

A New Vision in Housing How to Save Our Cities

PROBLEM

1. Single family homes have fallen into the hands of rent seekers at an alarming rate, and rental units are too often used to squeeze as much wealth out as possible, at the cost of communities becoming run down or unaffordable.
2. Affordable housing is a political basketball with no real solution for the future that can effectively keep up with market demand. In fact, affordable housing solutions have never met demand.
3. Vital community services like affordable housing are too often managed and run by appointed directors, single individuals, or unelected boards. There is a problem with this model, it does not naturally lend itself to opening the doors for greater community involvement with better oversight. The typical non-profit housing organization is managed by social-protectionism.

VISION

Create a headless organization (called The Local Common Wealth) managed by business volunteers. Let it become rich by letting it grow in assets year after year with a mission to serve vital housing needs of its members and then future needs of the group. Lastly, allow it to become a rising tide that lifts all boats.

Here's what this organization will do.

It will buy or be given two run-down homes in the community from the fees of members. That is all it needs to get started. Here's what the organization will do with those two homes.

- Rehab them to their highest and best.
- Rent them to employees or family members in the group at a discount.
- Give each renter one of two options:

OPTION A: 10% discount on rent, paid back annually provided the home is kept up.

OPTION B: 10% back at end of lease for down payment assistance for regular market rate housing in the local area, provided the house has been kept up. This assistance comes with zero interest and is secured as a lien against the

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.

Both options above are designed to entice better care of properties while serving the needs of member employees or member family needs. One of the missions of this program is to be a first defense against properties becoming stigma sites that lower the value of the community around. When you have more invested equity or share in a property you are more inclined to care for it.

Once properties are purchased and rehabilitated to their highest and best, and with homes fully debt free, we disperse the revenue as follows, assuming \$1,000 a month from each unit.

- 10% (\$100) a month for the renter, option A or B above.
- 10% (\$100) a month to maintain and insure the property to its highest value.
- 10% (\$100) a month to manage the property, general maintenance etc.
- 50% (\$500) a month is used to purchase more properties to rehab and grow the program. With two properties purchased and debt free either through grant or philanthropic gift, we now have a total of \$1,000 a month to acquire more community assets and grow in more wealth. Once we have sufficient down to purchase, we then buy that property with a focus to purchase the most run down properties available. The moment we get to a fourth property, the program begins to grow faster and bigger to meet market needs. The goal is to get to 75+ properties and then move into the following:
 - Support business and other cooperatives managed under the same model of wider democratic ownership and involvement.
 - Continue to grow to stay ahead of market demands.
- 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 small assistance.
- 5% (\$50) goes to the Local Business Outreach (or other model) to market and promote the program and to promote the outreach vision. (please request info on this vision. We call this organization a Local Common Wealth. It is actually a new vision in business networking that needs to happen if we hope to make effective change.)
- 5% (\$50) remains as cash reserves for the business networking organization to use as they see fit.

BENNEFITS:

- Communities will no longer fall into disrepair and no home will ever become dilapidated. As the program grows it will be the first 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. This is a non-political and non-government, both of which tend toward bureaucratic control and centralized manipulation and re-appropriation of funds and wealth.

- The outreach program helps renters either with assistance or it can help them transition into market rate ownership with down payment assistance.
- A program is designed to be perpetually self-sufficient that can grow exponentially and never need any more assistance or handout after its first two homes are secured in the program.

ORGANIZATIONAL MODEL:

The above program cannot be put into the hands of any local city government or into the hands of a single administrator, director, unelected board or CEO. These models attract the worst leaders, especially when great wealth is achieved, and guaranteed this model will become increasingly wealthy.

The program should be administered by a 12-18 person body in the Local Common Wealth Network. Every property to rehab and all major decisions are done by unanimous consent of all members. There is no single executive and all service on the board is voluntary and elected by members in the network.

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, a self-perpetuating community service outreach that needs no other donation, grant, or any gift after obtaining its first two properties. We can start with more properties for quicker growth.

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

As a licensed general contractor with over thirty years in the trades, I cannot build affordable housing without 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. We call it the rising tide model.

Combined with co-spire land development ideas, another vision from this author, we can have a solid paradigm shift in serving the growing need for housing in communities everywhere. Look for my book to come out in late 2021, the *High Road: the Secret to American Greatness*. We are not great because of what we do individually. We are great because of what we can do together. We call this...

Sincerely



Keith Kelsch