

Promise Kept

By: Gladys Cook
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For almost two decades, the Predevelopment Loan Program (PLP) has assisted nonprofits that are new to housing with funding for site acquisition costs, and the legal, professional, and financial expenses required to successfully apply for development funding from the Florida Housing Finance Corporation. The Florida Housing Coalition provides technical assistance to guide these initial steps - from concept to closing the deal. In this article, we explain how to decide if PLP is right for an organization and project, the application process, and preparation of the development plan. We conclude with a special PLP success story.

Is PLP a good match for your organization and project?

Eligible PLP applicants may include nonprofit community-based organizations, public housing authorities and any unit of local government. For-profits that are wholly owned by a nonprofit organization may apply. Limited liability corporations that are controlled by a nonprofit member with 51% or more ownership may also apply. Nonprofit applicants must have their 501 c 3 status at the time of application.

Applicants can borrow up to \$750,000 if site acquisition is part of the loan, or up to \$500,000 for non-site acquisition applications. No more than \$500,000 in PLP funds can be used for site acquisition.

The PLP loan has a one to three percent interest rate, and principal and interest are deferred until maturity. PLP loans mature at either the closing of construction/permanent financing or three years after the PLP loan was closed, whichever occurs first. If the project cannot be completed in three years, PLP may not be appropriate.

Rental projects must set aside 20% of the units for persons earning 50% or below of area median income (AMI). Homeownership developments must set aside 50% of the units for persons earning 80% or below of the AMI and the other 50% to persons whose income does not exceed 120% of the AMI. If these minimum income setasides are not contemplated for a project, then PLP may not be appropriate.



Promise in Brevard is on a 39-acre site in West Melbourne, Florida.

Nearing completion on a portion of the site are three 3-story buildings consisting of 52 units of 1,2,3 and 4 bedroom apartments, an upsized community center, cafeteria and catering kitchen, a resort-style pool that is handicapped-accessible, an art studio and gallery that is open to the public, and a cornucopia of career, education and recreation opportunities.

At the time of application, the organization should have a specific project in mind and a basic budget formulated. The applicant may or may not have site control. The applicant does not need to have engaged any contractors or consultants.

The Application Process

The PLP application can be downloaded from the Florida Housing Finance Corporation (FHFC) website. <http://www.floridahousing.org/programs/special-programs/predevelopment-loan-program/predevelopment-loan-program-related-materials>

Upon approval, FHFC staff assigns a Technical Assistance Provider (TAP) to assist the applicant form their development strategy and prepare a development plan. The loan is formally approved once reviewed by the FHFC Board of Directors. The application fee is \$100 and \$1,200 for commitment fees. The applicant will receive a \$1,200 credit for the commitment fee upon closing its permanent loan with FHFC. Applications may be submitted year-round, on an ongoing basis.

The PLP Development Plan

The PLP Development Plan organizes the critical components of the proposed project. The TAP makes a site visit to meet with staff and board members, and to visit the prospective site. The concept is developed for type of housing, number of units, and targeted population. The site is reviewed for zoning, permits, and approvals

PLP loans can be used to cover costs such as:

- Rezoning;
- Soil tests;
- Engineering fees;
- Title work;
- Appraisals;
- Feasibility analysis;
- Legal fees;
- Audit fees;
- Earnest money deposit;
- Impact fees;
- Insurance fees;
- Commitment fees;
- Administrative costs;
- Marketing expenses; and,
- Acquisition expenses.

necessary for the development. The development team's capacity is carefully reviewed, including that of co-developers, who can lend experience and financial backing. Sources of funding are explored and timetables developed for applications, underwriting, permitting, construction and lease up or sales. A preliminary budget is prepared to include estimated total development costs. Gaps in funding must be resolved, although final commitments are not required at the time of PLP loan approval. Through technical assistance, funding sources are vetted to ensure the project is eligible and the sources are compatible. Site considerations are considered, such as potential environmental concerns and allowable density. The PLP budget is developed at this time and will be the basis for the drawdown of PLP funds during the predevelopment process. The TAP remains on board throughout the predevelopment period, reviewing and approving draw requests.

Promise in Brevard: A PLP Success Story

Promise in Brevard will open its doors in just a few months to 126 residents who have been waiting enthusiastically to move into this intentional community. All the organizing, fundraising, and community building advice one hears in the world of housing and social enterprise were in full play over the past five years as Betsy Farmer, CEO, and her team of 60 volunteers and the 126 "Promisers" raised over \$23 million. They opened the Promise Treasures Thrift Store (16 Promisers on the payroll), and encouraged Brevard County to build a bakery, ice cream shop and café in the Space Coast Field of Dreams, a disability-friendly public park. The major component of financing for the project is low-income housing tax credits awarded by the Florida Housing Finance Corporation, along with a \$2 million grant from the Florida Legislature. It was the Predevelopment Loan Program (PLP) loan that got the Promise train rolling.

The \$750,000 PLP loan was used for site acquisition, surveys, engineering, legal fees, marketing, and other

predevelopment expenses. It took two funding cycles with the Florida Housing Finance Corporation to obtain the critical housing credits. The City of West Melbourne and Brevard County each pitched in \$75,000 and the City has provided every incentive possible to help the project throughout the approval process.

Ms. Farmer says of the technical assistance Promise received from the Florida Housing Coalition, "The technical advisor (TA) we received brought our Board of Directors to the table for a strategic planning retreat and helped them hone in on a big dream, put it on paper, and develop a plan. This helped a great deal with us being able to lend credibility to our project and other funders."



Plans and fundraising are underway for a \$3 million Special Olympics gymnasium, a condominium that will have 132 units, and a bed and breakfast for visitors. The condominiums will be available to the public at market rate prices. Of course, Promise residents who hone their independence skills can also purchase a unit.

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The centerpiece of the Promise concept is jobs - not just employment training traditionally provided for people with disabilities, but entrepreneurial enterprises such as a bakery, ice cream shop, café and catering kitchen, as well as a doggy day

care, a hydroponic garden and farmers market, an equestrian center, a disability-friendly hair and nail salon, and a vocational workshop equipped for wood working and furniture repair. The Promise Treasures Thrift Store will continue to operate and employ Promisers.

Fund raising has been essential to support not only the housing development but the many programs and features of the community. Promise recently received a \$100,000 grant (out of over 1,000 entries) from USA Today, which will go toward the next phases of the project. Plans and fundraising



Promise Thrift Store included a kitchen where persons with developmental disabilities make organic dog treats and in another section, candles, all for sale in the thrift store that also houses a café and an activities room. Photo Credit: Chuck Palmer Photography

are underway for a \$3 million Special Olympics gymnasium, a condominium that will have 132 units, and a bed and breakfast for visitors. The condominiums will be available to the public at market rate prices. Of course, Promise residents who hone their independence skills can also purchase a unit. All first-floor units will be fully accessible.

Ms. Farmer attributes the success of Promise to several principles. The first, she says, is to listen to the future residents. Working closely with the architect, Promisers shared their desires as well as concerns. For example, they wanted to choose their roommates and wanted to choose how many. A local furniture store recently offered \$500 in furniture to each resident, along with an interior designer to help when the roommates go shopping.

Ms. Farmer also spent over a year traveling to other intentional communities to learn about their design and operation. Perhaps the most important, she says, is the employment piece. She learned that residents want much more than just a residence. They want to work and they want to work with their friends as a team. And, they want to have fun working.

“We would not be where we are if it weren’t for the PLP loan and the TA that came with it. The PLP loan gave us a jump start to get our consultant on board, acquire the land and hire the architect. Before that, we just had donations and you can only go so far with that. PLP obviously jumped us up to the next level.”

Promise has recently hired a Life Enrichment Manager to oversee the programs and events that will integrate the larger

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community with Promise, and to coordinate the employment and entrepreneurial ventures. Six Resident Advisors will live on-site to ensure the safety of residents and manage the reception area. Promisers and the Brevard community have watched the dream become a reality. Each month during construction, a drone flight over the site was posted on social media with each video drawing over 7,500 views.

Promise began its tenant selection process with a survey, garnering enough interest to fully occupy the units. Interest is intense; Ms. Farmer talks to families every day who want to tour and learn more about Promise.

Housing choices for people with intellectual and/or developmental disabilities are extremely difficult to obtain. Not only is income extremely low for this population, but Medicaid services are in high demand. There is a waiting list in Florida of over 20,000 individuals. In Florida, there are over 60,000 families with a caregiver over age 60. The children of these aging parents have few opportunities to reside in community-based settings. Public institutional settings cost well over \$125,000 per

year per resident, while independent living averages \$28,000 per year.

Clearly, affordable housing resources present a flexible solution—whether through intentional communities such as Promise in Brevard or in smaller, single-family settings. It should be noted

that there are four other successful intentional communities that started with the PLP program, including Loveland Center in Venice, Noah’s Landing in Lakeland, ARC Village in Jacksonville, and Quest of Orlando. The Florida Housing Finance Corporation has taken the initiative to design financing for these larger communities, but also provides funding for smaller, shared-housing settings as well.

Once Promise in Brevard is fully occupied and operating in November, Betsy Farmer

will be on the road again. She will be sharing her experience at the Florida Housing Coalition Annual Conference that takes place in Orlando, September 10-13. Housing providers and advocates who are interested in learning more about intentional communities and the Promise story should plan to attend. **HNN**



Promise in Brevard is a community planned and designed for residents with special needs. A team of future residents called the “Dream Team” has contributed to the project with input on everything from amenities to floor plans.



GLADYS COOK

Gladys Cook is a Technical Advisor for the Florida Housing Coalition and has over 20 years of experience assisting nonprofit housing and community development organizations and local governments in the design, finance, development, and management of single and multifamily and permanent supportive housing. She provides training and technical assistance for programs funded by the Florida Housing Finance Corporation including the Predevelopment Program, SHIP, HOME and SAIL. Gladys also provides expertise in housing incentive strategies including community land trusts, land banking, and inclusionary zoning.