

Lee County Board Of County Commissioners
Agenda Item Summary

Blue Sheet No: 20020582

1. REQUESTED MOTION

ACTION REQUESTED: Deny the request for \$150,000 in county funds as a local contribution for a LIHTC (Low Income Rental Housing Federal Income Tax Credit) application.

WHY ACTION IS NECESSARY: Action requested by two for-profit developers but not required.

WHAT ACTION ACCOMPLISHES: Denies providing a local match to for-profit developers.

2. **DEPARTMENTAL CATEGORY:** 04 Community Development
COMMISSION DISTRICT #: CW **C4B**

3. **MEETING DATE:**
06-04-2002

4. **AGENDA:**
 CONSENT
 ADMINISTRATIVE
 APPEALS
 PUBLIC
 WALK ON
TIME REQUIRED:

5. **REQUIREMENT/PURPOSE:**
(Specify)
 STATUTE
 ORDINANCE
 ADMIN. CODE
 OTHER

6. **REQUESTOR OF INFORMATION:**
A. **COMMISSIONER** N/A
B. **DEPARTMENT** Community Development
C. **DIVISION** Planning
BY: Paul O'Connor, AICP, Planning Director
POC 5/21/02

7. Two private, for-profit developers are applying for funding under the Florida Low Income Rental Housing Federal Income Tax Credit (LIHTC) program. The companies are: CED Companies for The Cove at Park 41 Apartments (193 units) in North Fort Myers and Powell Creek Ltd. for Powell Creek Estates (156 units) in North Fort Myers. Since only one will be selected from Lee County, the \$150,000 would be allocated to the selected project.

On May 15, 2002, the Lee County Affordable Housing Committee voted to recommend that the BoCC approve \$150,000 from the General Revenue Reserves to be used as the local match for the selected application but that no present or future SHIP funds be used to repay the reserves. Staff recommended against this request because: 1) Funding these requests now would mean abandoning the usual process for providing a match for LIHTC applications through the SHIP program. This process was developed through broad-based public participation. 2) These requests are from private for-profit companies. The county has not provided financial assistance to for-profit corporations and funding this request would set a precedent. 3) There are no dollars allocated in the County budget for these requests. 4) Neither project has a local presence in the form of a local non-profit housing partner.

This item was brought before the BoCC on April 9, 2002 as a Commissioner item. The developers were requesting an immediate decision as the LIHTC applications were due April 15, 2002. Staff recommended denial of the request. The BoCC denied it in a 3 to 2 vote. Subsequently the developers requested to be scheduled before the Affordable Housing Committee. The state allows applicants to turn in incomplete applications and take until mid-June to complete them.

(Attachment Staff report to the Affordable Housing Committee)

8. MANAGEMENT RECOMMENDATIONS:

9. RECOMMENDED APPROVAL:

A Department Director	B Purchasing or Contracts	C Human Resources	D Other	E County Attorney	F Budget Services			G County Manager	
<i>Man (5/6/02)</i>	<i>N/A 5/21/02</i>	N/A	N/A	<i>Aranea</i> <i>Stark</i>	<i>OA</i> <i>5/22/02</i>	<i>OM</i> <i>5/22/02</i>	<i>Risk</i> <i>5/23</i>	<i>GC</i> <i>5/23/02</i>	<i>BL</i>

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

REC'D.
BY CO. ATTY.
5/21/02
11:35 AM
CO. ATTY.
FORWARDED TO:
5/22/02 9:00 AM

RECEIVED BY
COUNTY ADMIN. *PMC*
5/22/02
ID 1140am
5/23 9:00

**REQUEST FROM PRIVATE FOR-PROFIT HOUSING DEVELOPERS
FOR LEE COUNTY TO PROVIDE \$150,000 IN LOCAL FUNDS
AS THE APPLICANTS' LOCAL MATCH
IN THEIR APPLICATIONS
FOR LOW INCOME HOUSING TAX CREDITS.**

BACKGROUND

The county has received requests from two for-profit developers for a \$150,000 contribution to be used as a local match for low-income rental housing developments whose proposed financing would be through federal income tax credits. The requests are from two developers: The CED Companies for The Cove at Park 41 Apartments in North Fort Myers and Powell Creek, Ltd. for Powell Creek Estates in North Fort Myers.

The U. S. Department of Treasury under Section 252 of the Tax Reform Act of 1986 and Section 42 of the Internal Revenue Code governs the Low Income Housing Federal Income Tax Credit Program. Each year the U. S. Department of the Treasury awards each state an allocation, based on population.

Chapter 420.5099, F.S., designates the Florida Housing Finance Corporation (FHFC) as the sole issuer of housing tax credits for the state of Florida. Rule Chapter 67-48, Florida Administrative Code, governs the program. The FHFC released the application document on March 15 with an application deadline of April 15, 2002.

Applications for the Low Income Housing Tax Credit Program are extremely competitive, utilizing a rigid application process that awards points for attaining specific criteria. For example points can be obtained for providing energy conservation features, free after school programs and providing computer classes. One of the ways to achieve points is to have a local government contribute to the project. In order to achieve the maximum points for a project in Lee County, the county must pledge a minimum contribution of \$150,000.

APRIL 9, 2002 BOARD OF COUNTY COMMISSIONERS MEETING

REQUEST

This request for \$150,000 in local funds was a County Commissioner item (i.e. not included in the printed agenda) at the April 9, 2002 Board of County Commissioners meeting. Staff made a presentation explaining that developers maintained that because the applications low income housing tax credits had been released on March 15, 2002 there had been little time for them to discuss with the county the possibility of a local match. They were requesting \$150,000 in a local match. Since only one project would be selected from Lee County, the \$150,000 would be allocated to whichever project was selected. The specific source for the county funds would be the general fund; however, the county would look for alternative funding sources to repay the general fund.

If no county match funds were allocated the developers proposed to drop the Low Income Housing Tax credit applications (which have 43% of the units as very low income units) and

seek financing through the Florida Multifamily Mortgage Revenue Bond Program (which have 11% of the units as very low income units).

INITIAL STAFF RECOMMENDATION

Staff recommended against providing \$150,000 as a local match. Among the reasons cited were:

- These requests for a local contribution were from for-profit privately owned corporations. The county had not provided this type of financing in the past and doing so now would set a precedent.
- The project did not have a local housing partner. There would be no local presence. This lack of a local presence has proven to be problematic.
- The county budget has no dollars allocated for this contribution. The county would have had to identify a funding source from this year's budget.
- There had not been adequate staff review of the proposed projects due to severe time constraints.
- The proposals had not been brought before the Affordable Housing Committee.
- There had not been an opportunity for public notice or participation.

ACTION BY BOARD OF COUNTY COMMISSIONERS

The Board voted against the proposal in a 3 to 2 vote. Commissioners Albion, St. Cerny and Janes voted against and Commissioners Judah and Coy voted for the proposal. During the Board's discussion several points were made among them were:

- It is against Board policy to make financial decisions on County Commissioner items (items that were not included in the printed agenda.)
- Some Board members expressed reluctance for providing county funds to a for-profit developer.
- Some Board members noted that this seemed like a good opportunity for the county to develop additional affordable housing.

MAY 15, 2002 AFFORDABLE HOUSING COMMITTEE MEETING.

REQUEST

The requests are from two developers:

- The CED Companies for The Cove at Park 41 Apartments in North Fort Myers and
- Powell Creek, Ltd. for Powell Creek Estates in North Fort Myers.

After County Commissioners turned down the developers' request, the developers requested an opportunity to go before the Affordable Housing Committee and then the Commissioners. The developers explained that although the applications were due April 15, 2002, applicants could turn in an incomplete application and have until mid-June to cure the deficiency. (The FHFC refers to this as the cure period.)

As a result these developers have brought their requests for a local match before the Affordable Housing Committee. Again the reason they are making their requests is because the applications for the Federal Low Income Housing Tax Credits through the State of Florida's allocation are very competitive. Due to the limited availability of the allocation to the State of Florida, the competitive nature of the application, and the volume of applications that have been submitted, an application needs to achieve maximum points to be awarded an allocation. In accordance

with application regulations, Lee County is classified as a Medium county and will need to provide a local government contribution in the amount of \$150,00 in order to assist an applicant to receive the maximum number of points.

Both developers indicated that currently they are only applying for Low Income Housing Tax Credit funding. At this time no decision has been made on whether to pursue bond financing if funding through the tax credit program is not forthcoming.

PROJECT DESCRIPTION

The Cove at Park 41 Apartments The Cove at Park 41 Apartments will provide 193 affordable rental units and. It will provide 1, 2, 3, and 4 bedroom units. All of the apartments have two baths, except for the one-bedroom units.

This development will be in North Fort Myers at the southeast corner of the intersection of US 41 North and Littleton Road.

The rent ranges and number of units by bedroom size are as follows:

- 1 bedroom units: \$421-\$519, 41 units
- 2 bedrooms: \$504-\$621, 88 units
- 3 bedrooms: \$581-717, 32 units
- 4 bedrooms: \$637-\$788, 32 units

This development will provide:

- 43 % of the units, 83 apartments, to households with incomes of 50 % or less of the county median income and
- 57 % of the units, 110 apartments, to households with incomes of 60 % or less of the county median income.

The project site is properly zoned and has access to central water and sewer facilities. It has also successfully completed a phase I environmental audit.

The per unit cost for The Cove at Park 41 Apartments is \$80,239 including land costs.

Proposed project funding consists of bank financing, the Federal Housing Tax Credits, and deferral of developer fees.

Powell Creek Estates Powell Creek Estates will provide 156 affordable rental units with a range of bedroom sizes, 2, 3, and 4 bedrooms. All of the apartments have two baths.

This development will be in North Fort Myers at 1460 US 41 North Business.

The rent ranges and number of units by bedroom size are as follows:

- 2 bedrooms: \$504-\$621, 72 units
- 3 bedrooms: \$580-716, 60 units
- 4 bedrooms: \$637-\$788, 24 units

This development will provide:

- 43 % of the units, 68 apartments, to households with incomes of 50 % or less of the county median income and
- 57 % of the units, 88 apartments, to households with incomes of 60 % or less of the county median income.

The project site is properly zoned and has access to central water and sewer facilities. It has also successfully completed a phase I environmental audit.

The per unit cost for Powell Creek Estates is \$77,755 including land costs.

Proposed project funding consists of bank financing, the Federal Housing Tax Credits, and deferral of developer fees.

STAFF RECOMMENDATION

Staff recommends against providing \$150,000 in local match to either of these developments.

- Funding these requests now from the general revenue would mean that Lee County would be abandoning its usual process for providing a match for low-income housing tax credit applications. The process was developed through broad based public participation and is described below:

In Lee County the local match for tax credit applications is provided through the SHIP program. To assure a local presence and improve quality control, Lee County requires applicants to have a non-profit housing partner with a local presence. Applicants submit their applications by a specified date. Staff reviews those applications and has at least one interview with the applicants to review the applications. Staff makes a recommendation, which is reviewed by the Affordable Housing Committee. The committee then forwards its recommendation along with staff's recommendation to the Board of County Commissioners for a final decision.

Under this system Lee County already will have provided a local match of \$182,127 to the local non-profit, Cape Coral Housing Rehab and Development Corporation, for the current low income housing tax credit application cycle for development of Coral Village II. The applications for the SHIP cycle were due November 19, 2002. The Affordable Housing Committee reviewed the applications and staff recommendations at a January 9, 2002 meeting. The Board of County Commissioners approved the Affordable Housing Committee recommendation at a meeting on January 22, 2002.

- These requests are from for-profit privately owned corporations. The County has not provided financial assistance to for-profit corporations in the past and this could set a precedent for such future requests.
- There are no dollars allocated in the County budget for these requests. A funding source, from this year's budget would have to be identified to fund these requests.
- There is no local presence in the form of a non-profit housing partner in either of these projects.