

# Government Affairs & Housing

## Tackling the Demand for Housing Everything is on the Table...

With the Atlantic Ocean to the East and Everglades to the West, it's no secret, we have limited land and this drives up the cost of housing. Two years ago, Miami Realtors Board of Governors began examining different housing concepts to increase our housing supply and address affordability. Below are some of the big ideas that came from our planning session, along with some others we've adopted along the way. We're excited that many of the original ideas are now becoming a reality.

### Container Homes

They're a viable, trendy solution and perfect for shotgun lots. Miami Realtors received a grant from the National Association of Realtors to build a container home as a pilot program in order to study the affordability and barriers. Miami-Dade County donated a parcel of land, which prompted commissioners to ask, "How many other surplus lots can be used to build workforce housing?"



### Overlay Zones

The container project also prompted another intriguing discussion in the City of South Miami. Mayor Philip Stoddard suggested that perhaps the commission should consider an "overlay zone" for the 40+ non-conforming shotgun lots within the city. The city could reduce minimum setback requirements for non-conforming lots so that a tiny home could be built or reduce the minimum landscaping to make it affordable, etc.

### Parking Garage Units

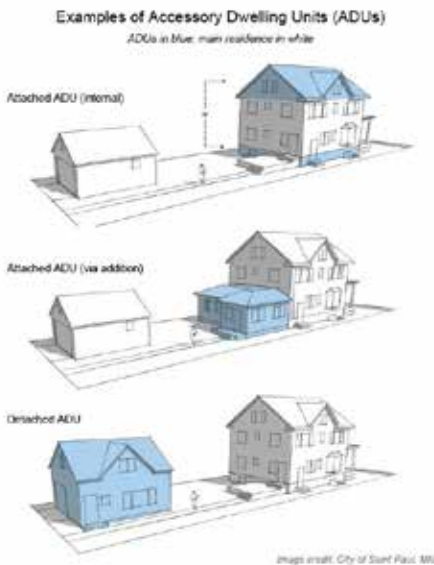
Miami Beach's City Commission is exploring the idea of putting a floor (or two) of affordable housing units on top of the public parking



garages. They have narrowed the selection to the 13th Street and Collins Ave parking garage. With the increasing need for curbside pickup and drop-off locations and declining demand for actual parking spaces, architects in California have already begun incorporating new garage designs that can be easily converted later. Where will the future take us?

### Accessory Dwelling Units (ADUs)

An ADU is a secondary dwelling unit with complete independent living facilities. In South Florida, they are more commonly referred to as "illegal efficiencies", but should they be? The California legislature recognized that ADUs are an essential component in meeting housing needs and has prohibited local governments from adopting an ordinance to preclude them. Instead, they have provided an outline for local governments to regulate them, maximizing and integrating housing choices within existing neighborhoods.



### Repurposing Underutilized Commercial Space

A South side Milwaukee building that once housed a Schuster's department store, then a series of retail vendors and county departments, was finally

converted into remodeled retail space on the first floor, a child care center on the fourth and 90 mixed-income apartments on the other levels with the help of Low Income Housing Tax Credits (LIHTC). That's just one example of repurposing existing space into mixed use. The National Housing & Rehabilitation Association (NH&RA) will hold its Annual Meeting & Symposium at the Fontainebleau in Miami Beach, Feb. 27 – Mar. 2, 2019. We look forward to working with them to learn about more creative solutions to repurposing commercial space.

### Teacher Housing on Campus

We were excited to see that Miami-Dade County Public Schools has considered proposals to put teacher housing on or near school campuses. Some of the initial locations discussed were Brickell and Overtown. A private developer in Doral is also incorporating units into a plan for a new charter school.

### Micro-Units

Popular in other urban areas, micro-units are still a new concept for South Florida. Wynwood has been the popular go-to destination for developers looking to construct these 400 sq. ft. units, but will this movement continue? The City of Miami hopes so and approved a Miami 21's zoning change to reduce the minimum size of micro units from 400 sq. ft. to 275 sq. ft. in Transit-Oriented Development (TOD) areas.

### Houses of Worship

Religious organizations service the needs of a community and often times own oversized lots, so it would seem a natural fit for a house of worship to provide additional onsite housing, but there is a catch. Vacant property owned by religious entities qualify for a property tax exemption. They would lose this exemption as landlords. Perhaps the Florida Legislature should review this and determine if it's time for a change.



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## Community Land Trust (CLT)

CLTs are primarily used to ensure long-term housing affordability by separating the land from the improvements (house). How does it work? A nonprofit organization buys land and places it in a community land trust. A buyer purchases a house outright, but leases the land underneath for a small fee to the nonprofit. The buyer agrees in advance to resale the house for predetermined amount, ensuring that the homes remain permanently affordable, and received the added benefit of only paying property taxes on the house, not the land. It's a win/win. For more info, visit [MiamiRealtors.com/CLT](http://MiamiRealtors.com/CLT).

## Condo Financing

Perhaps the most overlooked solution is right in front of us - literally. We have existing affordable inventory in condo market, but unless an association is putting 10% of the budget into a reserve account, a buyer has to come up with 25% as a down payment in order to qualify for a loan\*. Buyers in other states only have to put 10 percent. We have identified this as a major issue and will continue to fight for a change.

	Full Reserve	Partial or Streamlined Reserve	Florida
Fannie Mae's Limited (84-2.2-01)	3-5% Down	20% Down	25% Down
Freddie Mac's Streamlined (Sec. 5701.4)	5% Down	10% Down	25% Down

On that same \$200,000 unit, you now need a \$50,000 down payment!

\*- There are other qualifying factors, but a lack of budget reserves is the most common disqualifier.

## Other Ideas by Local Elected Officials

### Inclusionary Zoning (IZ)

Miami Dade County Commissioner Barbara Jordan successfully passed an inclusionary zoning ordinance in 2007 that created a voluntary IZ program for new construction, but her goal continues to be mandatory (MIZ). The IZ concept is for developers to build more units (higher density) if they commit to setting aside and selling a certain number to units to our workforce, individuals who earn 65-140% of the area median income (AMI) in Miami-Dade's model. In lieu of this set aside, developers could pay a fee to the affordable housing trust fund for the higher density. Under the mandatory proposal, the set aside would be required. Developers would have to pay the fee if they

didn't set aside the workforce units. In early 2008, the Town of Davie's Council adopted MIZ, but soon suspended it for 2 years when they saw a significant decrease in new construction. The Town of Jupiter adopted MIZ in May 2015 and the City of Miami passed an ordinance on first reading for MIZ in the Omni Community Redevelopment District. For more info, visit [MiamiRealtors.com/IZ](http://MiamiRealtors.com/IZ).

### Vacancy & Luxury Taxes

Four Miami-Dade Commissioners met publicly to discuss imposing a vacancy and luxury tax, similar to what Vancouver, Canada has done. The proposed concept would require approval from the Florida Legislature, as it would levy additional property taxes and create a new real estate transfer fee. Commissioner Jordan has directed staff to draft a resolution urging the legislature to allow it.

### Vancouver Real Estate Taxes



"The market has been extremely slow ever since July 2016, when the 15% foreign buyers' tax was introduced," he said, "So far this year, only 18 homes were sold in the area, the lowest level on record since the 1980s; adding 5% transfer tax for foreign buyers will make it worse."

Real Estate Taxes	Percentage	Frequency
Vacancy Tax (Empty Homes)	1% - Taxable Value	Property Tax
Luxury Tax	5% - Sales Price of C\$3M (\$2.36 Million U.S.)	Transfer Tax
Foreign Buyers Tax	20% - Sales Price	Transfer Tax

In West Vancouver, arguably the most expensive housing market in British Columbia and even across Canada, according to Mr. Smeaton, there were only 505 single-family sales in 2017, down from 817 in 2016. On busy years, it used to reach 1,000 sales.

Source: <https://www.mansionglobal.com/articles/luxury-brokers-in-vancouver-wary-as-property-taxes-hiked-89354>

## Special Thanks to the Master Brokers Forum's

Miami Chapter and Alicia Cervera Lamadrid for hosting a RPAC reception at Aria on the Bay and to our dynamic speaker Leigh Brown, NAR's 2019 Realtor Party Fundraising Liaison from Concord, North Carolina.



## 2018 REALTOR® Wins



### State Representative Ana Maria Rodriguez

Congratulations to our newly elected State Representative Ana Maria Rodriguez, representing House District 105 (parts of Doral, Naples, Miramar and Sweetwater). Ana Maria served as a Doral Council member for the past eight years and as a MIAMI Realtors professional for the past four. She has passionately advocated for Realtor issues and now will have the opportunity to champion them at our State Capitol in Tallahassee, FL.

### FL Voters Approved Amend. 2

Florida voters permanently extended the 10% assessment cap for non-homestead properties (except for school district taxes) when they approved Amendment 2 last November, averting what could have been a large, sudden unexpected tax crisis for more than 530,000 properties in South Florida. If Amendment 2 had failed to garnish 60% of the voters' approval, property owners in Broward, Miami-Dade and Palm Beach Counties alone would have seen an immediate increase of \$422 million on their 2019 property tax bills.

