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Public Housing Authority Set-Aside for 2008 FHFC QAP

The purpose of this outline is to provide the basis for creating a Public Housing Authority Set-Aside in the 2008 FHFC Qualified Allocation Plan for those housing credit applications that otherwise would not be able to compete for funding even though their public purpose initiatives serve the greatest need and best leverage limited resources.

Background

1. Reduced federal resources have required PHAs to better leverage their resources and apply for housing credit funding to serve existing and future ELI households.
2. The FHFC 9% Housing Credit Program has never provided a special set-aside for PHAs although a \$3.0 million set-aside currently exists for previously selected Front Porch Florida communities that allow certain PHAs to participate.
3. Since 2001 the only funding priority in the FHFC QAP given to HOPE VI projects is limited to multi-family bond deals that use 4% housing credits of which there are rarely any applications.
4. The 2006 Affordable Housing Study Commission's recommendations to the Governor and Legislature encouraged priorities for housing preservation projects that were adopted in the 2007 FHFC QAP; the Affordable Housing Study Commission also recommended greater participation by PHAs in the preservation of existing units and/or the replacement of severely distressed housing.

Present Situation

1. The planning for changes to the 2008 FHFC QAP will begin in the next month and will continue until the end of the calendar year until it is finally approved.
2. As with all FHFC housing programs, a competition for the funding is appropriate; however, without major changes to the current selection criteria to drastically curtail the number of applications submitted, eliminate proximity tiebreakers for PHAs and/or fund revitalization projects off the top through a separate cycle, PHA applications are virtually unable to win funding in the current format.

Recommendations for a PHA Set-Aside

1. Eligibility to apply in the PHA Set-Aside would require the following :
 - a. Ownership of the project by the Public Housing Authority or its affiliate;
 - b. Extremely Low Income(ELI) units of at least 35% of total units;
 - c. Contribution of land at no cost(nominal) by the PHA to the project; and,
 - d. Additional Local Government contribution for tie-breaker purposes.
2. Due to the greater number of PHA applications that will be received, the PHA Set-Aside should be \$4.0 million
3. The housing credit request limit should be \$2.0 million due to higher construction costs that have occurred in the last several years.
4. Allow a HUD-approved Community Services and Support Program Plan to count in lieu of tie-breaker proximity points to other services.

