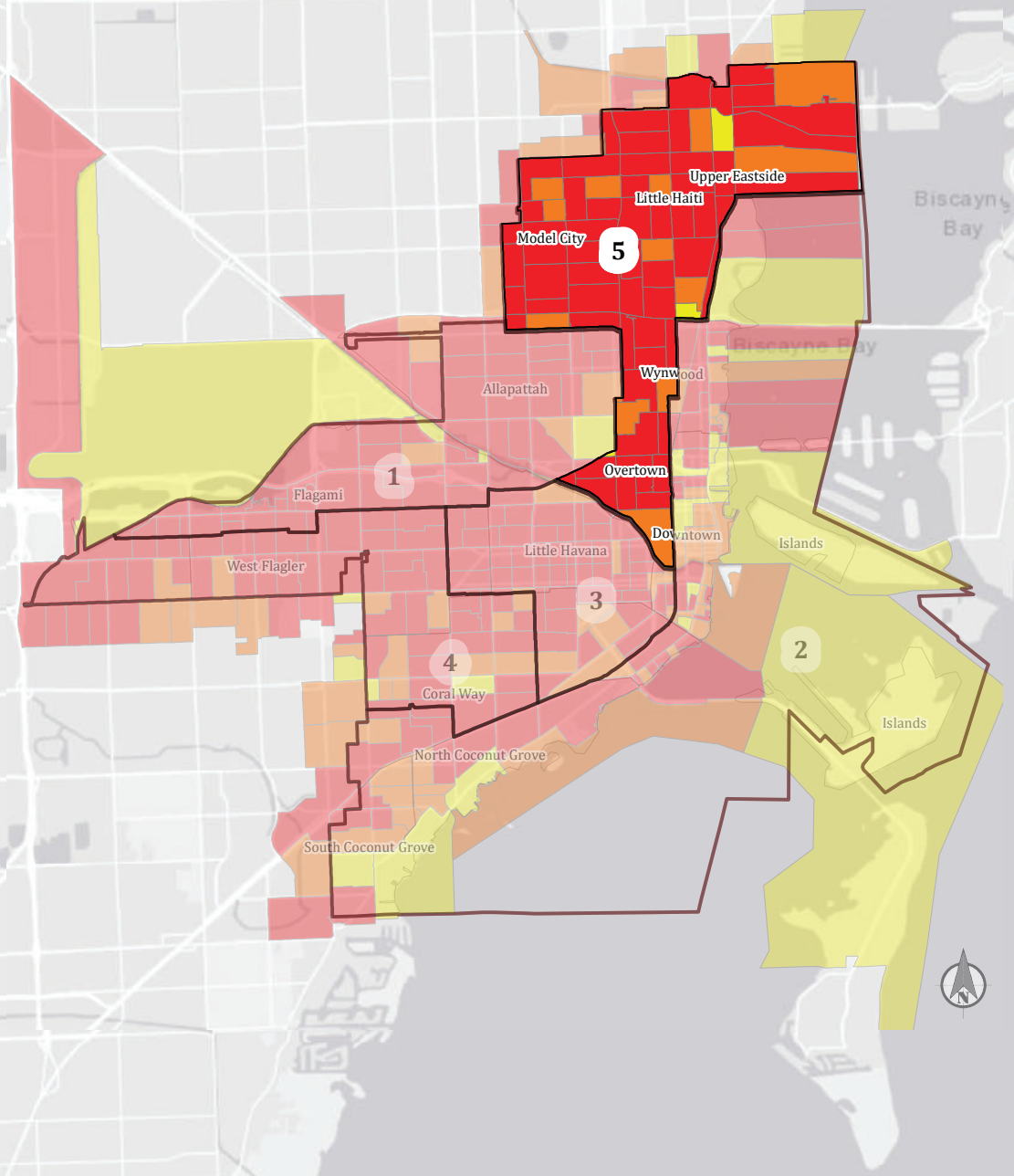
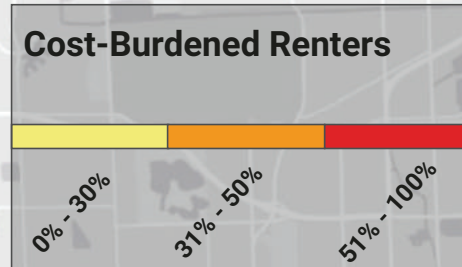


## DISTRICT 5

There are 41,525 housing units in District 5, single family detached/attached structures compromise 39.1 percent of all units in the District. 33.4 percent of units are in multifamily structures of 10 or more units. 60.6 percent (20,854 units) are in structures 50 years of age or older.







The 89,862 residents of District 5 are primarily renters (74.4 percent/26,850 households) with a median household income of \$22,760, compared to \$28,650 for City renters. With nearly 5 in 10 apartments unaffordable to District 5 residents, an estimated 60 percent of renters are cost-burdened and 34 percent “severely” cost-burdened.

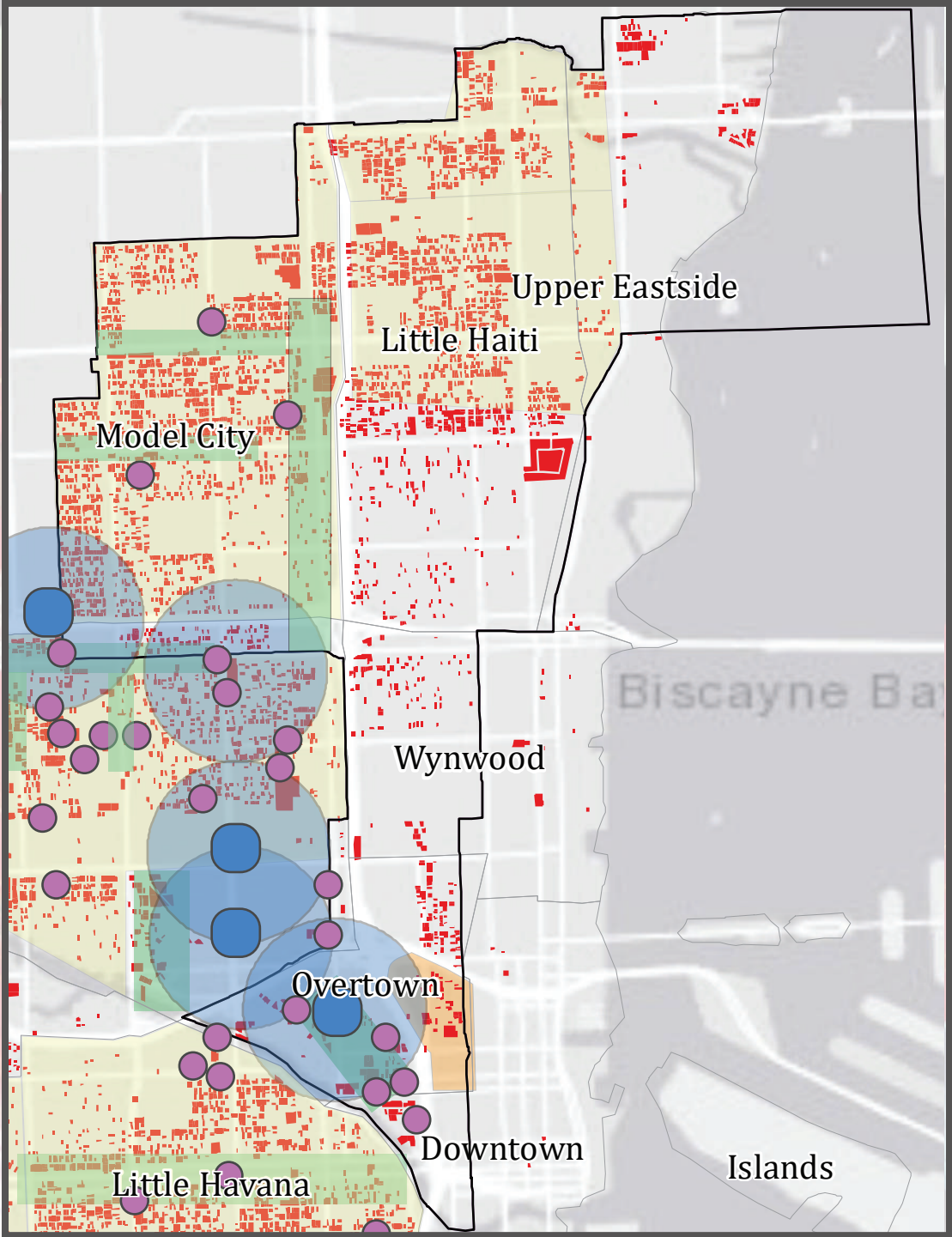
An estimated 48.9 percent (13,141 households) of District 5 renters fall within the “Extremely-Low” to “Moderate” household income categories. District 5 has a supply gap of 6,850 affordable units for renters in the four household income categories, and 121 owner units in the “Low” household income category.





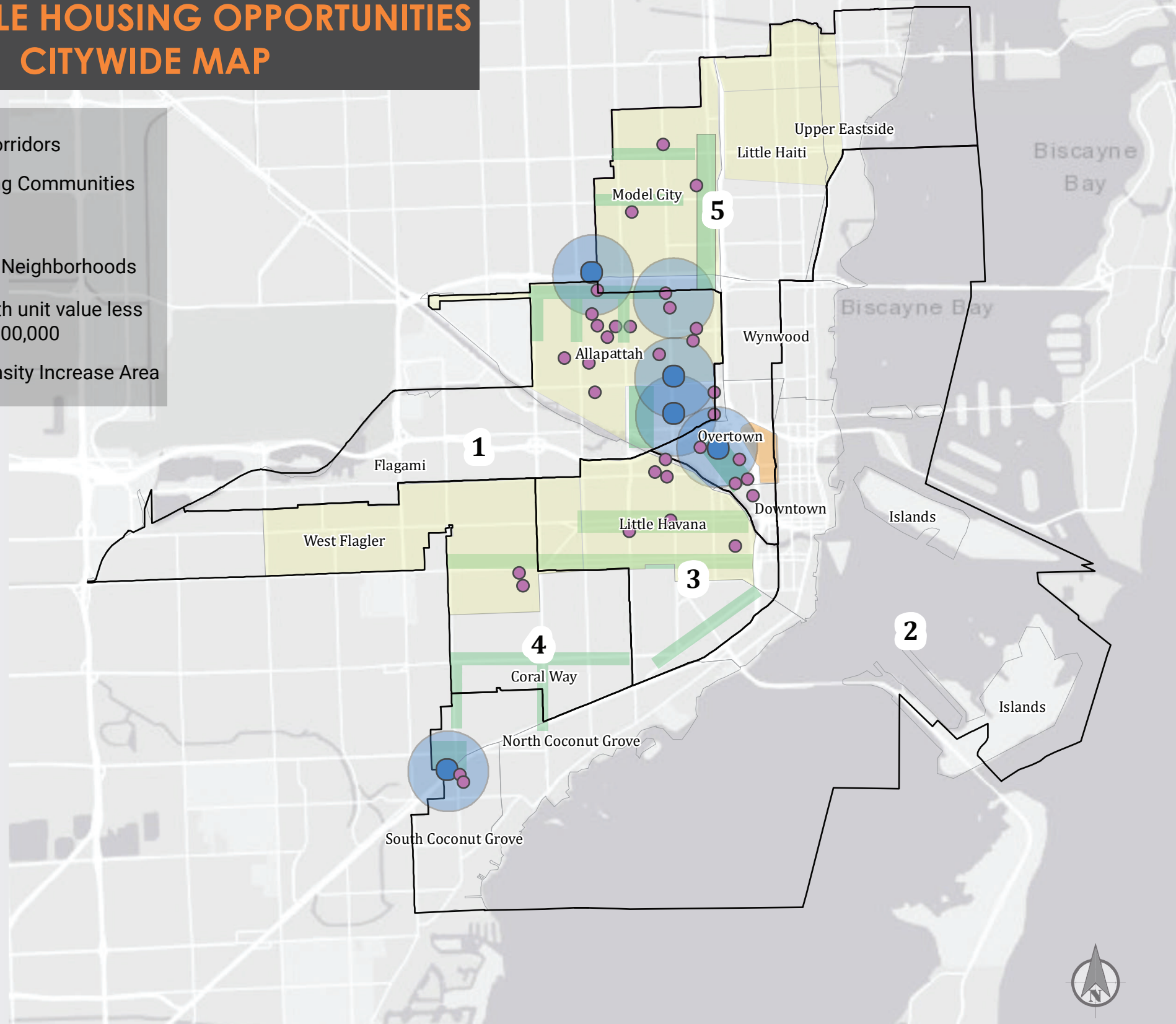
# AFFORDABLE HOUSING TARGET AREAS

-  T-6 and T-5 Corridors
-  Public Housing Communities
-  TOD Sites
-  Single Family Neighborhoods
-  Properties with unit value less than or equal to \$100,000
-  Overtown Density Increase Area



# AFFORDABLE HOUSING OPPORTUNITIES CITYWIDE MAP

-  T-6 and T-5 Corridors
-  Public Housing Communities
-  TOD Sites
-  Single Family Neighborhoods
-  Properties with unit value less or equal to \$100,000
-  Overtown Density Increase Area





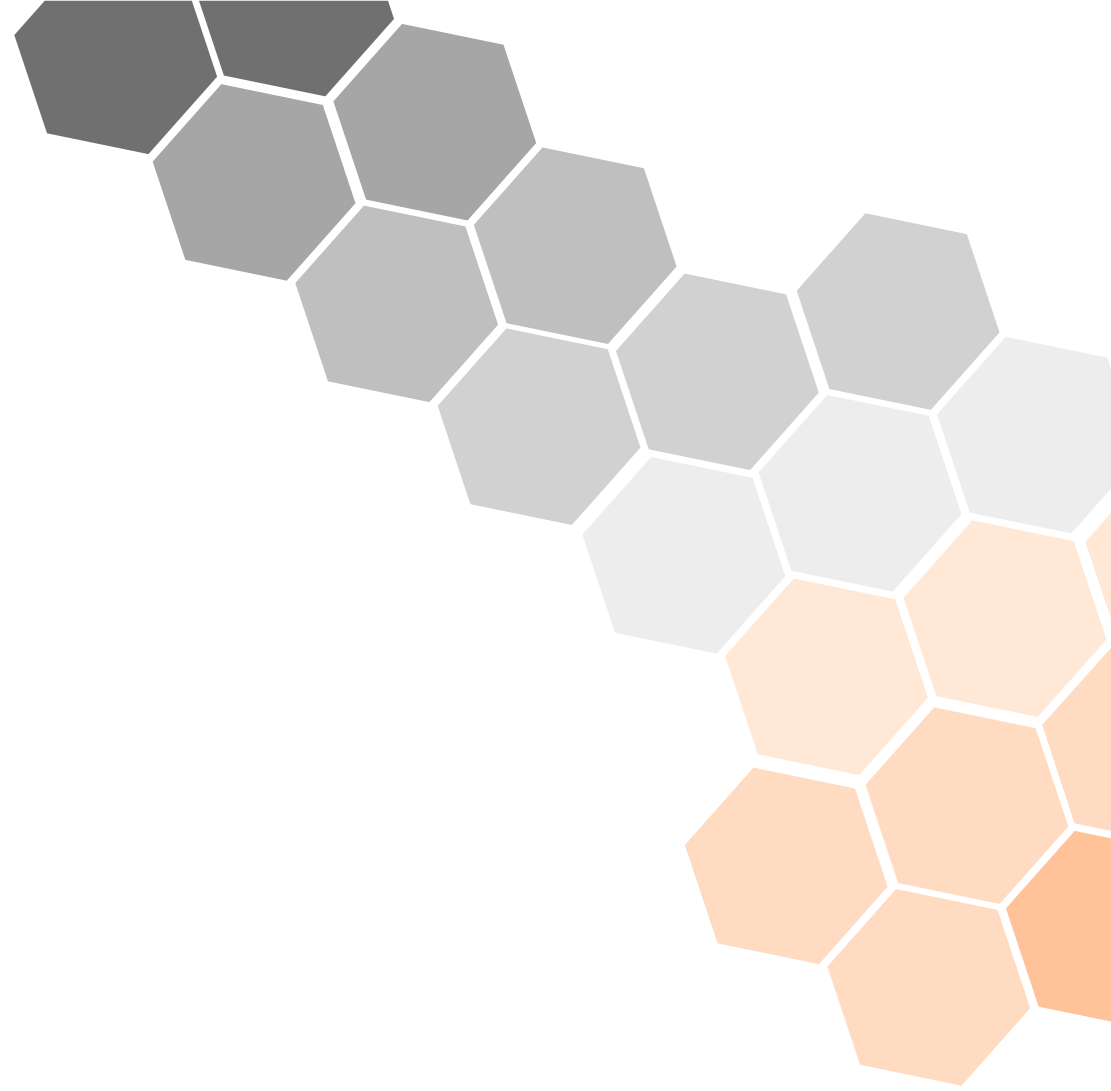
## AFFORDABLE HOUSING OPPORTUNITIES CITYWIDE DATA

### Vacant Property Analysis

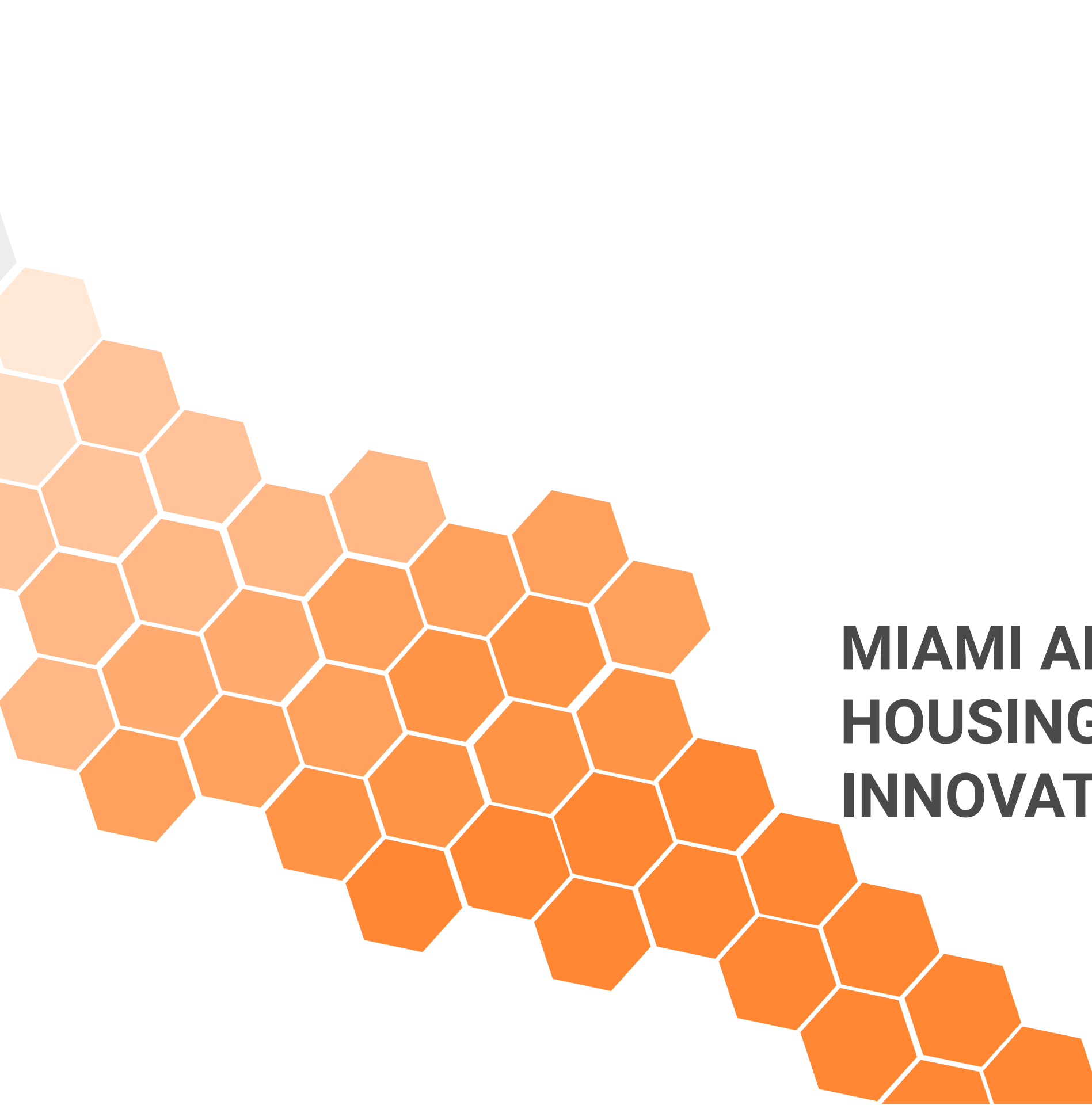
Vacant Property	Lots	Acres	Potential New Units (Market & Affordable)
Privately Owned	3,501	884	77,202
City Owned	97	35	3,108
Other Govt. Owned	232	84	9,277
	3,830	1,003	89,587
Undersized Buildable Lots	967	88	967
<b>TOTAL</b>	<b>4,797</b>	<b>1,091</b>	<b>90,554</b>

### The City's Affordable Housing Development Opportunities

	Total Existing Units	Existing Affordable Units	Potential New Units on Vacant Property (Market & Affordable)
T5 and T6 Corridors	98,954	42,256	72,962
Single Family Homes	34,172	4,234	3,289
Miami-Dade County Public Housing Communities (RAD Program)	2,035	2,035	5,433
Transportation Oriented Development Sites	13,176	4,743	8,870
Re-Purposing & Conversion of Commercial Properties			5,500
Single Family Accessory Dwelling Units	9,000+	8,000+	967







**MIAMI AFFORDABLE  
HOUSING  
INNOVATION FUND**

To successfully implement the Master Plan, the **City will create a Miami Affordable Housing Innovation Fund – a single, tightly organized, professionally managed Fund that will finance the City’s affordable housing development.** The Fund will be managed by a “Miami Affordable Housing Finance Corporation,” using the following strategies.

- **Reaching scale quickly followed by continuous fundraising:** Providing resources to implement the Master Plan will require reaching significant scale as quickly as possible. However, creating a financing structure at this scale won’t happen all at once, and will need to be grown continuously over the next decade;
- **A local, privately funded plan:** Shrinking federal and state funding sources means \$85 million dollars of the City Forever Bond will be used to leverage, over ten years, a pool of \$1 billion in corporate and philanthropic investment supplemented with various state and federal incentives and tax credits.
- **Flexibility:** Financing provided by the Fund will be flexibly applied, providing speed to the development process. Growing the Fund would be specifically open-ended, built through direct cash investments, partnerships, and long-term commitments to use funding and resources from lenders (for and non-profit), institutional investors, philanthropic donors and granting institutions. Investors and partners of the Fund would have the option of directing how their funds are used within the Fund – as a for-profit (below-market returns), non-profit, philanthropic donation, grant, or funding commitment. Investor-partners could also direct specific uses of their funds or commitments (i.e. rental unit, owner-occupied, acquisition, preservation, new construction, loan guarantees, etc.);
- **Replenishment:** The Fund will avoid one-time giveaways by structuring funding as much as possible as revolving sources that return value and cash back to the affordable housing funding pool. The Plan needs to be self-sustaining over at least the next decade;



- 
- **Partnerships and long-term commitments:** Leveraging public dollars in the Fund is crucial, and will require partnerships with banks, lenders and investors making long-term commitments to the City's Master Plan; and
  - **Funding under one roof:** Home buyers, developers, owners, renters and builders of affordable housing need access to a wide range of financial products and programs. A major aspect of the Fund will be its focus, commitment and single, transparent point of entry with funding and financial assistance open to anyone, including single-family homeowners, to support their efforts to re-build Miami's affordable housing stock and protect its unique neighborhoods.

Developing the financing engine to drive the implementation of the Master Plan will be a daunting challenge. As such, the development and management of the Fund will require full adherence to the four operational principles of the Master Plan – Scale, Speed, Flexibility and Intelligence. The total investment required to reach the 25 percent affordable unit market share target will require somewhere between \$4 and \$6 billion of total investment over ten years.

The City of Miami is fortunate to have the real estate development and finance expertise, major national and international corporations and large and active philanthropic institutions to provide the investment platform on which the Master Plan's financing requirements can be built. Capitalization of the Fund will be served by Miami's considerable financial investment capacity.

## MIAMI AFFORDABLE HOUSING INNOVATION FUND

The Master Plan's Affordable Housing Innovation Fund is a "layered" fund, which combines multiple sources of capital from across different sectors—public, private, and philanthropic (social impact investment)—into a single revolving loan fund for nonprofit and private affordable housing developers. Such funds vary in terms of their "capital stack." What share of the capital in the fund will come from the public, private, and philanthropic sectors will be determined by need and investment capacity. Importantly, combining different sources of funding - private capital, public subsidy, corporate and philanthropic investment - will help overcome the limitations of each.

Examples of affordable housing funds include the NYC Acquisition Fund, the San Francisco Housing Accelerator Fund, the LA MATCH Fund and the Washington D.C. Affordable Housing Preservation Fund. The funds provide for a wide range a wide range of investment types including acquisition, pre-development, secured and unsecured debt, rehabilitation and program related investments (PRIs).

Miami's Affordable Housing Innovation Fund will include a variety of investment resources as part of a 10-Year Capitalization Plan. The table below provides an overview of potential sources, investment activities and target amount.





## MIAMI AFFORDABLE HOUSING INNOVATION FUND - 10-YEAR CAPITALIZATION PLAN

PRIMARY SOURCES	POTENTIAL ACTIVITIES	TARGETED AMOUNT
<b>The City of Miami Forever Bond</b>	Acquisition & pre-development loans, first time homebuyer and rehabilitation grants & low-cost loans, shared equity investment, accessory dwelling unit (ADU) construction	<b>\$85 M</b>
<b>Commercial Loans</b> (Private Loan Pool)	Senior debt, mezzanine debt ADU financing, mortgage loans, home repair loans	<b>\$400 - \$500 M</b>
<b>Philanthropy</b> (Impact Investing)	Start-up grants, subordinate debt	<b>\$300 M - \$500 M</b>
<b>Real Estate Investment Trusts (REITs)</b>	Equity investments in acquisitions, affordable housing development and preservation	<b>\$100 M</b>
<b>OTHER POTENTIAL SOURCES</b>		
<b>New Market Tax Credits (NMTC)</b>	Mixed-use, mixed-income project financing	<b>\$75 M - \$200 M</b>
<b>Proposed Empty Home (Vacancy) Tax</b>	Acquisition & pre-development loans, affordable housing development, rehabilitation financing, shared equity investment, accessory dwelling unit (ADU) construction	<b>\$200 M - \$800 M (1)</b>
<b>Affordable Housing Linkage Fees</b>	Acquisition & pre-development loans, affordable housing development and rehabilitation financing, shared equity investment, accessory dwelling unit (ADU) construction	<b>\$200 M - \$800 M (1)</b>

(1) Total potential revenue over 10 years

## RESOURCES COMPRISING THE MIAMI AFFORDABLE HOUSING INNOVATION FUND

The core investment vehicles that will drive and sustain the Miami Affordable Housing Innovation Fund for the full 10-year duration of the Master Plan include, but not limited, to the following:

### THE MIAMI FOREVER BOND

The Miami Forever Bond Fund represents the most important seed funding to implement the full scope of this Plan. The first \$15 Million of the \$100 Million Forever Fund affordable housing commitment has been dedicated to multi- and single-family affordable housing project scattered across the City. The remaining \$85 Million is the platform on which the City leverages the total funding needed to drive the Housing Innovation Fund concept. There are two keys to successful use of the Forever Bond:

- Use the Forever Bond to leverage third-party debt and commitments from other sources; and
- Insure Forever Bond funds are utilized as a revolving and replenishing source of funding, not grants.

The best uses of the Forever Bond are:

- Seed funding on which to build additional cash reserves, from other sources;
- Equity applied to the finance and debt product listed below, most importantly, acquisition and pre-development loans, equity mortgages, down payment assistance, land purchase loans, and a small reserve set aside to back-up loan guarantees.





## COMMERCIAL BANK LOAN FUNDS

Lending institutions are incentivized to lend to affordable housing developers in order to meet their commitment under the federal Community Reinvestment Act (CRA), which requires commercial banks to serve the credit needs of low- and moderate-income communities and to take steps to provide equal access to responsible financial products and services to traditionally underserved populations.

Commercial lending investment in the Miami affordable Housing innovation Fund will provide the “senior” debt required for affordable housing projects. Senior debt refers to debt that must be paid off first. This usually takes the form of traditional, commercial loans from private lenders. New affordable housing projects are typically first financed with an acquisition and construction loan. These are short-term loans that mature in 12 to 36 months. They are sized based on a percentage of the total development cost (TDC) and typically include reserves, developer guarantees, and other additional security for the lender. Once a project is fully constructed and has been occupied at a certain level and for a certain period of time (“stabilized”), the construction loan is typically paid off from a combination of sources, including some or all of the following: a senior permanent loan, typically with a maturity of 15-30 years, one or more subordinate loans, and tax credit equity.

## PHILANTHROPY: SOCIAL IMPACT INVESTORS

The Miami Affordable Housing Innovation Fund is expected to generate considerable interest from social impact investors. The need for affordable housing in the U.S. is growing, and with it, opportunities to invest for impact. Social impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets and target a range of returns from below market to market rate depending on investors’ strategic goals. This is a growing impact investment market providing capital to address major social issues such as affordable housing, healthcare and education.

Social impact investment funds will enable the Affordable Housing Finance Corporation to lend, on an unsecured basis, to nonprofit developers flexible, responsive capital so they can compete with market-rate developers and fill in the financing gaps that arise before they secure long-term, secured capital solutions. Social impact investment will also take the form of “start-up” grants for the corporation.

## REAL ESTATE INVESTMENT TRUSTS (REITs)

A real estate investment trust (“REIT”) is a company that owns, operates or finances income-producing real estate. REITs sell on the major stock market exchanges just like common stock. REITs raise money from a collection of investors and provide them with access to real estate. With the growth of affordable housing needs nationwide, a number of REITS are specializing in, and moving investments into affordable housing. REITS focused on long term investing in affordable housing could be an important vehicle for preserving and converting affordable housing in Miami.

While most REITs focus on market-rate housing, a social-purpose REIT that partners with nonprofits to acquire affordable and sustainable rental housing can be an effective funding source. Examples include the New York-based Community Development Trust (CDT), a hybrid REIT and a designated community development financial institution (CDFI), and the Housing Partnership Equity Trust (HPET) who distinguish themselves as “the only social-purpose real estate investment trust created by nonprofits to raise capital for affordable housing”.


CDT provides long-term capital for the preservation and development of affordable rental housing in 44 states. A critical part of their work lies in filling in the gaps, providing capital for predevelopment-stage activities, and offering flexible financing products that traditional sources of capital can’t or won’t provide. CDT takes a hybrid approach—making both equity investments in acquisitions or developments and making or buying mortgages used for the same purposes. Both HPET and CDT partner with for-profit and nonprofit groups that have extensive experience in affordable housing.

## NEW MARKETS TAX CREDITS (NMTC)

Federal New Market Tax Credits (NMTC) are one of the most successful community development programs in Federal history, and Florida has emulated the program with its own state New Markets Tax Credits. The NMTC attracts private capital investment in areas where the poverty rate is at least 20 percent or where the median income of the community is at or below 80 percent of the broader area median income.

While the credit is not available for investments in projects that involve solely residential rental housing, the credit is available for investments and loans for certain mixed-use projects and certain other types of housing development,





as long as at least 20 percent of the gross rental income from the building is from non-residential rentals.

NMTCs are allocated annually and can be used by non-profit or for-profit. Investors purchase the tax credits through a syndication process, and the cash they use to buy the tax credits goes toward a development project as an equity contribution. The equity contribution is paid back to the investor through annual tax credits, taken over seven years on their Federal tax return. At the end of seven years, the investor retires from the project, and their equity stake is relinquished – providing up to 20% of a project's cost for free. NMTCs can be used for mixed-use projects, as long as housing revenue is 80 percent or less of total annual project revenue.

NMTCs are awarded annually through a competitive process offered through the US Department of the Treasury. Three Florida Banks and one community development institution regularly secure between \$250 and \$350 Million each year for use across the State, but NMTC financing is rarely utilized in Miami-Dade County.

## LEVERAGING CITY PROPERTY FOR AFFORDABLE HOUSING

The City currently owns just over 35 acres of property, valued at \$171.1 Million, that is suitable for affordable housing. The best uses of City-owned properties are: 1) aggressively pursue intergovernmental transfers of vacant and underutilized property from the County, State and Federal governments, 2) seek donation of properties from philanthropic donors, 3) at the outset of implementation of the Master Plan, adopt a single policy for the use of property it owns or acquires for affordable housing, and 4) utilize its properties as equity contributions to affordable housing projects.

By agreement, the City could choose to receive a cash payment on sale of the property, hold the property under a long-term lease, or structure a low-cost repayment of the property value. In all cases, deed restrictions can be used to insure the development and preservation of affordable housing units.

## PROPOSED EMPTY HOME (VACANCY) TAX


Miami's residents compete against international investors for housing, and while demand for housing is a crucial part of the local economy, the global demand for vacation units that remain empty and are never placed into the rental market has been growing steadily since 2009. The City of Vancouver, faced with an affordable housing climate rivaling Miami's, enacted the Vacancy Tax By-law (No. 11674), or Empty Homes Tax (EHT) program in November 2016. The EHT charges homes that are empty for more than six months out of any year an annual tax of 1 percent of the property's assessed value. Funds collected from the EHT are applied to develop affordable housing throughout the City. Most residential properties are not subject to the tax, including homes that are principal residences for at least six months of the year; homes that are rented out for at least six months of the year; or homes that are eligible for one of eight exemptions as set out in the EHT by-law. Vancouver property owners submit a declaration each year confirming the status of their property as vacant or occupied. Penalties accrue for not paying the tax, and the City conducts a survey each year to determine compliance.

Currently, 2,538 homes out of the City's total of 186,043 qualified as vacant and eligible for the EHT. As of November 2018, the EHT has raised a total of \$38 Million for Vancouver's affordable housing programs. In addition to funds raised, an additional impact of the EHT is that a large number of formerly vacant units have been put into the rental market, increasing supply. Miami's Planning Department tested the revenue generating potential of an EHT program in the City. Miami's vacation rental supply is over 12 percent of the total housing supply. On the City's estimate, a similar 1 percent of property value tax could raise as much as \$100 Million annually. Given the scale of Miami's affordability crisis, and the relatively low financial impact of the EHT on second-unit homeowners, the City should consider an EHT as a vehicle to implement the full extent of this Plan.

## PROPOSED AFFORDABLE HOUSING LINKAGE FEE PROGRAM

Hundreds of housing linkage fee programs exist across the country, and they are most prevalent in California, Massachusetts and Washington. Under a linkage fee program, a property developer pays a dollar fee per square foot of development. The fee is a sliding fee based on land use type, specifically the occupations and wages of the employees who will be employed at the





property when completed. Land uses creating predominantly low-wage jobs pay a higher linkage fee because they create more demand for affordable housing. Proceeds from the Linkage Fee are then applied to the development of affordable housing.

Another type of linkage regulation charges a fee to industrial, commercial, and office developments to help pay for the costs of new housing that these developments will require because of the workers they attract or bring with them. In some cases, these developers are directly required to supply a certain amount of housing, often at affordable rates. These linkage requirements may come with incentives as well in order to make it easier for a developer to comply.

Broward County has studied and is currently considering applying a linkage fee across the County. The City should also consider studying the application of a linkage fee, as lower wage service sector employment will remain as a

## OPPORTUNITY ZONES AND OPPORTUNITY ZONE FUNDS

Opportunity Zones were created as part of the Tax Cuts and Jobs Act of 2017 to incentivize investment in targeted distressed census tracts designated by local governments. Individual and institutional investors can transfer a capital gain from selling assets including real estate or stocks into an **Opportunity Fund** that in turn invests in housing, commercial development and infrastructure in Opportunity Zone communities. Opportunity Funds allow investors to defer federal taxes on any recent capital gains until December 31, 2026, reduce that tax payment by up to 15%, and pay as little as zero taxes on potential profits from an Opportunity Fund if the investment is held for 10 years.

Similar to REITS, with advent of the Federal Opportunity Zone Program, **Opportunity Zone Funds** have grown in number, size, and sophistication across the US. Partnering with, sponsoring or forming Opportunity Funds to invest in affordable housing in the City's Opportunity Zones could provide a significant source of low-cost equity funding. The City's current Opportunity Zones cover Little River, Little Haiti, Liberty City, Allapattah, Grapeland Heights, Coral Gate, Overtown, and small parts of Flagami and Coconut Grove.

## STATE OF FLORIDA ECONOMIC DEVELOPMENT FUNDING PROGRAMS

The State of Florida has multiple “Urban” and economic development incentives that may not directly fund housing development but can be crucial components of overall project financing to lower project development costs, operating costs, and fund infrastructure. The State’s Urban Incentives programs that “offer increased incentive awards and lower wage qualification thresholds for businesses locating in many urban core/inner city areas that are experiencing conditions affecting the economic viability of the community and hampering the self-sufficiency of the residents.” State funding that can be applied to affordable housing development, especially mixed-use, mixed income projects include:

- The Economic Development Transportation Fund;
- Local Government Distressed Area Matching Grant Program (LDMG);
- State of Florida Brownfield Program;
- State and FPL Energy Efficiency Grants;
- Building Better Communities (BBC);
- The Quality Neighborhood Improvement Program; and
- The State Private Activity Bond





## AFFORDABLE HOUSING INNOVATION FUND FINANCING PRODUCTS

The following are the range of financing products to be made available for nonprofit and private developers, builders and homeowners through the Affordable Housing Innovation Fund:

### SHARED EQUITY INVESTMENT

Shared equity investment lowers housing costs by either removing a portion of a property's cost (land cost), reducing debt repayment cost by lowering a borrower's mortgage equity requirement, or allowing homeowners to make partial payments to build the equity to purchase a home over an extended period.

Shared equity investments can help provide a permanent affordable housing supply, and a source of revolving funds that can be re-invested in new properties. Shared-equity ownership, investment, and financing can be applied across a wide range of housing types including single- and multi-family owner and multi-family rental properties. Shared equity investment is especially useful for non-profits and small project developers and homeowners, who will be key stakeholders in the Master Plan.

Shared equity investment is an excellent way to expand homeownership opportunities and help stabilize existing owners with challenging maintenance costs. It can be applied to existing owner rehabilitation programs, in exchange for long-term affordability, and leverages the City's funds when the debt is provided by third-party lenders, and funding can come from any source – public, private, or philanthropic. It also manages risk and can provide a soft cushion for renters and owners in financial difficulty with longer grace periods or restructuring loans and/or leases to assist families in need.

### PROPERTY ACQUISITION AND PRE-DEVELOPMENT LOANS

Property Acquisition Loans will provide developers of affordable housing with the financing to act quickly to acquire land and buildings as they become available. Affordable housing developers will be able to acquire properties directly using up-front financing provided through the fund. Property acquisition loans are typically issued on a short-term basis (flexible bridge

loans) at below-market interest rates and replaced by permanent financing once it is arranged. Related pre-development costs are also an allowable expense, including costs associated with conducting appraisals and environmental assessments, demolition and site clearance and securing title and zoning approvals.

## TRADITIONAL DOWN PAYMENT ASSISTANCE

Down payment assistance to home buyers to help them qualify for mortgages and reduce the cost of homeownership debt is an established practice across the US. The Fund will provide a portion of the mortgage equity requirement for a qualifying buyer as a grant, a zero-interest loan, or below market rate interest loan. Some loan products forgo loan repayment until future sale of the home. Even small amounts spent increasing equity on lower cost homes can significantly reduce the cost of debt, extending ownership opportunities to low-income families.

## SHARED-EQUITY MORTGAGE LOANS

Private investors have moved into the shared equity market, developing privately funded mortgage products in which the Fund can either provide or arrange private debt, and also provide a portion of the equity required of the borrower/homeowner. The shared-equity investor does not take any repayment of their equity contribution until the sale of the home, and then at an agreed upon rate of return. The borrower/homeowner gains access to ownership at a reduced debt repayment schedule and builds equity. The shared-equity investor receives a return on its equity share.

## LEASE-PURCHASE AGREEMENTS

Lease-purchase agreements are also a time-tested form of improving access to ownership on which a prospective buyer rents a home with a portion of the lease payment applied to an equity account that is used, when it reaches a required level, to purchase the home. Lease-purchase agreements work well for households who may not be ready to purchase a home but can save money toward its eventual purchase. The model also provides stability and predictability for the renter/buyer, in that 1) they can commit to living in a unit knowing that they will eventually own it and not have to move when ready to buy, and 2) the renter/buyer gets to keep the value of any improvements they make to the home, rather than lose them by moving elsewhere.



## HOUSING CO-OPS

Housing co-ops have fallen out of favor in Miami with the growth and increasing ease of use to provide multi-family units for short-term and vacation rentals. In a housing cooperative (Co-ops), buyers technically don't own their own unit, but shares in the entire building. Ownership shares grant exclusive use of a specific apartment unit and voting rights in the co-op's governing board. Co-ops traditionally have much more stringent use, occupancy, and rental rules than do condominiums.

Co-ops are making a return to popularity as an affordable housing solution. Shared equity investing can reduce ownership and debt costs, and in creative co-ops, members can trade professional skills and services for maintenance and operation to reduce overall building occupancy costs.

## CUSTOMIZED LOAN PRODUCTS

### LOCAL AFFORDABLE HOUSING LOANS

The Fund needs large pools of inexpensive third-party debt committed on a long-term basis by partnering with local banks and lenders to offer customized loans to households, developers and builders for affordable housing. The borrowing terms would include lower equity requirements, simpler application standards and forms, below market interest rates, and extend loan terms. The custom loan program could offer preferred, first-look status to lenders who compete to offer favorable below market construction financing and mortgages.

### AFFORDABLE HOUSING LAND PURCHASE LOAN

A loan product to finance the **purchase** of property by for-profit and non-profit builder/developers with a deed restriction guaranteeing a negotiated supply of affordable housing units, subject to obtaining final permits. The loan would be repaid upon the borrower obtaining construction financing for the proposed project. This loan product could 1) introduce tremendous speed into the preservation and development process, utilizing the capabilities of the region's builders and developers to obtain property, 2) allow funds to be recycled for new use within a year or less, and 3) have low risk – in the worst-case scenario the borrower defaults and the City owns a property it can redevelop, sell, or transfer to another party for redevelopment.

## FEDERAL HOME LOAN AFFORDABLE HOUSING & COMMUNITY INVESTMENT PROGRAM

Under the Federal Home Loan Bank Act (FHL Bank Act), each FHL Bank must establish an Affordable Housing Program (AHP), contributing 10 percent of its earnings to its AHP. AHP Funds can be used to finance the purchase, construction, or rehabilitation of owner-occupied housing for households with incomes at 80 percent or less of the area median income, and the purchase, construction, or rehabilitation of rental housing where at least 20 percent of the units are affordable for and occupied by very low-income households (with incomes at 50 percent or less of the area median income). The AHP leverages other types of financing and supports affordable housing for special needs and homeless families, among other groups.

AHP funds are offered on a competitive basis to non-profit or for-profit sponsors. FHLBanks also make grants available to their financial institution members, who provide the funds as down payment, closing cost, or counseling assistance to homebuyers, or as rehabilitation assistance to homeowners. Establishment of homeownership set-aside programs is elective for each FHLBank. FHFA's regulation limits the amount of funds that a FHLBank may allocate annually to its set-aside program.

## PROPERTY TAX ABATEMENTS

Although commonplace in many states, property tax abatements offered by municipalities in Florida requires approval by the state legislature. The City needs to explore developing a disciplined property tax abatement program for affordable housing. In the short term, it could explore the possibilities of rebates paid from a housing development fund as an alternative, of other transfers of value in-lieu of abatements.





# La Esquina de la Fama

LA ESQUINA DE LA FAMA

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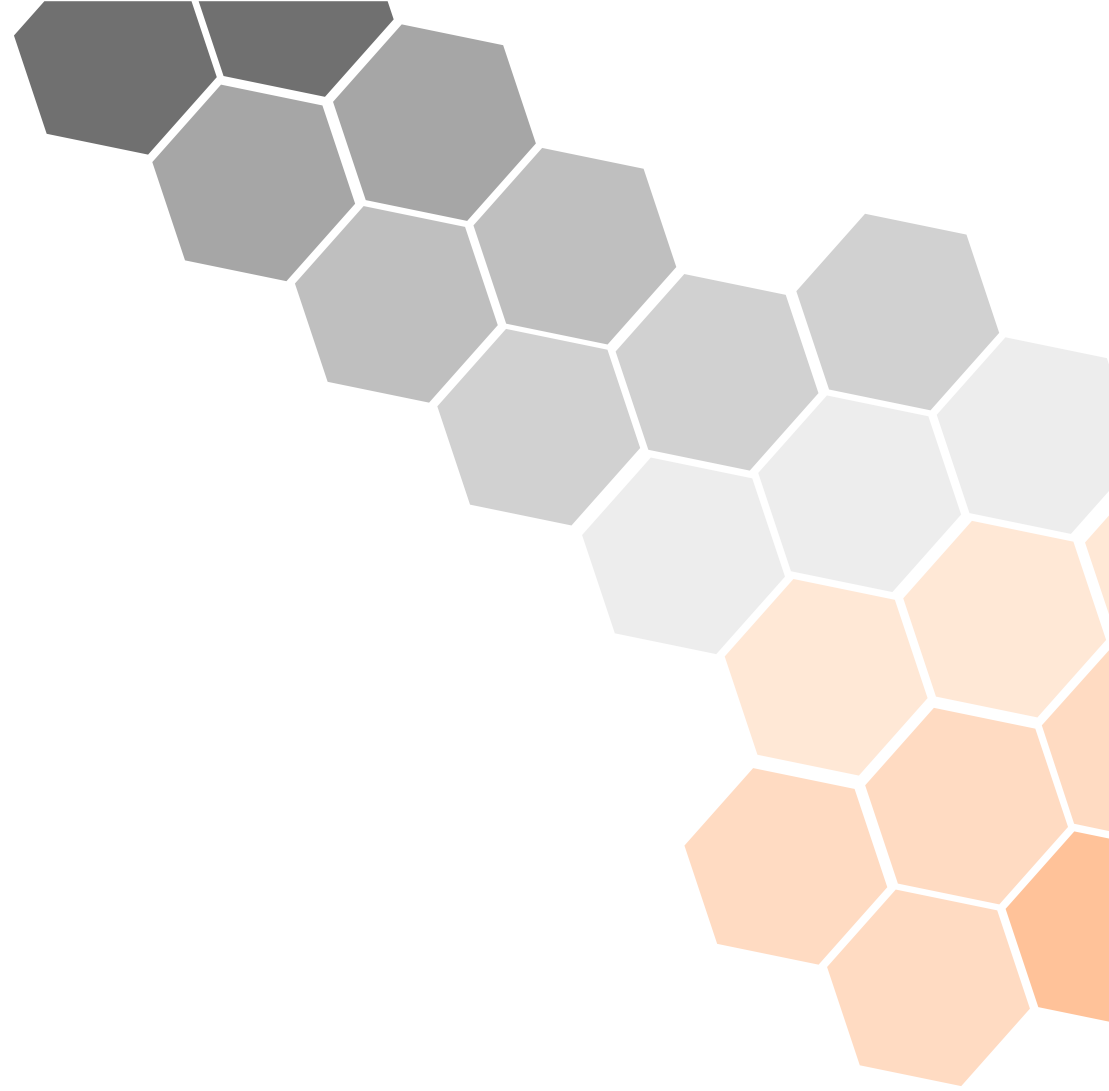
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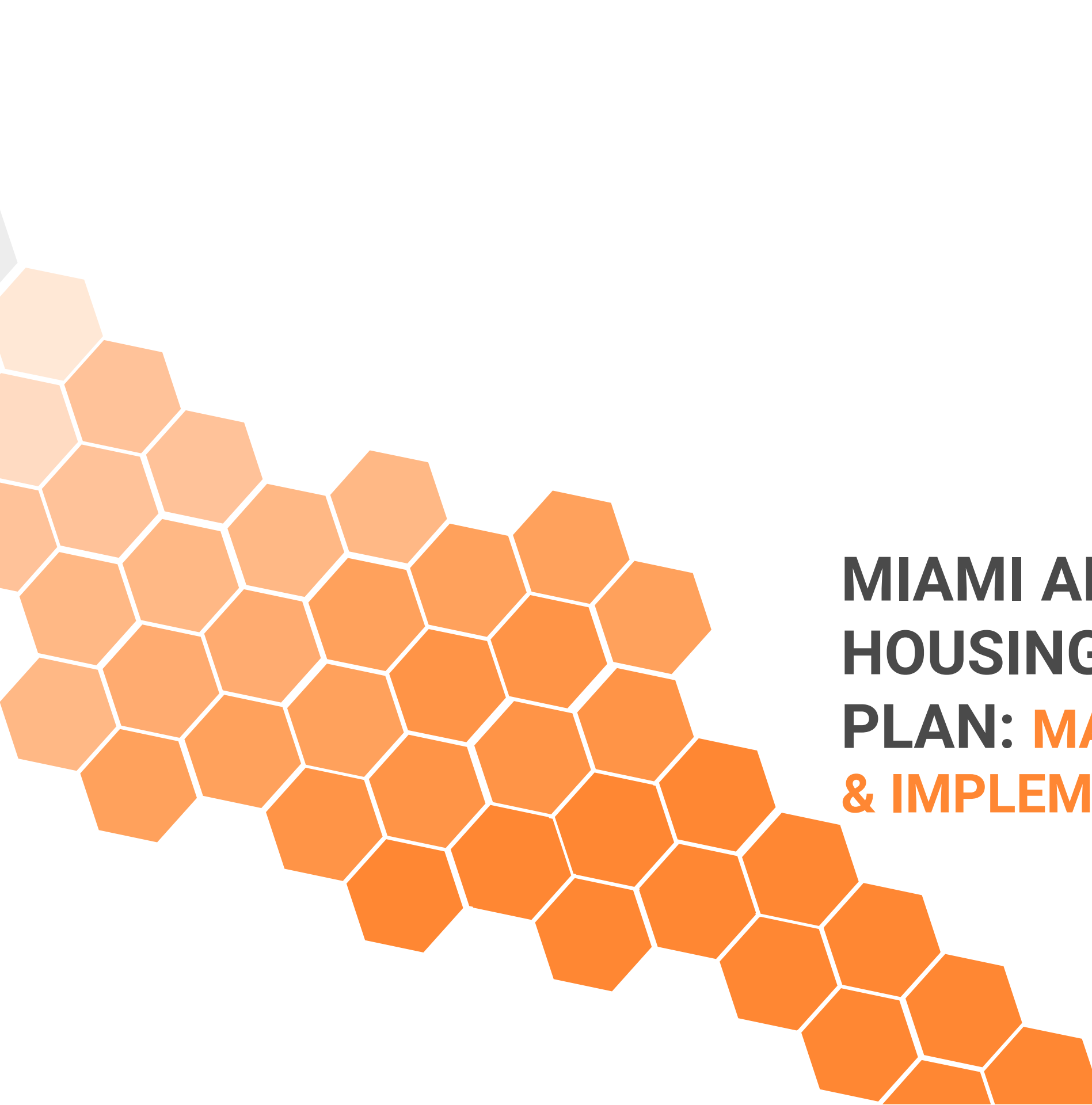
1388 SW 8th RESTAURANT  
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The Community Investment Program offers discounted advances to members, which are priced below standard advance offerings for a wide variety of qualified community development activities, including but not limited to those enhancing access to mortgage credit.







**MIAMI AFFORDABLE  
HOUSING MASTER  
PLAN: MANAGEMENT  
& IMPLEMENTATION**



To drive this unprecedented scale of affordable housing development in the City, the Master Plan provides for the creation of a **Miami Affordable Housing Finance Corporation** (the Corporation). The Corporation will be responsible for managing the **Affordable Housing Innovation Fund** and providing low cost loans, grants, and tax incentives and expert assistance to anyone seeking to develop, acquire or rehabilitate affordable housing in the City of Miami.

Under close City oversight, the Corporation will be an independent corporation so that it can operate and grow funding sources quickly and efficiently.

**The Corporation will focus on financing affordable housing development and rehabilitation, relying on the talent and skills of the area's builders, developers, realtors, managers, owners and non-profits to build and re-build affordable housing in the City.** The Corporation's core functions are to:

- Continuously pool funding from a wide variety sources, including public funds, private equity, tax credits, philanthropic donations and other resources to build a "capital stack" of financing resources;
- Finance property acquisition, pre-development, development, land banking, property re-purposing and home ownership through loans, grants, guarantees, interest-rate write-downs, down payment assistance and other vehicles to for-profit and non-profit developers, builders and lenders;
- Coordinate third-party funding to grow and develop local non-profit affordable housing capacity; and
- Participate as an equity investor in select development and redevelopment projects.

**Partnering and managing a large network of providers is crucial to the success of the Master Plan.** The City will ensure the Corporation prudently manages its financial resources, direct policies, strategies, priorities and provide continuous oversight and adherence to the City's performance standards for the Master Plan.

## CITY OF MIAMI DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT

The newly formed Miami Affordable Housing Finance Corporation will work in tandem with the City of Miami Department of Housing & Community Development in providing affordable housing funding assistance to City homeowners, renters and builders. The Department of Housing & Community Development (HUD) coordinates programs funded through federal and state grants to assist Miami's economically disadvantaged residents and neighborhoods. The department administers various HUD programs including the Community Development Block Grant (CDBG); Home Investment Partnership (HOME); Emergency Solutions Grant (ESG), and Housing Opportunities for People with AIDS (HOPWA) programs.

In recent years, federal allocations to all local and state governments have been deeply affected by federal budget cuts. In 2002, the City of Miami was receiving over \$12 million dollars under the CDBG. In Fiscal Year 2017-2018, the City received approximately \$4.7 million, a decrease of close to 61% of the allocation of FY2002.

In addition to CDBG funds, in FY 2017-2018 the City received \$2,554,653 in HOME funds, \$11,672,111 in HOPWA funds and \$424,243 in ESG funds. Through cooperative partnerships with the public and private sectors, the Department oversees the divisions of Housing and Administrative Services, which are dedicated to giving low-income residents access to the City's economic growth and prosperity. The Department of Housing & Community Development's programs include:

### ➤ First-Time Homebuyer Program

The City of Miami's First Time Homebuyer Program provides zero percent (0%) deferred loans to first-time homebuyers purchasing a property in the City of Miami if they qualify based on their income category. Eligible Properties include single family residences; townhomes and condominiums. Properties must meet Housing Quality Standards as per HUD requirements.



Eligible buyers must not have owned a home in the past 3 years with household income less than or equal to 80% of the area median income adjusted for family size. Eligible buyers must be able to afford a monthly payment based on income and debt and contribute at least \$500 of personal funds towards down payment/closing costs. The maximum sales price is \$261,000 for existing homes and \$276,000 for new construction.

### ➤ **Single-Family Rehabilitation/Replacement (Low-Income) Program**

Through the Single-Family Rehabilitation/Replacement (Low-Income) Program, the City of Miami provides funding for low-income homeowners for the rehabilitation (including emergency or replacement) of their owner-occupied properties to achieve decent, safe, and sanitary conditions. Homeowners must own their home (single family residence, townhomes, and condominiums only) and be residing in this home to be eligible. Only households with income less than or equal to 80% of the area median income adjusted for family size are eligible. The assessed value must be equal to or less than \$300,000.

### ➤ **City of Miami Senior Rental Assistance Pilot Program**

The City of Miami Senior Rental Assistance Pilot Program offers assistance to income-eligible (40% Area Median Income) senior households (ages 62 and up) in the City who spend more than 50% of their household income on housing costs AND who live in City assisted rental housing or subsidized buildings within City of Miami limits. The program provides up to \$100 a month towards rental housing assistance at eligible properties, for up to a year, for qualifying households

### ➤ **Housing Opportunities for Persons with AIDS (HOPWA)**

The City of Miami is Local Administrator of HOPWA Funds. Pursuant to federal regulations implementing the AIDS Housing Opportunity Act of 1990, the City of Miami, as the municipality with the largest population, serves as the grantee for HOPWA funds, on behalf of the Miami-Miami Beach-Kendall, FL Metropolitan







Image Source: Greater Miami and The Beaches

Division covering Miami-Dade County (Miami-Dade EMD) of the Miami-Fort Lauderdale-Miami Beach, FL Metropolitan Statistical Area (EMSA). The HOPWA Program administered by the City of Miami serves all residents of Miami-Dade County. The City works with all levels of government, service providers, consumers and the private sector in developing resources and services, particularly housing and social services for persons living with HIV/AIDS (PWAs).

Local HOPWA funds are directed towards assisting eligible clients with housing designed to prevent homelessness, including emergency short-term rental, mortgage and utility assistance, long-term rental assistance, project-based rental assistance, operating assistance for project-based housing and community residences; and, when funds allow, capital funding for rehabilitation or new construction (new construction limited to single-room occupancy units and community residences). HOPWA funds also are directed towards housing information, referral and advocacy services.

#### ➤ **Emergency Solutions Grant (ESG)**

The Emergency Shelter/Solutions Grant program is a formula program that allocates monies to improve the quality and number of emergency homeless shelters and/ or related social services for the homeless. ESG provides a foundation for homeless people to begin moving toward independent living. The current level of funding is based on the yearly homeless assistance appropriation, as well as the demand of HUD's other McKinney-Vento Act programs. The City of Miami does not provide homeless shelters as this is a Miami-Dade County function. The city uses ESG funds to provide outreach services for the homeless.

## AFFORDABLE HOUSING DEVELOPMENT FOR ALL MIAMI RESIDENTS

### STREAMLINE ZONING AND PERMIT REVIEW

In focus groups conducted for the Master Plan, the builder and development community shared a clear consensus on the need to accelerate the City's reform of its zoning and permit review process. Currently, zoning and building approvals can take up to a year for large and small projects alike, the code is difficult to understand, often requiring dedicated expeditors to complete, and relies on too few staffers within City Hall to administer. Extended and complex permitting adds real costs to affordable housing projects and especially hurts small property owners and builders as they do not have the resources to hire dedicated permit expeditors. If the Master Plan is to succeed at producing housing at the speed and scale required, immediate changes are needed, including:

- ③ Fast-tracking zoning and permit review for projects containing affordable housing;
- ③ Review and revise Miami-21 to move as many items as deemed practical and appropriate (those not affecting safety and health) to "as-right," rather than special permit review status;
- ③ Waiving impact and inspection fees for projects containing affordable housing;
- ③ Complete the City's move to fully digital zoning and permitting submissions and review; and
- ③ Increase zoning and permit review staff and creating a new staff unit that is dedicated solely to reviewing projects incorporating affordable housing.





## SIMPLIFY AND CENTRALIZE ACCESS TO AFFORDABLE HOUSING DEVELOPMENT & FINANCE PROGRAMS

In addition to streamlining the application, review and permitting process, access to simplified, centralized information is a crucial element in the success of the Master Plan's affordable housing agenda. The development community, especially mid- and small-size builders and developers spoke clearly on the need to provide easier access to the affordable housing system. Seeking financing, understanding regulations and requirements, and obtaining approvals is currently a highly complicated process involving multiple agencies, governments, City Departments, and funding sources.

Microsoft has begun working with the City to develop a centralized affordable housing information portal. Its key functions should include: 1) a central clearinghouse and repository of affordable housing development, construction information, 2) best practices examples from across the US, 3) information sharing and direct contact between developers, architects, builders, and policy makers to share ideas and experience, and 4) a marketplace for businesses and professionals to advertise and procure services.

## USE AFFORDABLE HOUSING INVESTMENT TO DRIVE SMALL BUSINESS CREATION AND NEW SKILLED EMPLOYMENT

The Miami Affordable Housing Master Plan is currently the State of Florida's largest economic development initiative. The Master Plan will create over 14,000 new jobs and create over \$11 billion in total investment. Miami is extremely reliant on the growth and development of small businesses for new job creation, and the Master Plan is a major opportunity to create new businesses, skilled jobs and raise household and family incomes.

A portion of the Miami Affordable Housing Innovation Fund will be invested in:

- ④ A skilled trade contractor education, job training, mentorship, licensing, certification and on-site training program assistance program to expand the pool of local skilled trades contractors. Graduates of the program would receive hiring preference on projects financed by the City;
- ④ Equipment grants and loans for small women and minority architecture, design, and construction firms;
- ④ New construction and development business incubators and accelerators. Graduating entrepreneurs will be eligible to compete for construction jobs in City-financed housing projects;
- ④ Adopting a single, unified **Community Benefits Agreement (CBA)** that will be applied to development projects receiving benefits, financing or incentives under the City's affordable housing programs. A clear and aggressive CBA should set definitive local hiring standards, cash equivalent provisions, and other benefits from owner-developers. Setting clear standards up front, rather than negotiating on a case-by-case basis, benefits all parties;
- ④ Strengthening and expanding incentives and priorities for small, minority, and women-owned businesses in all aspects of the Master Plan;
- ④ Developing a local hiring information and assistance network to benefit local businesses, ease the local hiring requirements of the CBA, and provide special assistance to small builders and developers who don't have the resources to conduct extensive job searches for contractors; and
- ④ Preferred access to the City's affordable housing programs to the employees of business owners who create a minimum of three new full-time jobs that pay salaries above the City median income, especially homeownership programs. Housing support for employees for is a powerful incentive to invest and hire local residents.







Image Source: Dezeen Magazine

## THE HOUSING TECHNOLOGY CONSTRUCTION INNOVATION FUND

Reducing the cost of housing construction is a crucial element of affordable housing delivery. However, construction technology has adapted slowly to new techniques and technologies that significantly reduce cost. New construction technologies including modular construction, factory-built construction, new materials, prefabricated building systems, autonomous and robotic machine tools, and advanced materials purchasing, and procurement could offer important solutions to the implementation of the Master Plan.

Supporting the development and adoption of new cost-saving construction technologies is a crucial part of the Master Plan. This will be accomplished by fostering innovation and commercialization of new products, materials, and building systems as quickly as possible that can be applied to the Master Plan's implementation. The City will partner with Miami's colleges and universities, the Beacon Council, construction companies and construction trades business councils to quickly develop construction technology accelerators and new technology financing. Building on Miami's growing entrepreneurial ecosystem, and partnering with the area's colleges, universities and the construction industry, a network of accelerators would have immediate and far-reaching economic value. In addition to providing new, more efficient and lower cost solutions for affordable housing, an aggressive commercialization effort could build Miami's construction industry sector into a global leader in advanced, resilient and energy efficient building technologies.

## DRIVE THE CITY'S CLIMATE CHANGE AGENDA

Miami is at the front line of the response to global climate change, with more at stake than any metropolitan area on the planet. The City's investment in affordable housing, in addition to its economic development impacts, represents an opportunity to significantly change the City's resilience capacity, energy consumption and carbon footprint. Miami-21 currently incorporates incentives for green building design. Given the City's climate change risk profile, the Affordable Housing Master Plan is an opportunity for the City to lead on issues of resilient and sustainable development. Rather than incentives, mandatory green energy, resilient and high-efficiency design, and carbon neutral building should be mandatory for structures developed using the City's affordable housing financing.

## TIMETABLE: THE CRITICAL FIRST YEAR

The Master Plan lays out an ambitious agenda for change. The Master Plan will require an unprecedented scale of organization and mobilization, demanding careful planning to build the foundation for a sustainable affordable housing institutional and financial structure.

Given the accelerating loss of affordable housing in Miami it would be folly, however, to wait to begin preserving critically needed homes and apartments throughout the City. This Master Plan recommends immediately launching the process to finalize the organization and institutional relationships needed to implement the Master Plan and launch the crucial effort to start preserving as many existing affordable housing units as possible in the first year of implementation.

As such, the Master Plan will launch the **Forever Bond Phase II Acquisition and Rehab Finance Program** — carving out an additional tranche of \$15 Million from the Forever Bond to finance the rehabilitation and/or acquisition of existing owner and rental housing to help preserve, grow and maintain the City's affordable housing supply. Priority properties for this program would include distressed property owners at risk of losing their home, rehab financing and acquisition financing for qualified buyers to purchase and maintain affordable housing units. All properties using the program's financing would be subject to a 30-year affordable pricing deed restriction.

Using the Forever Bond funding as equity as recommended within the Plan (see Funding Sources) could leverage as much as \$90M to \$150M in loan commitments and debt financing, preserving as many as 1,500 affordable units in the Master Plan's first 18 months.



# MIAMI AFFORDABLE HOUSING PLAN: THE CRITICAL FIRST YEAR

S O N D J F M A M J J A

## PLAN APPROVAL

**Finalize and Approve the Affordable Housing Master Plan**  
**Finalize and Approve Year 1 District Priorities**



## ORGANIZATION

**Finalize and Approve the Structure of the Affordable Housing Investment Bank (AHIB)**  
**Finalize and Approve AHIB Governance & By-Laws**  
**Complete AHIB Staffing Plan, Start Recruiting Executive Staff**



## FOREVER BOND PHASE II REHAB & ACQUISITION FINANCE

**Complete & Release Contingent RFP for Lender Commitments**  
**Select Phase II Partner Lenders**  
**Complete Forever Bond Phase II Underwriting**  
**Complete Bond Offering**



## FOREVER BOND PHASE II REHAB & ACQUISITION IMPLEMENTATION

**Finalize Terms of the Phase II Rehab & Acquisition Program**  
**Market the Forever Bond Affordable Rehab & Acquisition Program**  
**Launch the Rehab & Acquisition Program**  
**Application Intake and Close Contracts**



## PERFORMANCE MANAGEMENT

The **City of Miami Affordable Housing Master Plan** will require professional management with the organizational support and capacity to effectively implement the plan upon adoption for the full 10-year duration.

The performance management system will operate within the framework of the **Municipal Scorecard for Affordable Housing Delivery© (MS-AHD) Model**. The MS-AHD model was devised by the FIU Metropolitan Center to provide a systematic and comprehensive approach toward policy development, implementation and performance evaluation of affordable housing initiatives at the local level. The expectation is that for local governments to address the urgency, complexities and long-term commitment to affordable housing issues, there needs to be a systematic, comprehensive and performance-based approach in place.

The MS-AHD's approach is linked to a set of objectives (processes) and measures to evaluate performance (outcomes). The initial application of the model identifies and maps the lead indicators (processes) and guideposts to determine the extent to which the City of Miami has successfully adopted systematic and comprehensive approaches and solutions to implement the Affordable Housing Master Plan. The identification and mapping of lead indicators that serve as the "drivers" of performance is the critical first step in performance evaluation as lead indicators are predictive in nature.

The next step in the implementation of the model is the incorporation of "lag indicators" which focus on "results" at the end of a specified time periods. While the aforementioned lead indicators identify the "how" and "why" of City performance in terms of affordable housing delivery, lag indicators will quantify the actual number of affordable housing units produced or preserved as a result of implementing the performance model.

The MS-AHD model consists of four (4) interrelated and mutually supportive affordable housing delivery "process criteria." The four processes provide the basis of a systematic and comprehensive affordable housing delivery system. Together these processes provide the essential policy skills and leadership, management commitment, dedicated funding and on-going institutional capacity-building to enable the successful development and implementation of the Affordable Housing Master Plan.





## POLICY AND MANAGEMENT PROCESS

Organizational and professional management capacity are important requisites for the effective planning and implementation of the City's Affordable Housing Master Plan as effective policy and professional management are inseparable in an effective affordable housing delivery system. Clear policy direction will include a commitment to professional management capacity and resources. This will require a commitment by the City of the necessary resources to the Office of Housing and Community Development and the proposed Miami Affordable Housing Finance Corporation as the primary managers of the Affordable Housing Master Plan.

## PLANNING AND LAND USE PROCESS

Effective planning and land use will need to augment the implementation of the Affordable Housing Master Plan. Planning will inform policy and recommend appropriate land use changes to promote affordable housing development opportunities. The MS-AHD model will determine the extent to which planning is a vehicle for informing affordable housing policy decisions and a means for implementing affordable policy strategies. An effective planning and land use process for affordable housing delivery will also integrate affordable housing with related planning initiatives involving economic development, transportation and capital improvements.

## DEDICATED FUNDING PROCESS

The MS-AHD model includes a process for developing and sustaining a local, dedicated funding source for affordable housing. Affordable housing policies and strategies must be supported by a long-term dedicated funding stream. A local dedicated funding source shows government commitment and an assurance that planned affordable housing opportunities are realized. The proposed “Affordable Housing Innovation Fund” will provide the necessary capital growth mechanism and dedicated funding source to advance the implementation of the City of Miami Affordable Housing Master.

## INSTITUTION BUILDING PROCESS

Institution building is seen as an important long-term process for addressing the City’s affordable housing needs. Sustainable affordable housing policies and strategies will include on-going institutional capacity-building among City government, business and industry, philanthropy and community-based organization (CBOs). An institution building process for the City’s Affordable Housing Master Plan will include development, investment and leveraging of the proposed “Affordable Housing Innovation Fund” during the 10-year duration of the plan and beyond.



