

The Housing League, Inc.
A not-for-profit 501c3

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PROPOSAL FOR TWO TO FOUR FAMILY

Single-family definition is one to four families. All or most subsidized program can, but do not allow two to four family purchases.

Lending agencies that do allow 1 to 4 family mortgages are FHA, VA, FNMA, Freddie Mac, SHIP, HOME (1-2 units), and Miami-Dade Sur Tax.

Government Housing Agencies are allowing only single family including townhomes and condominiums. WHY?

We propose that subsidies be allowed up to 4 units under the single family program and subsidies for small new construction or rehabilitation of 5 or more units.

WHY

There are many existing lots that are zoned for higher density than a single family detached home. The developer could construct more than one home subject to the existing zoning. The moderate or low-income buyer would occupy one unit and rent the other unit(s). This now takes advantage of the present allowable zoning. This also helps decrease urban sprawl, double the number, or more, of affordable housing units, and creates greater financial independence in future retirement years.

There is a great advantage of acquisition of existing homes and small apartment projects and upgrading the neighborhoods. The homeowner will also have peer pressure on their tenant and should have pride of ownership.

The mortgages, both single family and multifamily, can be funded by local lenders or through the State or County tax-exempt bond programs.

ILLUSTRATION

Buyer earns \$2000 monthly	\$2,000
Purchase price of single-family	\$100,000
Purchase price of duplex	\$135,000
Income from duplex	\$900
Net per FHA regulations (900 -25%)	\$675
Total PITI single family	\$700
Total PITI Duplex	\$945
Qualifying	
30% of 2,000=	\$600
30% of 2900= \$2,000 plus \$900 rent	\$870 Increase of \$270
Subsidy for single-family	\$100
Subsidy for duplex	\$0

According to lending practices, the gross rental income is reduced by 25% to cover expenses and vacancies. This additional income is then added to the family gross income to arrive at total income. The housing expense is based on total income including rental income. Therefore the above case requires less subsidies for a duplex than a single family. This also builds up real estate wealth and future retirement income when the mortgage is paid off.

CONCLUSION OF WHY A 2 TO 4 UNIT OR SMALL APARTMENT COMPLEX IS BETTER THAN A SINGLE FAMILY SUBSIDY

1. Decreases urban sprawl.
2. Doubles or more the number of affordable housing units
3. Subsidizes more affordable housing units
4. Creates peer pressures on tenants to be responsible tenants
5. Increases pride and redevelopment in the neighborhood.