

9. **OLD BUSINESS**

c. Community Housing Resources (CHR) Issues

- i. Discussion and Review of the Community Housing and Resources (CHR) Annual Plan per the agreement between CHR and the City of Sanibel as requested by City Council

March 5, 2008

Memorandum To: Jim Isom, Director of Administrative Services.

Re: Supplement to CHR's five year plan

At the Council Meeting on Feb. 19th Mayor Denham recommended accepting the five year plan of CHR. He then requested additional information about our development of our Court Street project and our involvement in the proposed Medical Clinic. The purpose of this memo is to provide this information to the Council and discuss it at the March 18th Council Meeting.

Court Street: Supplementing the five year plan: In the fall of 2007, CHR applied for and received the permit for the clearance of this property. Approval was also received from the S.W.F.L. Water Mgmt. District to install a protective fence along a water line bordering the property.

Present status: Our architect and potential builder are developing a footprint of the seven buildings as well as the front, rear and side views of the buildings. We expect to submit these to the Planning Dept along with other necessary papers by the end of March.

Medical Clinic: In the Fall of 2007, CHR was invited by Director Duffy to a meeting arranged for the Sanibel-Captiva Medical Center LLC, and some of their advisors, for a general discussion about their proposed plan. It included some BMRH rentals above the Medical Clinic. We expressed our initial interest.

In December the attorneys, the principals of the LLC and certain CHR officers and Executive Director met in the offices of Henderson Franklin. At the end of the meeting it was agreed that CHR would purchase 1/3 of the property and build the Medical Clinic and the BMRH rental units. the LLC would purchase 1/3 of the property to build a professional. No decision was made regarding the other 1/3 of the property except that CHR explained that we had no present interest because the financial #'s didn't work.

The draft of the proposed contract was received in the week of Feb. 25th. The attorneys and the parties are working on the contract. The CHR Board will not review this until our attorney has successfully resolved the outstanding issues.

We will be happy to answer any question



Mike Cuscaden, President



Community Housing & Resources, Inc. Coast & Islands Community Land Trust, Inc.

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January 16, 2008


Jim Isom, Director of Administration
City of Sanibel
800 Dunlop Road
Sanibel, FL 33957

Dear Jim,

Enclosed please find the five year plan of Community Housing & Resources, Inc. requested by the City in the agreement between the City and CHR. This plan was formally adopted at our board meeting on 1/14/08.

Although it is difficult to predict the dates or timelines for events, we believe the schedule of activities can be pursued and hopefully accomplished within the five year span, but not necessarily be in the order of the plan. We welcome any input from the City to modify the plan at this time or in the future.

Sincerely,


Mike Cuscaden
President

COMMUNITY HOUSING & RESOURCES, INC. FIVE YEAR PLAN

January 14, 2008

Introduction

Community Housing & Resources, Inc. (CHR) began as an organization in 1978 as a result of concerned local Sanibel citizens who believed economic diversity and affordable workforce housing was important to the islands sociology and economy. The organization was designated as the City's Housing Foundation in 1983 and has maintained a close and beneficial relationship with the City of Sanibel since that time.

CHR receives an annual allocation from the city under its economic enterprise budget component. The current contract began October 1, 2007 and will expire September 20, 2012 and is subject to renewal at that time. Part of the deliverable of the contract is for CHR to develop and submit a local housing plan for review and approval by city staff and the City Council. This document is the result of that directive.

In 2006, CHR formed a subsidiary not for profit organization, the Coast & Islands Community Land Trust, Inc. (CICLT). This organization was formed to institute a homeownership component within the BMRH program. By virtue of this land trust organization, land can be separated from building allowing affordable home purchases. The plan that follows is for both corporations.

New Directions Begun 2006 Enabling Future Expansion:

With the hiring of a new director in November of 2005, the agency began to take on a new direction. In December of 2005 Lee County SHIP funds became available with a heavy emphasis on homeownership projects for funding. After evaluation of the historic "graduation" practices of the agency whereby families needed to vacate their subsidized units once they exceeded 80% of area median income, two thoughts emerged. The first was that households or units that qualify for homeownership only have to be economically eligible at the time of acquisition. The second was that although the agency had been following SHIP rules and regulations, not all of the rules and regulations of that program were practiced, particularly those that offered the agency the most flexibility. In that evaluation process it was also determined that there was not uniformity of rent burden in the rental program structure.

The first action to correct these findings was to fully adopt all provisions of the State of Florida SHIP Program. This included raising program entry economic criteria from 80% of area median income to 120% of area median income. The plan also implemented continued occupancy rules which allow an existing tenants income to go as high as 140% of whatever entry standard they were. In the final analysis a person no longer had to leave the program until they went beyond 140% of 120% of the area median income. This meant that instead of formerly leaving the program when a single individual household surpassed \$31,350 in annual income, the new continued occupancy standard for a single individual household went to \$56,448.

The next action was to unilaterally establish rents at the universally accepted standard of 30% of monthly income less a utility allowance. This provides that all tenants share the same rent burden and is the standard used by HUD throughout the United States.

Overall Goals and Objectives:

- To increase the supply of workforce housing on and near island and to evaluate the need for expansion of elder housing and special needs housing
- To combine essential community and economic development strategies of the City of Sanibel and Lee County with mixed use and mixed income housing strategies
- To develop the appropriate number of rental and limited equity ownership units at Court Place
- To convert four units at Beach Road from rental properties to limited equity ownership units for City employees primarily and other essential workers
- To assume at least two City owned rental units, rehabilitate them and convert them under the BMRH program for City workers
- To acquire and preserve available rental and rehabilitate, and establish a mixed income venture combining below market rate with market rate and introduce the concept of attainable housing. This venture will combine rental and ownership
- To participate in mixed use strategies of the City that combine public purpose, economic development and housing

General Strategies 2008-2012

CHR desires to complete a housing system on Sanibel that is progressively hierarchal to facilitate sustained community economic growth with essential worker availability, while fostering community integration and promoting family self sufficiency. To do this, several levels of affordable housing opportunities need to be planned and implemented. The housing models advance from lowest to highest:

- Near island rental housing
- On island BMRH rental
- On island BMRH limited equity ownership
- On island attainable ownership
- On/Near island unencumbered ownership

Annual Action Plans: Note that it is difficult to project actual timetables of events. Opportunities can develop unexpectedly and potential projects can diminish in prospect. The timetable should be considered a guide.

2008:

1. Complete financing, permit and begin construction on 14 mixed housing type units at Court Place location
2. Evaluate two City owned single family units. Submit grant application to County and State for rehabilitation funds
3. Complete and adopt a land trust ground lease document
4. Initiate Beach Road 4 unit rehabilitation and conversion to limited equity ownership

5. Complete a feasibility study to undertake a capital contributions campaign, advance, decision, and implement
6. Continue planning on a mixed use public purpose medical center venture with below market rate housing
7. Continue planning BMRH activities within a mixed use town center concept
8. Complete survey and anecdotal analysis of BMRH tenants' participation in the local workforce and/or volunteer base
9. Evaluate housing preservation/expansion options of private rental properties
10. Continue to pursue off island potential sites with near island faith based employers for a percentage of units dedicated to Sanibel employees
11. Develop formal housing education and counseling programs

Summary

The most immediate opportunity for CHR dedicated actions is the Court Place development. Much of the pre-development work is done which will lead to submission to the Planning Department and eventually through City Council for the necessary approvals, which are anticipated by the end of the first quarter of the calendar year. New funding opportunities will continue throughout the development process. This development is keystone as it not only represents new BMRH units on Sanibel Island, but also it establishes the first ownership opportunities for low and moderate income workers. Objectives involving the ground lease document and the Beach Road conversion relate and contribute to the Court Place development. The assumption of the two City owned properties further establishes the public/private partnerships providing a competitive edge in obtaining funds, particularly State CWHIP, in statewide competition for this new funding source dedicated to local workforce and in particular essential workforce members. This application also sets the preliminary concept of expanding BMRH housing to workers earning up to 140% of area median income, and would also contribute funds to the Court Place development in addition to the two City sites mentioned. Municipal compliance with HB 1375 and 1363 is also met with this long term lease transaction satisfying the use of government owned properties deemed surplus, for workforce housing.

CHR has made a commitment to the City not to expect or request development financing for future projects allowing bonding capacity to meet the needs of other City necessities and objectives. Federal, State, and County grants and low interest financing is generally available for the development process. Granting agencies seldom provides financing for raw land. Further compliance with HB 1375 and 1363 helps to some degree, but not all state, county and municipal lands are appropriate for residential uses. Therefore, it behooves CHR, and its subsidiary Coast & Island Community Land Trust, Inc., to consider a capital campaign to obtain private donations toward this end. Historically the Sanibel community has been generous in its support of capital campaigns for conservation and the preservation of wildlife. Analysis to consider the possibility of community support needs to be given toward an objective that benefits the human factor and the quality of life of those moderate income workers that sustain the Island's labor force and economy. The long term benefits of a successful one time campaign has an exponential factor in the development dollars leveraged, number of new housing opportunities, and maintenance of a quality, community invested workforce.

CHR has been invited by principals interested in developing a state of the art local, small scale medical center that will accommodate most routine medical interventions that now require going off island. The original and revised corporate goals of the organization transcend affordable housing alone, and mention health care and addressing community problems and needs in general. A mixed use plan is in the formation stages and will be furthered in this annual action.

Similarly there is movement toward a mixed use plan for the area described as a "Town Center" within the Periwinkle Way West Commercial District Plan. Although the plan is still evolving and will require community acceptance, CHR is prepared to play a role contributing to the workforce residential housing component of any plan of scope and scale which may be adopted.

During the first quarter of the 2008 fiscal year, CHR implemented a new automated management information system which provides monthly reports relating to employment wage earnings among other statistical data. It is important for the agency to appreciate the impact of workforce housing in the community and the measure is the outcome performance of persons in the local labor force, the wages they earn, the number of hours worked, and the tasks that they complete contributing to the local economy. Equally important is the community volunteerism of our clients, particularly those who are out of the workforce due to retirement or disability. As the community supports the housing of CHR tenants, the reciprocating factor is that tenants contribute to the local community either directly or indirectly. Measuring these factors is essential for community education of the BMRH program.

There are a few property locations on Sanibel that have traditionally housed lower income Island workers over the years without government supported housing subsidies. Three of these properties are located on Periwinkle Way and Palm Ridge Boulevard. There may be other locations where such housing exists. Because of increased values, at any point in time these properties could be sold and redeveloped for uses other than the non-subsidized, yet relatively affordable, housing stock that helps support the local workforce. Every effort needs to be exhausted to preserve this existing stock.

In 2006 a telephone survey was conducted of all businesses (317) on Sanibel and Captiva, to ascertain the workforce requirements for the islands. Based on a 94% response rate at that time, it was concluded that the workforce requirement on average was 4,200 employees. It was recognized that housing opportunities on Sanibel would never accommodate that number of workers. Consideration was given to the potential of developing near island opportunities in addition to on-island opportunities. The geographic area is specific to zip code 33908, South Fort Myers/Lee County. As transportation costs inevitably continue to increase, creating housing as close to the Island as possible can only assist local employers in attracting and sustaining the workers they need.

In preparation for the implementation of the homeownership component of the BMRH program, staff of CHR became HUD certified as homeownership counselors through the Florida Housing Coalition and Neighborhood Networks national certification in 2007. In 2008 course materials will be developed to establish the curricula of program content that meet national standards. The curricula will be an adaptation of the many programs that exist and educational materials and workbooks developed for this required course offering as a prerequisite to ownership participation.

2009

1. Increase housing opportunities to households up to 140% of area median income
2. Implement housing counseling/homebuyer education program
3. Complete rehabilitation and sale of LEC conversion of 4 Beach Road rental units
4. Complete and sell/lease 14/16 units at Court Place development
5. Advance capital campaign

6. Complete financing and buy in of mixed use Medical Center, initiate development
7. Plan a career guidance and vocational development program
8. Improve residency manual
9. Plan a consumer credit counseling program
10. Evaluate advances in other 2008 items and proceed as appropriate
11. Advance near island opportunities
12. Detail potential linkages with other on-island agencies

Summary

Currently the maximum income for initial occupancy in the BMRH program is 120% of area median income. Until 2006 no government housing subsidy program in the United States allowed participation in housing subsidy program above the limit. The State of Florida enacted legislation, House Bill 1375, establishing a pilot initiative called the Community Housing Workforce Initiative Program (CWHIP) that provides development subsidy to households up to 140% of area median income specifically for workforce housing and, in particular workers, deemed essential by the State, County, and local communities where the housing will be developed. CHR applied for this funding in the pilot year of competition, 2006, but was unsuccessful. A new application is intended to be submitted in 2008 for the second year of competition. If that application is successful the units intended would be subject to the higher initial occupancy income eligibility standards.

In preparation of the Beach Road conversion units to limited equity ownership and the proposal to develop eight additional limited equity ownership units, a prerequisite step to purchase is successful completion of a homeownership education and counseling program. The curriculum that had been developed with in-house certified staffing will be implemented. For the first provision of this course a consulting relationship from an existing Lee County housing organization may be secured.

Utilizing SHIP funds secured in 2006 (\$45,000) and other funds the four units at Beach Road scheduled for ownership conversion will be rehabilitated to insure that key building systems are new or upgraded, and the new buyers will not have to face unanticipated repair cost in the near future.

It is anticipated that the 14 or 16 units of new construction for limited equity ownership and rental units will be completed and occupied during this fiscal year.

Having completed the feasibility study for a capital campaign with an agreed upon strategic plan, the campaign will proceed for the period determined by the strategic plan toward whatever financial goal has been established.

The temporary Medical Center has a one year operating period with the potential of a one year renewal period. During this fiscal year financing will be finalized, and CHR's buy-in of one of the three lots in the Planned Urban Development (PUD) parcel is anticipated. Development will commence during this period for the 6,000 square foot medical center with eight anticipated BMRH rental units above the Medical Center.

Living and working on Sanibel is a unique opportunity. There is a certain conundrum that exists, however, particularly for young adults that have yet to accomplish a professional trade or skill that would satisfy their self sustenance. Having affordable housing sometimes results in inhibiting motivation or ambition to succeed in the world beyond the bridge. They may wait

tables, lead kayak tours, landscape, or short order cook. They meet their financial obligations for the moment, yet their future can pass before them without substantial progress. CHR provides measures of social service through the tenant assistance fund that may provide a food voucher at holidays, an extra present for the kids at Christmas, payment of a medical debt, all well intended services. What lacks, however, are services that facilitate future life and vocational accomplishments. By combining with Friends Who Care, F.I.S.H., the Chamber of Commerce and like organizations there is an opportunity to provide intervention services that enable individual consideration to succeed in vocational aspirations beyond the "bridge". Such a service starts with guidance, information, and demonstration of how to succeed. This effort can be complimented with on-island job placement services that assist local employers with recruitment efforts, but on a larger scale stimulate personal growth, motivation and progress to achieve. This can include vocational exploration, on line education, assistance with tuition assistance, guides toward apprenticeships, essentially a myriad of actions that facilitate positive advancement rather than merely living from paycheck to paycheck. Cited are young adults but Island residents of any age that are forward thinking could benefit from such a service. Funding and linkages are essential to such an effort but must be preceded by a viable program plan. The latter is the goal at this stage.

As the BMRH program expands to new horizons an informational guide needs to be updated. This guide will keep the tenant informed of program processes, emerging opportunities, and services available.

Lower income people generally have a difficult time meeting financial obligations and sometimes need to utilize credit for every day purchases. Managing credit can be a difficult process and impact future opportunities due to high interest rates or obtaining credit at all. Understanding the credit process, credit scores, borrowing capacity, when to or not to borrow are key elements in utilizing credit and preserving future opportunities of credit. The development of a local course offering to prepare and educate current of future clients will help to set the stage for future ownership opportunities and financial. Developing a course and materials is the objective leading to the eventual implementation of a program.

In 2006 CHR entered an agreement with Shell Point to attempt to develop a project of mutual benefit near the Island. Finding the land has been the stumbling block but with the downturn in housing and land costs, new opportunities may emerge. The existing agreement terminates at the end of 2008. Opportunities could occur prior but on-going efforts should be maintained.

There is room to improve linkages with other social and public purpose agencies on the Island. Earlier references mentioned agencies like F.I.S.H. and Friends Who Care and perhaps ZONTA and church groups to help support vocational guidance or credit counseling services. Churches and perhaps Island Water Association can continue to be a part of surplus land use potential. The Chamber can assist with workforce and housing needs analysis as well as any job placement service functions. Additional linkages with Sanibel Captiva Conservation Foundation may avail co-land use, mixing housing land trusts with conservation land trusts. Identifying points of mutual interest and other reciprocal benefits by combining forces and resources is the objective.

2010

1. Complete or advance outstanding projects
2. Implement career guidance and vocational development program

- 3 Implement consumer credit counseling program
- 4 Complete construction of Medical Center, complete master leases, open center for business and lease rental units
- 5 Review for plan modifications
- 6 Plan BMRH options for Town Center actions if community approved
- 7 Evaluate potential for accessory housing
- 8 Begin to utilize capital campaign funds to purchase or option to purchase land
- 9 Evaluate surplus land of city, county and state on Sanibel as well as churches and public organizations
- 10 Initiate regular tenant information sessions

Summary

Based on approved plans for a new service component and the defined linkages of participating agencies the programs will begin.

With construction beginning in 2009 it is intended that the mixed use Medical Center will be completed and open.

At this stage of the five year plan it is prudent to evaluate outcomes, consider other opportunities or changes in direction, and modify the plan accordingly.

At some point the community will have decided whether or not to proceed with the Periwinkle Way West Commercial District Plan and the Town Center potential. Depending on the scale and scope of that plan a workforce housing concept needs to be outlined and partnership identified to carry out what the community has adopted.

Accessory apartment units are an interesting way in providing scattered site housing on existing house lots. The concept adds no more than one unit per lot. Most year round housing in Sanibel is in single family configurations. Single family lots can accommodate duplexes in some locations. This concept would add small cottages on existing properties where single family properties exist. This would lend to a privatized BMRH concept where the land/home owner collects the rent which would be tied to HUD Fair Market Rates for the Fort Myers/Cape Coral Metropolitan Statistical Area which is set annually by the Department of Housing and Urban Development. CHR has an existing model of this concept on Rabbit Road. A private owner owns a duplex which is deed restricted requiring one of the units to be within the BMRH program. The client pays 30% of income toward rent up to the fair market rate. If the clients' income yield for rent contribution is less than the fair market rate, CHR subsidizes the difference. CHR screens the clients and completes income certifications. The owner collects the rent and manages and maintains the property.

Recent and likely short term future economic trends in southwest Florida demonstrate a downturn in housing and land costs. This may not be as true on island to the degree of off island stagnancy and value reductions but the wild value appreciation of the past 5-10 years appears headed for a period of sustained adjustment. Forecast suggest that within this time period prices may be at the lowest ebb constituting a good time to buy if an organizations has the financial resources to do so. Use of the initial capital campaign contributions for purchase should the campaign be succeeding would be timely at this point.

The identification of surplus land owned by government agencies or special districts is not only a goal of this plan but a State regulation. Use of the capital campaign funds for acquisition of properties that are adjacent to or at least proximal to identified surplus lands would maximize purchasing power and lend an economy of scale to efficient development.

As the BMRH program expands and new opportunities result existing tenants and prospective clients would benefit from continued updates. This would be accomplished by annual meetings, web site update, and community news stories in the local papers.

2011

1. Document plan modifications and submit to city for approval
2. Evaluate LEC ownership component
3. Design attainable housing models and evaluate potential
4. Determine feasibility of surplus land analysis and design options
5. Conduct condition analysis of existing older BMRH housing stock

Summary

At this point of five year plan some opportunities may not have played out and other new ones may have emerged. Based on an objective progress review and gauge of emerging circumstances, the plan should be modified and notice to review provided to city officials.

Two years of limited equity ownership governed under the ground lease will have been experienced by this point in time. Comparisons can be readily made of families in the ownership component with those in the rental component. Answering the question of which are faring better as a result of their housing model can be documented. The results may expand or restrict or modify the ownership component.

As the principles of limited equity ownership on Sanibel are emerging through the formation of the ground lease document a single variance with most land trusts in America is becoming evident. This is the difference of equity return based on either a percentage of increase in appraised value or a guaranteed indexed rate. Appreciation on Sanibel or like communities can be exponential. In that case one term of ownership can render an "affordable" property only affordable on a one time basis. This is why CHR and its land trust, CICLT, is opting for the set indexed rate maximizing out at 10 years. The result of this is that after ten years, other than the reduction of principle, there is no financial gain or incentive to remain in the property. This factor necessitates consideration of a subsequent step in homeownership referred to as "attainable" housing, which at this point is undefined but offers more financial gain than limited equity. Planning for this type of ownership model will be initiated at this point.

Based on surplus lands identified and with initial levels of cooperation with the controlling entity, design and model plans will be completed for the appropriate use of the land under long term lease. Land conveyance is not necessary.

By this point in the plan more than half of the current BMRH properties will be older than fifteen years. Planning for the future of these units with preventive maintenance and specific retrofit and rehabilitation will be planned for future actions. The action measures will consist of an assessment and report on current property conditions.

2012

1. Complete or advance outstanding projects
2. Re-determine community housing needs to corroborate or propose variance to 3% of build out plan
3. Develop rehabilitation/retrofit plan for older properties
4. Evaluate five year plan
5. Develop a report
6. Renegotiate City/CHR contract
7. Develop 5 year plan from 2013-2017

Summary

During an Evaluation and Assessment Report update from the City of Sanibel to the Florida Department of Community Affairs, a target of 3% of year round housing stock was identified to be Below Market Rate Housing at 100% build out. This establishes a goal of 104 actual units. As this five year plan begins 64 units are in place or 61.5% of the plan. Within the period of this plan a realistic potential of 33 on-island units is likely. This would bring progress toward the communities' goal to just over 93%. As the goal is approached and accomplished the question arises of whether or not the goal is high enough. Has the workforce housing need been adequately addressed? Should forms of homeownership count in that total? These are questions the community as a whole should answer. If the goal is just and satisfied then ensuing measures of the organization are management and maintenance. If the goal is deemed to be understated then it would have to be restated and included in subsequent EAR amendments.

Based on the assessment of the older rental housing stock begin a campaign of rehabilitation for preservation of the property, energy conservation, and storm mitigation.

During the middle of the last year of the plan is the time to assess how it worked. Was it over ambitious, was it practical, and was the duration too long? Many of the activities are intended to be interrelated and hopefully supportive and reinforcing of one another. This evaluation will be conducted by the Boards of Directors of both corporations. We would also seek input from the Sanibel Planning Department and Sanibel Chamber of Commerce offering an independent perspective. A report will result from this effort.

The last steps of this plan are to renegotiate a subsequent contract with the City of Sanibel and undertake the plan for the next five years.