

A PRESERVATION SUCCESS STORY

In Melbourne, Florida

Father Easterday had 3 properties, all senior, mostly financed through HUD Project Based Section 8 subsidies, totaling 510 units. Holy Trinity Episcopal Church, which had built, owned, and nurtured these properties for over 40 years, had concluded that it was not financially viable to oversee the much needed rehabilitation.



BY CHARLIE ADAMS

The buildings were old and tired, but they served as a valuable resource in the community providing low cost quality affordable housing to this vulnerable population. The properties were in an optimal location, just outside the quaint downtown historic district of Melbourne within one mile of the Atlantic Ocean. Two of the properties at 17 and 14 stories high respectively, had incredible views of the water. This made them a prime target for market rate condominiums.

“Our greatest concern was that these properties remain affordable and that whomever we sold them to would continue their mission. We were very concerned a developer would come in and convert them to market rate condos given the views of the ocean.”

-- Father Stephen Easterday

ACQUIRING THE PROPERTIES

While the church was concerned primarily in ensuring that the new owner would continue its affordable housing mission, its leadership sought a certain level of compensation for the properties, in order to recoup its investment and fund other mission based work. The challenge was to balance acquisition payments and the need to consolidate resources given that at 40 years old, nearly all of the property systems were beyond their useful lives.

The solution - the church would receive some cash at closing but would provide seller financing which would be paid down partially when additional resources could be obtained for renovations. This meant POAH would have some short term resources to invest in the properties and the church would have some immediate cash to invest in its other programs.

EXTENDING THE MISSION

In taking on these properties, POAH knew it had a lot of work to do. The church had done an excellent job maintaining them, but their age necessitated updates. The two largest assets were more than 40 years old and nearly all of the components and systems were in need of attention. The third property, Trinity Towers South, at 32 years old, was not as worn, though still in need of renovation.



**TODAY, POAH'S
PRESERVATION
PORTFOLIO
INCLUDES 8,700
UNITS, 1,355 IN**

**FLORIDA. OF THOSE, 510 UNITS,
INCLUDING, TRINITY TOWERS WEST
(192 UNITS), TRINITY TOWERS EAST
(156 UNITS), AND TRINITY TOWERS
SOUTH (162 UNITS) ARE IN MEL-
BOURNE. POAH IS A NONPROFIT
WHOSE MISSION IS TO PRESERVE
AND STEWARD AFFORDABLE
RENTAL HOUSING FOR SENIORS,
LOW- AND MODERATE-INCOME
INDIVIDUALS AND FAMILIES. POAH
OWNS, AND MANAGES, THROUGH
ITS AFFILIATE, POAH COMMUNITIES,
THOSE 8,700 UNITS IN 76 PROPER-
TIES IN 9 STATES AND THE DISTRICT
OF COLUMBIA.**

**FOUNDED IN 2001, POAH HAS
RESCUED AND RESTORED SOME OF
AMERICA'S MOST 'AT RISK' RENTAL
HOUSING. HOUSING BECOMES 'AT
RISK' WHEN ITS RENT RESTRIC-
TIONS ARE ABOUT TO EXPIRE. THE
TRINITY TOWERS PROPERTIES,
WITH 81% OF THE UNITS ELIGIBLE
FOR HUD SECTION 8 LOW INCOME
SUBSIDIES, ARE PRIME EXAMPLES
OF 'AT RISK' HOUSING.**

> PRESERVATION

This renovation will dramatically change the quality of life for the seniors who make their home there; they will get a new energy efficient air conditioning system, new hurricane resistant windows, and a new kitchen complete with new cabinets, counter tops, sink, and appliances. Other renovations include the creation of 10 new accessible units, ADA upgrades to common areas, a new roof, and a number of health and safety upgrades including pull cords in the bedrooms, a new fire alarm system, and sprinklers throughout the entire building and in the apartments.

POAH was able to leverage the Housing Credits from the Florida Housing Finance Corporation (FHFC) to obtain additional funding. Locally, the Housing Authority of Brevard County pledged 56 Project Based Subsidies for the units that are not currently subsidized by HUD. This incredible resource allows POAH not only to generate additional debt to invest in improvements but allows residents to pay reduced rents. Additional funding came from the Federal Home Loan Bank (FHLB) through its member, Boston Private Bank, in the form of a \$500,000 grant and a

\$500,000 interest rate subsidy that allowed the property to carry additional debt.

Work will be completed in April 2016 and Trinity Towers West will begin a new chapter as a longtime residence for seniors. Residents will enjoy a high quality of life because of new facilities and building systems ensuring that the original mission of the church will continue. Aaron Gornstein, POAH's new President and CEO, is very grateful for the support that POAH has received for this property.

"POAH greatly appreciates the support from the FHFC, the City of Melbourne, and all of our private sector partners to improve Trinity Towers West for the low income seniors who live there. We look forward to continuing this work at Trinity Towers South and East in the year ahead."

- Aaron Gornstein
POAH President and CEO

NOT DONE YET

Work continues in Melbourne. Trinity Towers South will move forward when Trinity Towers West is complete. The architecture firm of PQH Associates, based in Jacksonville, and NEI General Contracting, in Orlando, who are teaming on Trinity Towers West, are working on construction plans. Initial funding from FHFC has already been secured through the Elderly Housing Community Loan Fund and POAH is applying for tax exempt bonds and 4% Housing Credits. Applications for FHLB funding



IN THE SPRING 2015 POAH CLOSED ON A \$10 MILLION RENOVATION OF TRINITY TOWERS WEST USING \$1.0 MILLION IN ANNUAL 9% HOUSING TAX CREDITS FROM FHFC. BOSTON CAPITAL WAS THE SYNDICATOR AND CITIBANK PROVIDED THE TAX CREDIT EQUITY AS WELL AS CONSTRUCTION AND PERMANENT FINANCING.

are pending as well. The City of Melbourne has generously provided HOME funding from its scarce pool of resources.

THE NEED FOR PRESERVATION

POAH continues to seek resources for Trinity Towers East. FHFC will make available a couple of funding opportunities this winter and POAH hopes to secure some of that funding. The challenge is the extremely competitive nature of these funds and the scarcity of resources for preservation of affordable housing.

Currently only 15% of the Housing Credits in Florida are set-aside for preservation. Over the past several years, FHFC has provided a preservation only round which has been helpful but given the limited resources, few deals are funded. Last year only 6 deals throughout Florida were funded in this round.

POAH is grateful for the collective voices in favor of preservation from statewide organizations, such as the Florida Housing Coalition that looks out for the public interest in using housing subsidy in the most cost effective manner and to help Florida's most vulnerable populations, such as the frail elderly. We are also grateful to the Shimberg Center for Housing Studies at the University of Florida, which has published reports on the critical need for preservation of affordable housing in Florida. We are hopeful that in future years, there will be more Housing Credits targeted for Preservation by the FHFC.



"AT TRINITY TOWERS, EVERYONE TREATS YOU WITH DIGNITY AND THE GOODNESS YOU WILL FIND FOR PEOPLE OUR AGE."

ALANA PHELPS, RESIDENT (LEFT)

LOOKING AHEAD

There are many successes in the Melbourne story, the first being POAH's acquisition of these 510 units of senior 'at risk' affordable housing. Trinity Towers West is nearing completion and the improvements will carry the property forward for the next generation. The Holy Trinity Episcopal Church has fulfilled its mission and has generated resources to invest in other critically important missionary work. The City of Melbourne is excited that these iconic landmarks are renovated.

The State of Florida can take pride in the fact its contributions have, or will have, leveraged an incredible amount of private capital. When work is complete, the Housing Credits at these 3 sites will total \$2 million a year and the additional FHFC soft funds will add up to \$6.5 million which is less than \$13,000 per unit for the 510 units. These sources will generate an additional \$37 million in other funds: \$16 million in private debt, \$19 million in private equity, and over \$1.6 million in other

resources. In addition, the State of Florida's investments have, or will result in, \$22 million of construction work which will generate over 400 construction jobs. Investment in affordable housing is a boon to the economy and investment in preservation of affordable housing provides the greatest economic return to the state. **HNN**



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