



THE AFFORDABLE HOUSING STUDY COMMISSION

**Annual Stakeholders Meeting  
September 17, 2008**

**Meeting Summary**

The purpose of this meeting was to introduce the new and returning Commissioners to affordable housing stakeholders and receive public input on the 2008-2009 study topic – increasing the capacity and effectiveness of the state’s nonprofits to address affordable housing issues. Chair Oscar Anderson opened the meeting at 8:45am with welcome comments and a brief explanation of the meeting’s format. Commissioners introduced themselves and the floor was then open for public input.

Commissioners Attending

Oscar Anderson, Chair; Leila Allen; Jeff Bagwell; Paul Curtis; Dorothy Ellington; Annetta Jenkins; Sharon Jenkins-Owen; Ann Kashmer; Kristin Larsen; Charles Milsted; Shannon Nazworth; Darlene Pifalo; Manny Pumariega; George Romagnoli; Tom Smith; Gregg Truxton

\*\*\*\*\*

To help guide the conversation the following questions were prepared:

- What are the greatest barriers or challenges facing nonprofits trying to develop affordable housing today?
- What changes do you think will improve the environment in which nonprofits must work?
- Are state funding processes supportive of nonprofits? What changes would you suggest?
- What resources or tools do we need to strengthen nonprofits?

**What are the greatest barriers or challenges facing nonprofits trying to develop affordable housing today?**

Alfredo Duran, City of Miami

- Nonprofits’ greatest challenge is access to capital for securing property, paying predevelopment costs and providing guarantees.

Beth Hohl Asbury, LISC Jacksonville

- A big issue for nonprofits is the requirement to provide guarantees for affordable housing developments. This includes having deep pockets to try another deal when one does not go through.
- Some lenders do allow larger reserves and nonprofits need lenders who understand nonprofit challenges.
- Lottery system in Universal Application cycle does not work for nonprofits and some policy change should happen to allow them not to be subject to the lottery.

- State should look into its policies regarding material participation and access to developer fees in joint ventures. Some for profits are using nonprofits to access the nonprofit tax credit set aside. There is no requirement that for profit partners in a joint venture partnership share developer fee or pass on real experience to the nonprofit partner.

Brandi Day, Charlotte County

- Smaller nonprofits (1 or 2 staff) are having trouble in Charlotte County finding funds to cover all stages of development and serve special needs populations.

Dan Horvath, CEI

- The INVEST program was proposed by the Study Commission in 1994 to replace the CDCSAP, but every year the affordable housing community was told it was a bad budget year to try and implement this program. They are tired of this excuse. A critical component to keep from the INVEST program was funding to hire and retain trained staff.
- The state must take a leadership role in finding money to support community development industry. SHIP has been a great resource for single family and multifamily programs and development and can be a starting point for capacity development, not the multifamily development arena.
- Eliminate the lottery from the Universal Application cycle.

Suzanne Weiss, Neighborhood Housing Services of South Florida, Inc.

- Her agency started with SHIP dollars to rehab rental property which gave the agency some income.
- Local community wanted single family units but her agency didn't have the capital to pursue single family development and there was no local funding to keep them afloat while they tried to acquire land for single family units.
- Local government should set aside a number of units to be developed by CDCs specifically.

Terry Murray, Neighborhood Renaissance

- She is also president of Florida Alliance of Community Development Corporations.
- In current climate, there is no predictability at all in finding sources for operating support.
- Current funding not easy to use in small, infill deals in an urban community and urban redevelopment is the way of the future.
- Small infill deals are not profitable and CDCs need core operating support for staff retention and recruitment, which would then help in addressing other local and political challenges.
- Also need capital to acquire property in distressed neighborhoods.
- From Florida Alliance of CDC perspective, reiterated the critical need for ongoing operational funding; also need funding for acquisition to do preservation deals.

Terri Chelikowsky, Florida Alliance of Community Development Corporations

- Thanked Study Commission for taking up nonprofit capacity as its topic for the year.
- Operational support for multifamily housing development is critical.
- CDCs are also very interested in preservation efforts and the broader issues of community development.

Bob Ansley, Orlando Neighborhood Improvement Corporation

- They have skilled staff and a stable balance sheet, but they could be doing more.
- Need a predictable funding source to continue growing.
- Eliminate lottery from Universal Application cycle. His agency hasn't been able to utilize state programs which provide well capitalized deals.
- Best capacity building is to do projects and earn money from them.

Julie Seward, National LISC Policy

- Examine land banking, which is a good mechanism for acquisition of property.
- Community Contributions Tax Credit program provides operating support and is being used around the country.

Earl Pfeiffer, Florida Home Partnership, Inc.

- His agency has strong capacity due to federal contracts and good relationship with county to access operating and capital funds.
- Their challenge is availability of down payment assistance funds.
- HOP is a great program but is tremendously oversubscribed. This leads to intense competition between nonprofits for a small pot of money.
- Six years ago, needed \$10,000 per house for down payment assistance but now the taxes and insurance on a home has risen so high that requires higher monthly escrow from homeowner.

Clinton Salter, Crossroads Revitalization & Development, Inc.

- Former homeless shelter.
- There is an utter unavailability of public sector funding and for profits are allowed to intrude into pots of money set aside for vulnerable populations.
- Collaborations between nonprofits and for profits along with a truly dedicated funding source would support smaller CDCs trying to address long waiting lists.
- Local administrations do not value community activism or organizing.

George Mensah, City of Miami

- Local governments have limited resources just like nonprofits, and have to use these resources wisely.
- City used to provide management fees to nonprofits in return for production of units, but 10 years later very few units were on the ground. For profits were able produce units in 2-3 years.
- Strong nonprofits can get loans from banks like other businesses and the community cares more about how many units are produced, not who produced them.

Pat Stephenson, Broward Alliance for Neighborhood Development

- Thanked the Study Commission for creating a comfortable atmosphere for sharing opinions at its meetings
- Set policies that encourage meaningful participation by nonprofits in joint ventures. Nonprofits know their neighborhoods and the services needed.
- Support for operations and for recruiting, retaining and training staff.
- Help strengthen nonprofit financial management skills.

Zafar Ahmed, Miami-Dade County

- Training for capacity building must be institutionalized to help define when a nonprofit has reached capacity.
- FIU and LISC can help set standards and curriculum.
- Miami Dade used to fund nonprofits for staff and operations year after year in the hope they would provide units but with little result.

**What changes do you think will improve the environment in which nonprofits must work?**

Allan Schneer, Palm Beach County

- There is a federal and state funding crisis.
- State cannot be allowed to sweep trust fund money into general revenue.
- Today low income housing tax credits get 78-84 cents on the dollar where two years ago they were getting from 95cents to \$1.15 per dollar of tax credit.
- This decrease in tax credit revenue is leading to production of fewer units.
- Lottery system needs to be eliminated: no more shell applications, limit the number of applications a developer can submit, support strong nonprofit/for profit joint ventures.

Dan Horvath, CEI

- Looking at the demise of Greater Miami Neighborhoods provides lessons about what happens when you try to compete with large for profits:
  - Multiple properties;
  - Multiple applications;
  - Financing acquisition with debt capital;
  - Major cash flow obligations to meet;
  - GMN had the deepest pockets of any nonprofit in the state but when the lottery didn't go their way they went out of business.
- Other states have larger set asides for nonprofits giving them more capital to support nonprofit affordable housing development.
- Florida has great training through Catalyst and the Florida Housing Coalition.

Jaimie Ross, 1000 Friends of Florida and Florida Housing Coalition

- The lottery system was not ill intentioned but we have known for some time that it wasn't working.
- The ability to cure applications led to everyone having a perfect application and that meant a lottery to break ties.
- The state worked for many years without a lottery and we can go back. This might mean leaning on appeals process again.
- Urged the Commission to make its recommendations on Universal Application cycle and the lottery now, during rulemaking process, rather than wait for final report to be delivered.

Sharon Lee, Low Income Housing Institute (Washington State)

- Every year, she knows she will do 2-3 tax credit deals.
- Washington's finance commission has changed over the years; for profits were using 9% tax credits overwhelmingly but as the state decided to support nonprofit capacity the credits were given to non profits based on priority housing needs.

- No one can apply for more than 2 developments.
- New threshold is that all other funds must be committed with tax credits being the only remaining funding source needed.

Brandi Day, Charlotte County

- \$1.4 million is SHIP, 25% of which goes to rental and for profits ask for 75% of this for their developments which eats up her county's money to support nonprofits.
- Her county is trying to find creative ways to support nonprofits.

Bob Ansley, Orlando Neighborhood Improvement Corporation

- It's important to know what type of housing the state wants to see built.
- To build for very lower incomes, need to provide a good developer fee and subsidy to improve nonprofit balance sheets and support them in creating more units.

Beth Hohl Asbury, LISC Jacksonville

- Remove lottery.
- Limit number of applications submitted and limit the amount of dollars each principal can receive from a development.
- On rental side, need to build nonprofit capacity and their balance sheets:
  - Inexperienced nonprofits need a training plan to guide the process;
  - This training plan needs to be in a legally binding document, monitored by the state;
  - To build nonprofit balance sheets, nonprofits should receive same developer fee as their ownership involvement (which should be at least 51%).

Jaimie Ross, 1000 Friends of Florida and Florida Housing Coalition

- Getting rid of cures won't eliminate nonprofit applications; it will prevent shell applications which large for profits are submitting in large numbers.
- Florida has great capacity in home ownership production and counseling thanks to SHIP.

Meeting adjourned at 10:06am.