

CitiMortgage targets affordable housing

By Susan Stabley

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To help ease Florida's workforce housing crisis, CitiMortgage has pledged \$150 million statewide - an effort deemed by some South Floridians to be a first step toward solving a crucial, unaddressed issue.

Investors, who often drive up the price of real estate, need not apply for CitiMortgage's "Florida Keys to Home" funds: They are geared to help workers buy homes in a market that has become increasingly unaffordable for low- and middle-income households. The program is restricted to owners who must occupy the residences.

Homeownership in Miami for the working class has become "virtually impossible," said Opal Jones, director of the Miami-Dade Affordable Housing Foundation, the nonprofit arm of the county's Housing Finance Authority.

"You cannot find a home under \$200,000," said Jones, who works with people who have qualified for a mortgage, but often only in the \$150,000 to \$160,000 range. "There's no product. We have 130 families - qualified - and looking for a house for a year to two years. They can't find it."

Housing prices are at an all-time high, especially in South Florida.

The Florida Association of Realtors reported in July that the tight supply of homes, low interest rates and high demand have boosted the statewide median price for single-family homes to \$248,700, up 31 percent from \$189,000 a year ago. The group tracks the resales of existing homes closed by Realtors.

The national median was \$204,600 in May, an increase of 12.2 percent over the prior year, according to FAR. Compare that to the median price in Miami: \$363,100. That's 27 percent more than the previous year's price of \$285,900.

The Fort Lauderdale market has seen a 29 percent jump, to a median price of \$378,000 from \$292,300.

In West Palm Beach, prices leaped 30 percent in a year, to \$406,800 from \$312,000.

But the housing crisis hasn't reached a critical level for employers in Palm Beach County - yet.

"We want to deal with it before that point," said Meri Mass, VP of marketing and public relations for the Business Development Board of Palm Beach County. "It hasn't been as much an issue for CEOs and upper-level executives as it is for lower income levels, the workforce that is required as the backbone of a business."

No one knows if the spike in housing prices will level off or continue to rise, she said. "We're dealing with this on a monthly basis."

Taking a collaborative approach

In the meantime, the economic development agency has been working with Palm Beach County officials on a workforce-housing program.

The Broward Alliance has partnered with the recently formed Broward Housing Partnership, which is

planning an affordable housing summit in October.

The concept of affordable housing has morphed into a catchphrase called "workforce housing." Advocates argue that there is a crisis in housing for the area's working class - including teachers, nurses, police and fire fighters.

James Tarlton, president and CEO of the Broward Alliance, calls it "attainable housing." Affordable housing has negative connotations, he said, which leads to a "not in my backyard" mentality.

But Tarlton said it's a serious issue that connects with other concerns in the area, from transportation to recruitment of workers and corporations.

He recalled a recent conversation with an executive from North Carolina who relocated to Broward County and spoke of "sticker shock" over home prices.

"And that's an executive," he said. Tarlton expressed concern about those who work hard to run the community - "everyday people, from the person who answers the phone to an executive's assistant." He wonders how they can become homeowners.

Programs like CitiMortgage's are part of the solution, he added.

"We've got to start someplace. We can't just solve this huge, huge problem," he said. "We need to take incremental steps that show results. Then, everyone will start to say 'let's get behind it.'"

Despite low mortgage rates, many cannot find enough financing. Or, if qualified, like the families in Miami-Dade County, inexpensive housing is rare.

CitiMortgage's program buys mortgages from lenders, making the money accessible for those who might have difficulty qualifying. The mortgage loans are available for individuals with credit scores as low as 600. That means low scorers can get rates and terms equal to what is offered to homebuyers with higher scores and income.

That's exactly the kind of lending needed, said Jaimie Ross, president of the Florida Housing Coalition.

"They may have the income, but can't get a loan because of poor credit," she said. "There can be all kinds of tragedies that cause bad credit."

Underwriting flexibility can be key to getting more families into homeownership, she added, but monthly mortgage debt must never exceed the family's financial ability to make the payments.

Miami housing advocates hope the program will help drive out predatory lenders and their hidden costs. The program also serves to meet requirements of the Community Reinvestment Act passed by Congress in 1977, which mandates that banks offer loans to low and moderate-income people. CitiMortgage, based in St. Louis, is a member of Citigroup that includes the Citibank, CitiFinancial and Primerica brands.

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