

Community Renewal: The Long Game in Affordable Housing

Sponsored by The Dixie Business Network



FIVE PROBLEMS WITH AFFORDABLE HOUSING

1. Affordable housing solutions are short-game thinking when we need a long game vision: we focus on small efforts to create affordable housing to saying we are doing something, meanwhile market demands continue to worsen.
2. Affordable housing is a political football with no real solution for the future. In fact, affordable housing has never met market demands, not even by a small degree. Every government entity spends more time explaining how they are constrained while never thinking about what they can do together.
3. In trying to make housing affordable, we ignore the real elephant in the room, the front-loading of indebtedness to lending institutions. Keeping housing in perpetual debt to central banks is not communally sustainable.
4. Single family homes have fallen into the hands of rent seekers at an alarming rate, and too often at the cost of communities becoming run down or blighted. We can no longer divide the land for gain without consequences.
5. Affordable housing programs run by appointed directors, government staff, or unelected boards limits greater community investment. There is a problem with centralized control, it does not invite greater voice and vision from the community. It tends to shut it down.

VISION

Create a unique organization of co-operative consent (a CO-OP) managed by business volunteers, local governments, counties, non-profits, and business networks with an interest in solving the problem. Let this organization become rich by letting it grow in assets year after year with a mission to serve vital housing needs and future needs of the community. Allow this organization to become a rising tide that lifts all boats. The closest model for this design is a Co-op. Dixie Power is a local co-op and it currently offers some of the lowest power utility costs in the nation while giving the greatest voice to its members.

This co-operative will acquire two run-down homes in the community from a philanthropic gift, local funding raising, membership fees, or other capital put into the co-op. As long as the co-op is created without capital accounts of its members, it can grow to become a powerful service to the community. It is important to understand the difference between co-operatives with capital accounts and co-operatives without capital accounts. Becoming a member of the co-operative we are

talking about receives benefits be being a member but not capital control. Capital control is spread out as an equal voice and vote, regardless of value contribution. If we give control proportional to value contribution, we will have a problem. This is why we must focus on the equality of voice and vote for all members.

We choose a Co-op model over a non-profit model because a co-op gives us greater freedom in democratic organization. All members have more voice in a co-op than in a non-profit. All this vision needs to get started is just two homes in serious decay.

The organization will then rehab the homes to their highest and best and then rent them as affordable housing to first responders, teachers, firefighters, veterans, police officers, and others in the community etc.,.

Given that the homes are debt free, or when they are debt free, the rent will be distributed in the following manner.

10% back to renter at end of lease for down payment assistance for regular market rate housing in the local area, provided the house leased was maintained to a satisfactory standard. This down payment assistance comes with zero interest and is secured as a lien against the new property to be recaptured at sell or refinance. At the end of ten years, it is cut in half. At fifteen years, it is forgiven entirely.

One of the missions of this program is to create a genuine and lasting service in the community that is 100% sustainable and able to grow exponentially. It will be a first defense against communities becoming blighted while creating down-payment assistance and savings for future ownership for those in the community with limited incomes. In other words, this program is design to be affordable rent that is also a savings program for down-payment assistance at the same time.

After one or two properties are purchased and rehabilitated to their highest and best (we prefer two properties to start this vision), and once these homes are fully debt free, we disperse the remaining rent revenue as follows below, assuming for simplicity \$1,000 a month in rent income from each home. Remember, the home is already rented at below market rate, and this is a benefit to the community. The co-operative defines this rate and not a government body.

- 10% (\$100) a month for the renter's savings for later market rate purchase.
- 10% (\$100) a month to maintain the property to its highest value, to include insuring property. This amount can be pooled with other homes after a capital account is reached for each home, which is determined by the co-operative organization.
- 10% (\$100) a month to manage the property, property management overhead etc.

NOTE, at this point we have secured properties in distress, lifted them out of despair, secured them from ever falling backwards again, and this is a positive effect on the surrounding community.

- 50% (\$500) a month is used to purchase more properties to rehab and grow the program. With two properties purchased and debt free, we now have funds and equity to acquire more blighted assets. We become the first line of

defense against blighted homes. There is no corner of a neighborhood that will not catch our concern. If something comes on the market, we will compete with every other rent seeker, but we will lift that home and its surrounding neighborhood with a far better conservation of value back to the community.

NOTE, this is not a program run by local or state governments. They are included as members but they are not the executive in charge. This is a public/private structure managed by chambers, business networking organizations, school district trusts, and other like organizations, such as home builder associations, veteran groups, women centers, and so much more. The goal is to get to 75+ properties and then:

- *Continue to grow and catch up with market demands.*
 - *Support business and other co-operatives managed under the same model of wider co-operative involvement or unity.*
- 10% (\$100) is used to assist homelessness and various rental and other emergencies, like gas, electric and emergency payment assistance to those in need. As we approach 75 homes under our management, this can mean at least \$100,000 a year serving residents in the area needing utility or temporary assistance.
 - 5% (\$50) goes to promote the program and the vision.
 - 5% (\$50) cash reserves, up to a maximum defined by the co-operative.

BENNEFITS:

- Communities will no longer fall into disrepair and no home will ever become dilapidated. As the program grows it will be a community effort to acquire properties that have been poorly managed, poorly kept, or abandoned.
- Families will have housing and emergency assistance in a local program funded locally and managed locally by businesses and interested organizations. This is a non-political and non-government structure, both of which tend toward bureaucratic stuffing, centralized manipulation, and re-appropriation of funds and assets without the consent of the community.
- The housing vision in this paper helps renters either with genuine affordable assistance and it can help transition into market rate ownership with down payment assistance. This is why we call it a Community Renewal in Housing; the goal is to create housing affordability and housing equity at the same time. Until we create an equity building program at no cost to the community, and until we compete with every other rent seeker, we are going to toss good money at a dead end. This vision is the end of dead ends.
- This program is designed to be perpetually self-sufficient and exponentially valuable. Once ignited, it will never need any more assistance or handout after its first 1-2 homes are secured in the program.

ORGANIZATINOAL MODEL:

We must stress again. The above program cannot be put into the hands of any single entity or into the hands of a single administrator, director, unelected board, or CEO. These models eventually risk getting leaders who can destroy the vision, especially when great wealth is achieved, and it is guaranteed this model will become increasingly wealthy.

The program should be administered by a 12–18-person elected co-operative body. This body could be comprised of the following member organizations:

1. The Dixie Business Network
2. All Incorporated Cities
3. The County
4. The Dove Center
5. Washington County School District Foundation
6. Chambers of Commerce
7. IHC
8. Dixie Power
9. Dixie Tech
10. Fire Department
11. Police Department
12. First Responders
13. Community non-profits
14. Homeless Shelter
15. Foodbank, Habitat
16. Various Industries
17. Rotary, Lyons, etc.

Every property to rehab and all major decisions are done by unanimous consent of the elected body. There is no single executive and all service on the board is voluntary and elected by consent of members from each organization represented above. We have a breakdown of this structure for review upon request. Just because you are an executive of these organizations does not guarantee representation unless you have the written consent of members from that organization. The more voice we create for more people, the greater the success. This is a proven truth about human liberty.

It is advised to seek properties needing rehab or donated as a one-time grant or philanthropic gift that will help grow the program exponentially year after year. This vision is a self-perpetuating community service outreach that needs no other donation, grant, or any gift after obtaining its first 1-2 properties. We can start with more properties for quicker growth.

It is time that a community service utilize principles of wealth generation to grow into more service and more value over time locally. This vision is designed to create a growing outreach organization from a single one-time ignition.

FROM THE CREATOR

As a licensed general contractor with over thirty years in the trades and experience in affordable housing, I cannot build affordable housing without the stigma or corners cut in quality, but we can help families and those in need with affordable rent in well-kept homes, and we can then help them get into market rate housing with interest-free down-payment assistance. We can do this without community stigma and without run-down homes, and we can do this without any cost to the taxpayer or indebtedness to the community. We call it the rising tide model. It lifts everyone and never stops.

Combined with co-spire land development ideas, another vision from this author, we can have a solid paradigm shift in serving the growing needs for housing and with greater impact over time. Once a local co-operative is launched and running with a working board placed by the members themselves, we can then launch this vision. We now have a first networking group using a greater model of consent. The Dixie Business Network is a registered 501c3 organization, and one of many proposed collaborators for this vision. We are now looking for cooperation to form

the Co-op, and to help acquire the first 1-2 homes to rehab and then put into action in this long game solution for our community.

What we do together is more powerful than what we do alone.