

INNOVATE



**BUILDING THE FUTURE: LOCAL
POLICY, PARTNERSHIPS, AND
PERMANENT AFFORDABILITY
IN HOUSING**

August 27, 2024 | 8:30 AM

Tammy Paycer, Alessandra Tasca,
Helen Urie, and Sherilyn Harris



37TH ANNUAL
**STATEWIDE
AFFORDABLE
HOUSING
CONFERENCE**



Penny IV Affordable Housing

Penny III Affordable Housing



- **Penny IV builds on previous funding**
- **Implemented in 2015 – Pinellas Land Assembly Fund**
- **Allocated \$18 Million through Interlocal with the Housing Finance Authority**

How Did We Get There



Referendum – Ordinance 17-26

Approval for another 10 years

Expansion of language to economic development/housing

Placed on Ballot – November 2017

Over 83% voted in support of the 1% Tax for expansion to include affordable housing

Expiration of extension - 2029

Program Structure

Penny IV Funds (8.3% of Net Proceeds)

Penny IV Affordable Housing Program

- Land Acquisition for Affordable Housing
- Capital Projects for Affordable Housing ("Nexus Housing")

Penny IV Economic Development Program

- Capital Projects for Economic Development (Target Industry)

Housing Program Background



- **Joint Review Committee developed guidelines**
- **BCC approved guidelines December 10, 2019**
- **Expands upon land acquisition program created under Penny III - \$30 Million set aside**
 - **Includes land acquisition and capital expenditures**

Housing Program Framework



Goal	<p>The goal of the Penny IV Affordable Housing Program is to increase the number of affordable housing units throughout Pinellas County by supporting the development of new affordable units and preservation/rehabilitation of existing affordable units.</p>	
Eligible Projects	<ul style="list-style-type: none"> - Minimum 10 units / No maximum unit count - Target incomes based on State statute – under 120% AMI 	
Eligible Uses of Funds	<p style="text-align: center;">Land Acquisition <small>as authorized by Florida Statute Section 212.055(2)(d)(1)(e)</small> All land acquired with designated land acquisition funds will remain in ownership by a local government or special district.</p>	<p style="text-align: center;">Capital Projects <small>as authorized by Florida Statute Section 212.055(2)(d)3</small> Includes the hard costs associated with site improvements, infrastructure and building construction including major rehabilitation of existing units.</p>
Ineligible Uses of Funds	<p style="text-align: center;">Financing, administrative or operating costs (other restrictions may apply)</p>	

Administrative Process

- **Application**
- **Review And Staff Underwriting**
- **Approval Process**
- **Funding**

Funded Project Framework



Due Diligence Review

Cost reasonableness, appraisal, survey, environmental, etc.

Third Party Underwriting Evaluation

Land Trust

- **Housing Finance Authority – Trustee**
- **Appraisal – 90 Days prior to closing**
- **Security – Ground Lease, LURA**

Funded Project Framework



Security Instruments

- **Land Use Restriction Agreement**
- **Mortgage & Promissory Note**
- **Agency Agreement**
- **Ground Lease**

Funded Project Framework



Compliance Monitoring

Initial Lease Up

Annual Monitoring

Tenant Income

Rent Limits

Ayra Development



Number of units	415
Affordable units	125
Total Development Cost	\$97,000,000
Awarded funding	\$ 4,000,000
Per Affordable Unit Subsidy	\$ 9,638

Ayra - Continued

61-80% Area Median Income

59 Households

81-120% Area Median Income

66 Households

Market Rate

290 Households



Seminole Square Development



Number of Units	96
Affordable Units	96
Total Development Cost	\$30,757,794
Awarded Funding	\$ 5,560,000
Per Affordable Unit Subsidy	\$57,916

Seminole Square Continued



30% Area Median Income

34 Households

60% Area Median Income

11 Households

80% Area Median Income

51 Households

Seminole Square Continued

City of Largo	\$1,450,000
Community Land Trust	\$1,875,000
Vertical Construction	\$3,685,000



Overall Funding Amounts

\$43 Million

Total Units – 1,810

Affordable units – 1,434





Questions and Discussion

COMMUNITY LAND TRUST



WHAT DOES THIS MEAN? WHO DOES IT BENEFIT?



HOW WE GOT HERE



- Noticeable loss of affordable units
- Educated our Board and Community Leaders
- Amended LHAP to include the CLT model for Purchase Assistance and New Construction Strategies (SHIP and HOME funded units)
- Habitat for Humanity is Certified by Florida Housing Coalition
- Marion County partnered with Habitat for Humanity to utilize their established CLT
- Final step was partnership with UF-IFAS to educate and to teach CLT curriculum that FHC created to all homebuyers

THE IMPORTANCE OF A COMMUNITY LAND TRUST



- Marion County believes CLTs will allow for the long-term preservation of affordability.
- Promotes long-term equity for residents by allowing them to build wealth through homeownership while maintaining affordable housing options for future generations.
- CLT will retain ownership of the underlying land (similar to the ownership of a condominium)

CLT COMPONENTS & PARTNERSHIPS



- Approved Lenders must have the ability to support the CLT model
- Habitat's CLT partnership provides a 1-hour consultation with Community Legal Services free of charge to the homebuyer(s)
- UF/IFAS provides required two-hour CLT Class as well as 8 hour Homebuyers Education Class
- At closing, the homebuyers will enter into a 99 year ground lease
- Monthly ground lease fee \$35
- County has first right of refusal

Types of Homes Assisted with SHIP/HOME Funds:

Site built, New Construction,
Condominium, and
Manufactured home



ADMINISTRATIVE PROCESS



■ Application:

- Homebuyer obtain Lender Pre-approval letter - FTP results in denial
- Minimum 620 credit score
- ZOOM Prescreen
- Name added to waiting list
- Name pulled from waiting list, 2 week deadline to submit/upload required documents

■ Eligibility:

- Application and financial documents reviewed by staff
- Credit report, Payment calculator
- HOP Funds
- Compare Lender's Letter with Assistance Requirements

ADMINISTRATIVE PROCESS



■ Review and Award

- Award amounts:
 - \$30,000 - 120%-140% AMI
 - \$40,000 - 80% AMI
 - \$50,000 - 50% AMI
- Approval Letter
- Lender's letter
- Homebuyer signs Income Certification
- Homebuyer can enter into a contract to purchase a home

■ Final Process

- Staff receives and reviews home inspection - approve/deny
- Work directly with Title Company, Underwriters, and Lenders
- Closing Disclosure reviewed
- Check request
- Land Lease, Note and Mortgage

NEW CONSTRUCTION PROGRAM

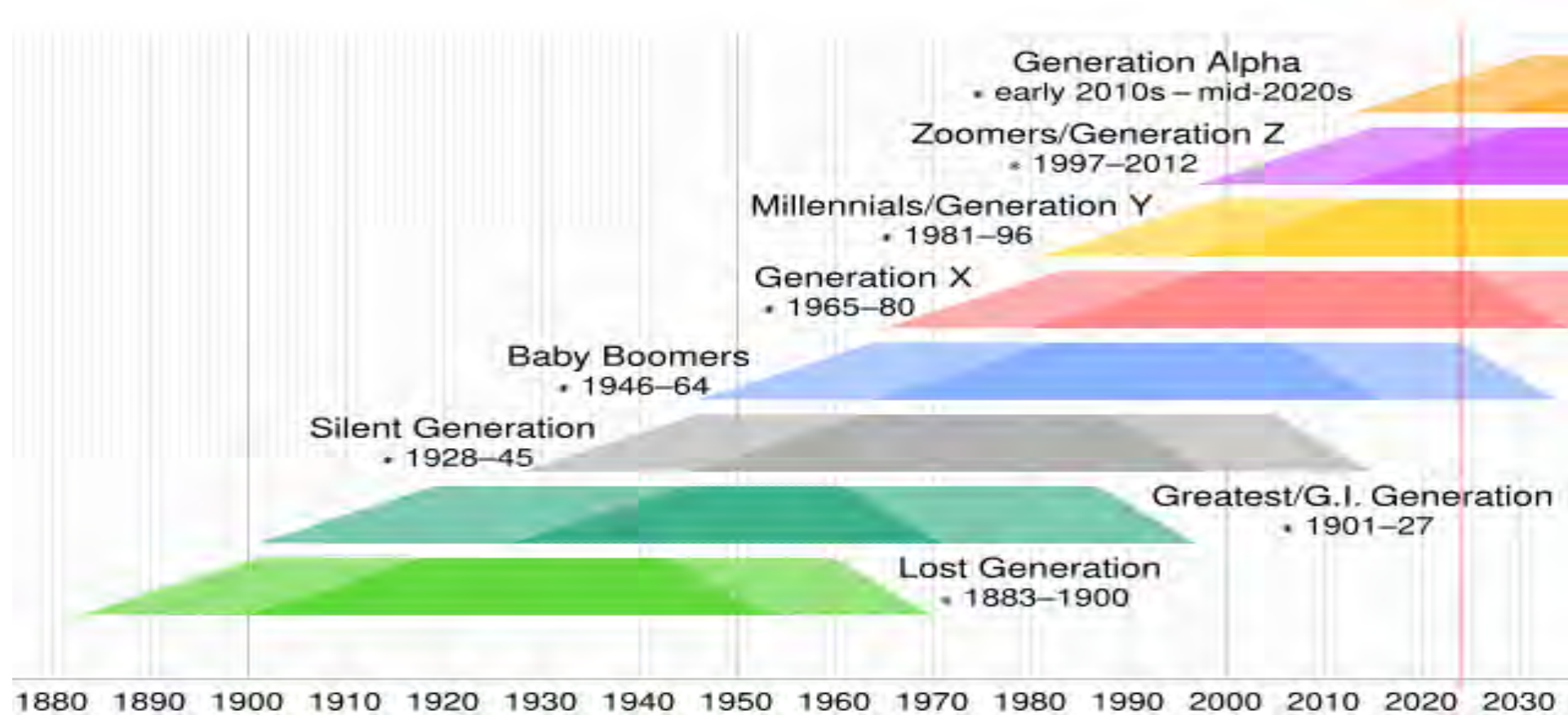


- Habitat partnered with the County, as a Developer, to construct 6 homes
- Total project cost \$1,080,000
- Each parcel leased for \$180,000 and just value of surplus
- Utilizing Surplus Properties reduced costs
- Block construction, 3 bed, 2 bath, 1100-1200 sq. ft., carport w/ 8x8 storage room
- County to provide \$180,000, in funding, per home
- Sales price of \$200,000
- Down payment assistance in the amount of \$30,000
- 20 year mortgage/note to include down payment and just value of surplus
- Home sold to an income eligible household (80% - 120% AMI)
- At closing, County receives \$150,000 per home
- Program Income \$900,000

THE REASON A CLT WORKS FOR MARION COUNTY



**ALLOWS US TO KEEP HOUSING UNITS
AFFORDABLE IN PERPETUITY FOR
GENERATIONS TO COME!**



FUTURE OPPORTUNITIES



- CONTINUE FUNDING CONSTRUCTION OF SF HOMES
- MULTIFAMILY RENTAL UNITS (FUTURE CLT)
- SURPLUS PROPERTIES WILL UTILIZE THE CLT

HOURLY WAGES AND MAXIMUM MORTGAGE AMOUNT

Full Time Employment

(hourly rate = annual income)

- \$15.00 = \$31,200
- \$20.00 = \$41,600
- \$25.00 = \$52,000
- \$30.00 = \$62,400
- \$35.00 = \$72,800
- \$40.00 = \$83,200
- \$45.00 = \$93,600
- \$50.00 = \$104,000



Income = Affordability

Median Income \$73,700

Annual Income = Financed Amount OR Monthly Rent		
Gross Annual Income	Maximum Financed Amount (7% & \$400 tax & insurance, 30 years)	Maximum Monthly Rent
\$25,000	\$34,000	\$625
\$30,000	\$52,500	\$750
\$35,000	\$71,500	\$875
\$40,000	\$90,000	\$999
\$45,000	\$109,000	\$1,125
\$50,000	\$127,500	\$1,250
\$55,000	\$146,500	\$1,375
\$60,000	\$165,000	\$1,500
\$65,000	\$184,000	\$1,625
\$70,000	\$203,000	\$1,750
\$75,000	\$222,000	\$1,880
\$80,000	\$240,000	\$2,000

Thank you for the opportunity to share the importance of affordable housing. We have an opportunity to keep homes affordable in perpetuity. A huge appreciation to the Florida Housing Coalition for the technical support for us to have the opportunity for a Community Land Trust.

HOUSING AFFORDABILITY MATTERS TO ALL!!!



CONTACT US



Cheryl Martin, Director

Cheryl.martin@marionfl.org

352-671-8778

Helen Urie, Housing Grant Manager

Helen.urie@marionfl.org

352-671-8781

Client Services Specialists:

- **Abigail Gonzalez**, 352-671-8779
- **Vanessa Tucker**, 352-671-8775
- **Ty Fortier**, 352-671-8768

Building the Future: Local Policy, Partnerships, and Permanent Affordability in Housing





The Evolution of PSL's Homeownership Assistance Program

Background & Analysis

~ 120 sq. miles, incorporated in 1961 with a few hundred residents, to today's est. pop. of 245,000 (~ fully built out +/-400,000)

6th largest City in Florida, surpassing Tallahassee and Ft. Lauderdale, 92nd largest City in the US, by population

Centrally located along Florida's east coast, the largest city between Orlando and Miami, serving as the economic heartbeat of the Treasure Coast

Exponential increase in population and single-family home (SFH) construction (in 2021 averaging over 400 new SFH permits per month, 2022 and 2023 down to a little over 300)

Growing community, growing business and economic development, estimated 35,000-40,000 population increase in the last 3 years; in 22-23 deemed one of the fastest growing cities by the US Census Bureau

75% homeownership rate prior to COVID to 82% today! (National Average is about 65%, St. Lucie County is about 80%), 23.1% of the population is over 65 years old



Existing Programs



SHIP = strong focus on owner occupied repair and rehabilitation



CDBG entitlement community = strong focus on infrastructure projects



Neighborhood Stabilization Program (NSP 1 & 3 from 2008 & 2011) included foreclosure assistance and most recently SFH construction



Strong support for Water and Sewer connections & stormwater management



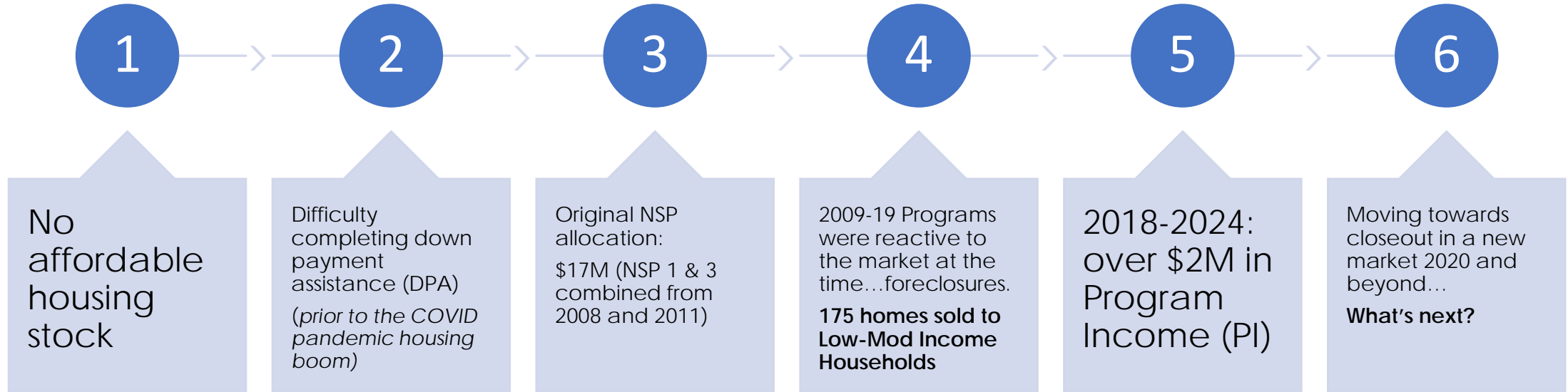
Strong support for Economic Development



What is next?



Growing Affordability Issue



Original NSP Investment Model	
DPA Provided	<ul style="list-style-type: none"> • No resale requirements/No ongoing support • 25-year recapture
175 Homes sold to LMI buyers at market value (foreclosures/demolitions)	<ul style="list-style-type: none"> • 58 Homes resold - no longer affordable • DPA forgiven annually
Limited funding recaptured at resale	
Homes are no longer affordable	





Challenges with old model

- Have not met NSP 50% AMI targets
- Today's market – HOT
- No new NSP funding
- Planning for tomorrow – subsidy retention
- Cultivation of workforce for growing economic development



The Future



Subsidy Retention and Subsidy Recapture

*White Paper Prepared by the Florida Housing Coalition
November 6, 2018*

The **community land trust model employs a subsidy retention** approach to homebuyer assistance. This is different from the **subsidy recapture approach** most local governments use to provide homebuyer assistance. While the traditional *subsidy recapture* approach aims to recapture the funds provided to the new home buyer through a loan, the *subsidy retention* approach aims to keep housing permanently affordable. The next few paragraphs will explain how each approach works, and **why subsidy retention is more effective.**





NSP Analysis & Program Income

- City-owned scattered residential lots
- NSP SFH construction 2019-20 (old model)
- CLT contract approval February 2021 (new model)
- Aug. 2021 CLT Presentation & Education
- Nov. 2021 NEW! Disposition Plan approval (1 year from RFP to program approval)

NSP Program Execution Timeline:

Nov. 2021 marketing and education

Jan. 2022 Open House and public information sessions

Feb. 2022 application period opens

April-June 2022 applicant selection, home inspections and closings





Long-term impacts of CLT adoption/implementation:

- Subsidy retention for the municipality and the community
- Long-term stewardship
- Dual ownership
- Protections in place



“New” Best Practice = CLTs

CLTs across the country

- USA CLTs > 40 years
- Dramatic Expansion last 15 years
- Best practices – Learn from others
 - Model Ground Lease (Freddie/Fannie approved)
 - Model Deed Restriction (Condos)
 - CLT Technical Manual
 - Model Stewardship Manual
- Down markets = protects homeowners
- Hot markets = protects affordability



CLTs in Florida

- FL home to 32 CLT Programs (11 established and 21 newly formed or organizing)
- South Florida CLTs
 - CLT of PBCTC
 - Delray Beach CLT
 - South FL CLT
 - & another in Orlando
 - NEW! Habitat for Humanity SLC
- Florida Housing Coalition
 - Community Land Trust Institute
 - Statewide CLT Certification Program
 - Statewide support and advocacy
- State legislation re: CLTs + property taxes
- New programs every year!



Community land trust organizations acquire, own and steward land **permanently** for the common good by providing affordable housing, resale restrictions, long term stewardship



Community Land Trust of Palm Beach County, Inc.

has successfully completed the Community Land Trust Institute training and certification program, a training presented by the Florida Community Land Trust Institute, a program of the Florida Housing Coalition, and has earned designation as a

CERTIFIED COMMUNITY LAND TRUST

On

May 17, 2021

Jaime Ross
CEO
Florida Housing Coalition

Asha Nosbil
CHIEF PROGRAMS OFFICER
Florida Housing Coalition

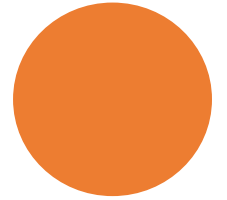


The Deal

PSL builds the house and sets the criteria, donates the land

CLT of PBC and the TC owns and stewards the land permanently for the common good

CLT of PBC and the TC finds, screens and educates eligible buyers – then, brings them to the closing table (legal splitting of title, land lease, lender security, etc.)





NEW! Example Purchase Formula

Appraised Market Value:	\$220,000 (fee simple appraisal)
PSL Construction Cost:	\$190,000 (excluding land)
Buyer Pays:	<u>\$130,500 (NSP PI)</u>
NSP Perm Subsidy:	\$59,500 (land to CLT)

Compared to former NSP model without CLT (2011 example):

\$97,000 Cost to City - \$72,000 Appraised Value/Price = **\$56,000 Total Grant Investment (\$25k in price reduction and \$31k in DPA)**

→ 2016 sold for \$145,000 (**\$26,000 recaptured & \$78,000 appreciation to seller**)

→ → 2020-21 if the property's est. value was approximately \$228,000 (**\$26k for potential DPA available from PI...**)

but at least \$128k – New \$ Needed to construct or purchase for a 50% AMI Buyer)

→ → → Today in **2024 = \$400,000 is the Median Price of Home Sales**

Subsidy Retention

Hypothetical 2011 example under a Community Land Trust (CLT) Model

- 2011 – Sold for \$72,000
 - >> Restricted Resale Values <<
 - ↓
- 2016 – \$76,500 Price
 - Buyer principal, interest, taxes, and insurance (PITI) = \$430/Month
 - Seller Cash = \$9,000
 - ↓
- 2021 – \$81,281 Price
 - Buyer PITI = \$430/Month
 - Seller Cash = \$21,000

Remains affordable to all future 50% AMI buyers!



AMERICAN RESCUE PLAN



What's next?

- ARPA down payment and closing cost assistance
- MUST be input into the CLT model

PSL National Community survey

One out of four of the top highlights from 2022

Employment opportunities are on the rise, but affordability may be a growing concern.

Most aspects of Port St. Lucie's economy remained stable since the previous survey iteration, with a few notable fluctuations.

About 6 in 10 survey participants reported that their business and service establishments gave high marks to the city's economy in 2021.

In this, residents' concerns were similar to those in previous surveys. Housing was a top focus on in the next year.

“When asked to write the top three priorities they would like the City to focus on in the next year, 13% of residents cited concerns regarding the affordability of living in Port St. Lucie, and another 9% requested improvements to various aspects of the City's economic activity and development.”

requested improvements to various aspects of the City's economic activity and development. However, a bright spot emerged in one specific area of affordability on the survey: favorable ratings for the availability of affordable quality childcare/preschool increased by over 10% in this year's results (from 33% to 47%), showing positive strides toward recovery after a few years of steady decline.

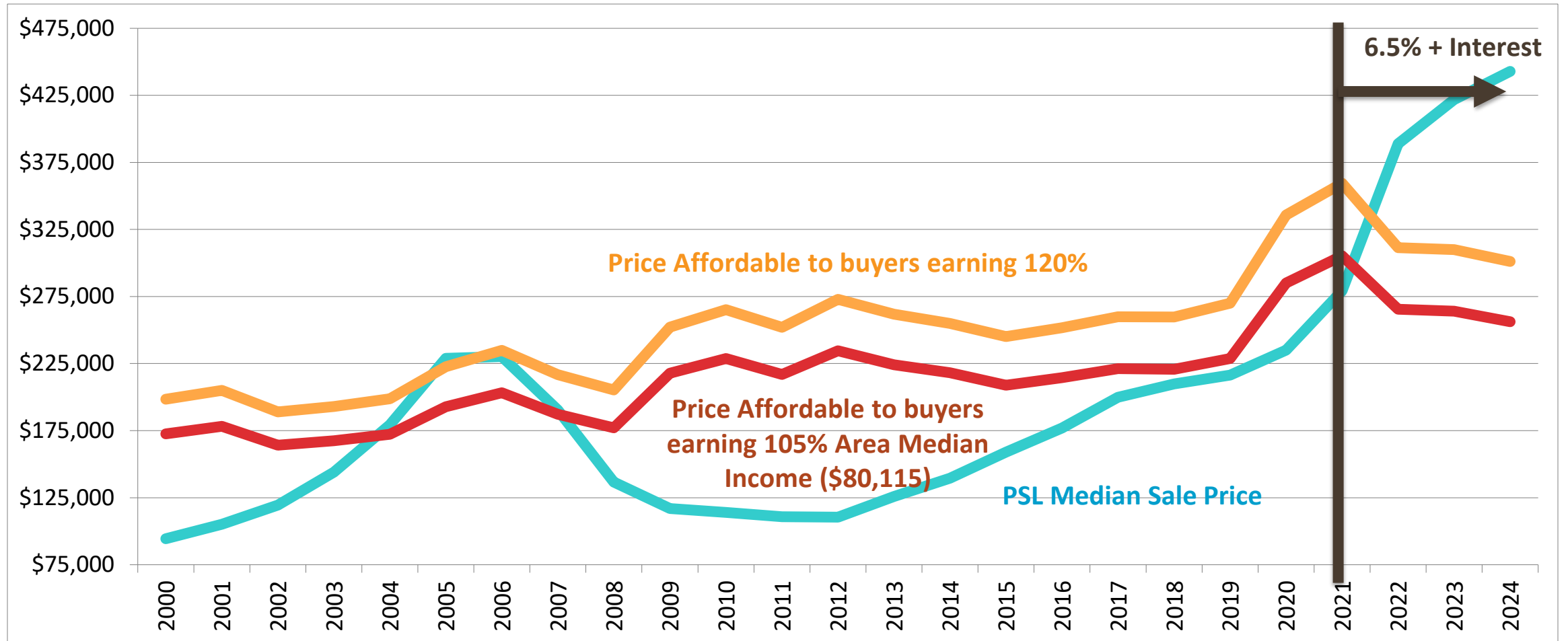
THE NCS™
THE NATIONAL COMMUNITY SURVEY™

Port St. Lucie, FL
The National Community Survey

Report of Results
2022



PSL's 2024 Affordability Gap with interest



NEW! Buyer-driven Homeownership Assistance Program



Port St. Lucie's Homeownership Program

- Allows for a qualified household to receive up to a \$100,000 grant (based on 2024 MLS Market Analysis)
- The applicant shops for a home on the market
- The closing happens in conjunction with the CLT of PBC & TC
- Similar program and deal (without having to construct the home)
- Same post purchase stewardship benefits

Funded by ARPA



Program Timeline: Aug. 2023 proposed change approved >> Sept.-Nov. Procurement, planning, analysis, presentation >> Feb. 2024 first approval \$50k >> April 2024 second approval \$100k >> June 2024 Program Launch >> Aug. 2024 Approved Applicants are shopping for a home...



Example of parameters in action

SLC HUD Median Income for Counties and MSAs, Family of Four = \$84,800

The Process & Selection Criteria:

- 80% - 120% AMI
- Live and/or work in PSL
- First time homebuyer
- Mortgage ready
- Homebuyer education
- Total debt ratio < 45% (back end)
- Minimum 1% cash at closing
- Asset cap = \$15K in liquid assets

Example average salaries:

- ✓ Single parent healthcare worker \$68,000 with 3 dependents
Max monthly payment = \$1,890
- ✓ Essential worker earning \$55,000 & retail worker earning \$25,000 for a combined HH Income of \$80,000 with 2 dependents
Max monthly payment = \$2,200

(Monthly payment includes mortgage, taxes, insurance, CLT fees and reserves)

Florida Housing Income Limits, 2023									
Geography	AMI Category	1 Person Limit (\$)	2 Person Limit (\$)	3 Person Limit (\$)	4 Person Limit (\$)	5 Person Limit (\$)	6 Person Limit (\$)	7 Person Limit (\$)	8 Person Limit (\$)
Port Saint Lucie MSA	80%	47,450	54,200	61,000	67,750	73,200	78,600	84,050	89,450
Port Saint Lucie MSA	120%	71,160	81,360	91,560	101,640	109,800	117,960	126,120	134,280

Affordable Pricing Analysis

Criteria for Homes for Sale to be Considered Eligible

- ▶ Real Estate listings < \$350K
- ▶ Built after 1978 (no lead paint)
- ▶ Concrete block only
- ▶ No age restricted units

Other Criteria Taxes/Insurance/HOA

- ▶ HOA/COA fees' impact on affordability
- ▶ Reduced taxes based on the CLT restricted price



Property Availability Based on Criteria

Real Estate Listings on March 21

- ▶ 60 homes that met the criteria
- ▶ 4 units for sale w/ \$50K
- ▶ 28 units for sale w/ \$100K





- ✓ Program approved
- ✓ Program launched

-
- This pilot program will serve to build more programs in the future
 - The data and information about the process, outreach, education, feedback and outcomes will serve to better understand community needs and facilitate future approvals (For ex. PI from the NSP funding)



Important Take Aways

- ✓ Education and Outreach
- ✓ Resident Feedback & the National Community Survey
- ✓ The City's Strategic Plan
- ✓ Grant Rules & Regulations (for ex. US Dept. of the Treasury updating ARPA to include Programs or services to support long-term housing security: including development of affordable housing and permanent supportive housing)



Other partnerships

- Habitat for Humanity 2018, lot acquisition and donation
- Adding to the CLT or “PSL’s Homeownership Assistance Program”
- Developer partnerships for furthering incentives
- Inclusion into the City’s newest Strategic Plan!



Thank you,



Alessandra "Alex" Tasca, MEcon
Deputy Director

**Neighborhood Services
Department**

Tel. 772-344-4084

Email. atasca@cityofpsl.com

City of Port St. Lucie | *Heart of the Treasure Coast*

121 SW Port St. Lucie Blvd., Port St. Lucie, FL 34984

