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Housing Fix

Market watchers become kings for a day and tell us how they would fix housing if they had no constraints.

By:

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Frank Mackle (far right) and Venny Torre of Torre Mackle Group, standing in front of Terzetto Villas, a townhouse project in Miami they built out for Ocean Bank, which provided construction financing.

Credit: Josh Ritchie

When Florida's housing market collapsed, Frank Mackle didn't wait around for divine intervention.

Mackle is a fourth-generation builder whose South Miami-based [Mackle Construction](#) had evolved into a general contractor specializing in high-end custom homes. When buyer demand evaporated, he teamed up with another general contractor, [Torre Construction & Development Co.](#), which had more expertise on the commercial side, "to chase after distressed asset work." "We recreated ourselves," says Mackle.

The combination, [Torre Mackle Group](#), bore fruit when a court-appointed receiver, [Michael Moecker & Associates](#), last year chose the contractor to complete a 62-unit townhouse project called Terzetto Villas in Aventura in North Dade County, which Ocean Bank had taken back from its developer. The project was already 60 percent completed, but "vulture" investors were offering only pennies on the dollar. So Phil Von Kahle, a managing director with Moecker who handled this case, decided "to do what was best for the creditors," says Mackle, and recommended that the project be built out for sale.

The key was getting Ocean Bank—which, like most other lenders, is groaning under the weight of bad housing-related loans—to kick in \$4.5 million for construction financing. "The bank agreed to re-fund this project because of its location," explains Von Kahle, noting that it's in a heavily populated area near both Miami and Fort Lauderdale and in close proximity to the waterway. The completed townhouses have been selling for \$500,000 per unit, which is down from their initial price tag of \$700,000, but certainly more than what creditors would have recouped from a fire sale or an auction.

"We all need to take our medicine," says Mackle when asked how the housing market will finally get back on its feet. "And banks need to get out of their fetal positions and stop pretending there's going to be some miracle buyer for their assets." He wouldn't mind it, either, if the government appointed more judges and court officers "to push this stuff through."

A cry in the wilderness? Don Quixote with a toolbelt? Maybe. But have you got a better idea, as the housing market struggles to awake from its coma? That's what Builder asked a wide-ranging group of housing experts: How, if you had unfettered authority, would you fix the housing market, and what's your definition of "fixed"?

Even pretend empowerment doesn't make answering the first question any easier when the housing sector is beset with so many fundamental problems—oversupply (some of it beyond selling), not enough demand, mortgage and construction lending paralysis, dwindling home values, and a consumer base fearing unemployment. Age-old tenets about housing coming out of the recession first and pulling the rest of the economy up with it don't apply anymore, either.

"I just spoke with one home buyer who was putting 50 percent down but still couldn't get a loan because he hadn't sold his existing house," says Greg Paquin, president of [The Gregory Group](#), an information and consulting firm in Sacramento, Calif., where sales per community have been averaging only five or six per quarter this year.