



Building New Single Family Homes in Today's Environment?



Florida Home Partnership was a featured success story at the Florida Housing Coalition's statewide annual conference in 2008. The following is a conversation with its Executive Director, Earl Pfeiffer, about new single family construction during the housing market crash.

First two groups at Hidden Creek getting ready to work on their homes. The first group of ten families moved into their home one week before the end of 2008. Second group is projected to move in by February 2009.

Your nonprofit is in the new construction first time homebuyer business—with the downturn in the market, is new construction for first time homebuyers needed?

There are many homes available in the marketplace. Some are suitable for first time homebuyers. Many are not. In October 2006, Hillsborough County released a report stating the county needed 19,346 attainable homes by 2011. Today, two and a half years later, this need is still unmet. The abundant inventory of unsold homes was not built with low-income first-time homebuyers in mind; these homes were built in the \$300,000+ price range. If a low to moderate income buyer could somehow manage to purchase one of these inventory homes, taxes, insur-

ance, HOA fees, and CDD (community development district) tax fees would overwhelm a client under 80% AMI.

What about all the foreclosures?

True, there are many foreclosed homes on the market. Safe, decent and affordable homes are quite a different story. Many of the foreclosed homes need extensive rehab before they can be occupied and are not located in areas that would feel safe for families. And while the NSP program will be used to acquire and rehab foreclosed homes, those monies will only scratch the surface. For example, In Hillsborough County, the \$19,000,000 of NSP funds will be used to acquire and renovate up to



Joshua and Mariah Sigriest with their two children: riding their bikes and playing basketball in their driveway. Enjoying the sense of community, at Bayou Pass Village in Ruskin.

Sonia Acosta: serving cereal to her son and his friends at her new home in Bayou Pass. Sonia a divorced single mother did not think she could ever own her home, but she did through the USDA Self-Help Housing program.



190 homes at \$100,000 each. Approximately 190 homebuyers will get a great opportunity to purchase a newly renovated home. This meets 1% of Hillsborough County's stated need.

Why would a first time homebuyer want new construction in this market?

Building new housing units targeted to low-income first-time homebuyers offers a product line custom tailored for first-time homebuyers to meet affordability guidelines. Florida's HOP Program (Home Ownership Pool) targets down payment assistance to first time homebuyers. Administered by Florida Housing Finance Corporation (FHFC), the HOP Program has over 30 property standards for new home construction including accessibility, Energy Star and/or Green building, appropriate siting and neighborhood standards. These standards are geared for the long term safety and economy of the buyer. Nonprofit builders like Florida Home Partnership also build durability and function into each home we construct. Our agency includes invisible yet costly features such as fiberglass exterior doors and composite door jambs that are impervious to deterioration in Florida's humid environment. We use superior products that assure lower long term maintenance costs for the client for years to come.

Financing for first time homebuyers in new construction is often easier to obtain and often at better terms than

existing housing stock. The current interest rate to our homebuyers in the USDA Self Help Housing Program is 5.375% on new homes. Many new homes also come with warranties from the builder.



Melo Guadarrama with his wife and two children, enjoying the sunny day outside of their new home at Bayou Pass Village in Ruskin

Concluding comments?

Florida's affordable low-income housing providers and builders are committed to doing the right things for Florida's low-income homebuyers. The state has developed a consistent and reliable network of affordable housing builders and developers. Each of them, committed to providing safe, decent, and affordable housing for low income households.

Today there is an abundance of available housing stock on the market. Some of it is available for first time buyers, most of it is not. Florida's low-income housing providers should look towards the existing housing stock that is currently available for conversion into safe, decent, and affordable housing. If we can utilize existing housing stock in our mission, we should do so. We should also continue adding new homes that meet the needs of those we serve.

Florida, as a national leader in the residential housing industry, should not abandon building new homes for first time buyers. It has taken years to develop the affordable housing infrastructure in the state. If we shut this system down, we may never recover.