



**FORT WALTON BEACH
HOUSING AUTHORITY
LONG TERM
DEVELOPMENT PLAN**

2019 - 2029

FWBHA LONG TERM DEVELOPMENT PLAN FINAL DRAFT

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1. ORGANIZATION’S HISTORY

The Fort Walton Beach Housing Authority is a public entity that was chartered by the City of Fort Walton Beach in 1968 to provide federally subsidized housing and housing assistance to low-income and very low-income families, within the city of Fort Walton Beach and Okaloosa County. Each year, the agency helps over 1,000 lower income individuals with affordable and subsidized housing.

The agency’s primary source of funding is derived from the U.S. Department of Housing and Urban Development (HUD). The agency does not receive any funding from the City of Fort Walton Beach General Funds.

The FWBHA is headed by an Executive Director and is governed by a seven-person Board of Commissioners that is subject to the requirements of Title 24 of the Code of Federal Regulations and the FWBHA's procurement policy. Though brought into existence by a Resolution of the City of Fort Walton Beach, it is a separate entity from the City.

The Fort Walton Beach Housing Authority provides federally subsidized housing and assistance to low and very low-income families within the city of Fort Walton Beach and Okaloosa County, excluding the city of Crestview which has its own program.

Products and Services

Status	Active
Size of Housing Authority	Medium
Last Updated	05/01/2018
Total number of Communities	2
Total Number of Section 8 Housing Choice Vouchers (HCV)	707
Total Number of VASH Vouchers	137
Total Number Public Housing Units	123
Wait List Status HCV Voucher Program	Open
Wait List Status Public Housing	Open (Except one-bedroom units)

Currently, the FWBHA owns and/or manages:

- (a) Sound side Apartments, an affordable rate multi-family apartment complex totaling 200 units;
- (b) Charlie Hill Terrace, a Public Housing multi-family apartment complex totaling 123 residential units, a maintenance facility, a Youth Center complex and an administrative office building.
- (c) Administers a total of 707 Section 8 Housing Choice Vouchers and 137 HUD-Veterans Administration Supportive Housing (VASH) Vouchers for a total of 844.

(d) The Church Street parcel of land that is currently under construction and will add an additional 12 units.

Fort Walton Beach Housing Authority Programs

Conventional Public Housing – Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides operating subsidy and capital grant funding to enable the Authority to provide the housing for rent that is based upon 30% of household income (as defined in the HUD regulations).

Capital Fund Grants – The Authority's capital funds are received from the federal government through a formula driven computation. These funds are used to upgrade our facilities at various developments to give our residents the decent and safe living environment they need. Each year's grant funds must be entirely obligated within two years of inception of the grant, and entirely expended within four years.

Housing Choice Voucher Program - Under the Housing Choice Voucher Program, the Authority contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Payment (HAP) made to the landlord. The program is administered under an Annual Contributions Contract (ACC) with HUD. HUD provides Annual Contributions funding to enable the Authority to structure a lease that sets the participant's rent at 30% or up to 40% of household income.

Business Activities – The Authority utilizes non-federal sources to fund pre-development activities associated with planned affordable housing projects.

Component Unit - The Authority has formed Sound Side Apartments, LLC (the "Company"), a single member limited liability company, with the sole purpose of owning and operating a 200-unit modern apartment community (the "Project") known as Sound Side Apartments. The Authority is the sole owner. The Project was developed on a plot of land previously known as the Germany Terrace public housing project. The Company obtained a HUD backed mortgage loan under Section 221(d)(4) of the National Housing Act in the amount of \$20,000,000 and an intergovernmental note payable to the City of Fort Walton Beach (the "City") in the amount of \$700,000 to finance the develop

2. MISSION

Our mission is to develop quality, safe and sanitary facilities for individuals and families.

Our core values are:

- Fiscal Responsibility
- Competence
- Accountability
- Honesty

3. VISION

Our vision is to be the premier provider of affordable and safe housing in Northwest Florida.

Over the course of ten years, FWBHA and its partners will:

- A. **Grow the business:** It is important for business managers to know (and ~~accept~~) their core competencies. For the FWBHA, that means to continue, improve, and expand its current high performing operations based upon low to moderate income, homeless, veteran, elderly and disabled housing creation/ provision...and make investments in business infrastructure and staff that make sustained growth of those operations possible.
- B. **Continue Developing Lasting Partnerships:** The FWBHA aims to develop partnerships with *Okaloosa County, the City of Fort Walton Beach and surrounding towns, nonprofits, and private sector business interests, and the community at large.*
- C. **Increase Availability of Supportive Services:** *Producing quality, well managed housing is simply a baseline performance standard within the affordable housing community and is only one part of the equation for long-term success.*

Therefore, FWBHA will seek to increase the availability of supportive services by vertically integrating them within their operations. These services – primarily medical/counseling – will dramatically increase the stability, sustainability, and value of its communities over time.

The reader should know that some of the pieces for this idea are already in place – i.e., existing “meals on wheels” program that services FWBHA senior tenants

- D. **Remain Opportunistic:** *While FWBHA fully understands (and embraces) its core competencies and product, it will always be open to new ideas, partnerships, and opportunities that are consistent with its Mission and business interests.*

Currently FWBHA is identifying funding sources and seeking property that can be acquired to increase the availability of affordable housing in our area of operations.

4. STATEMENT OF STRATEGIC DIRECTION

- E. **Increase Supply of Quality Housing for Senior Citizens Earning Low-Incomes:** With the cooperation of the Town and neighborhood residents, FWBHA will seek opportunities to develop senior housing projects.
- F. **Ensure Sustainability of Housing through Development of Supportive Services:** The Residents residing in FWBHA Communities have special needs which will increase as these citizens become older and more infirm.

To that end, FWBHA expects to begin the development of partnerships with medical professionals and nonprofit service providers to bring such services to the FWBHA properties. FWBHA will also challenge its staff, consultants, and partners to develop new business models that provide /create the income/ funding streams that make consistent, high quality supportive services a reality in its communities.

This will increase the market ability and sustainability of FWBHA communities over the long term.

- G. **Long-Term Planning:** Secure sources of private and public-sector funding which would enable the FWBHA to pursue new projects.

Over the next five Years, FWBHA will strive to raise \$50,000 annually in new funding that will be used to provide gap funds necessary for additional property development and acquisition.

- H. **Explore Additional Opportunities in Target Area:** As appropriate opportunities arise, the unoccupied residences and troubled properties in the Target Area may provide FWBHA a unique opportunity to engage in house-by-house and street-by-street neighborhood revitalization ventures. This may include, but not be limited to:

- I.
 - 1. Acquisition, Rehabilitation and Sale of marginal absentee investor owned rentals for affordable rentals to families, new construction homeownership to low- and Moderate-Income Buyers
 - 2. Infrastructure Improvements such as sidewalks, lighting, trees and parking that is ancillary to its development activities.

5. TARGET MARKET IN TERMS OF PEOPLE AND PLACE

FWBHA seeks to serve elderly/disabled renters and homebuyers who earn between 30% and 80% of Area Median Income and below as defined by HUD:

This will enable FWBHA to take a mixed income approach to its rental development activities as well as provide, as those opportunities arise, useful affordable new construction housing to families and individuals.

That said, specific Market Areas within the area:

J. Elderly and Disabled:

This demographic represents a potential customer/client base of considerable breadth.

Our target area residents aged 50 years or older will only increase over the near term as the Baby Boomers continue to age and live longer than their parents.

This situation is made more critical by the fact that the rural elderly have higher poverty rates than those elderly living in urban areas.

As need promises to outstrip resources, it is certain that FWBHA will be challenged to balance its commitment to housing provision for the elderly / disabled at 30% to 60% AMI...as well as its mixed income aspirations.

K. Renters Earning Low-Incomes at 30% to 60% AMI...Finding a Market...Finding a Balance:

The current AMI of a family of four in Okaloosa County is \$71,500. As a result, FWBHA's income targets are defined per the table below:

Family Size	30% of AMI	60% of AMI	80% of AMI
1	\$14,350	\$23,850	\$38,150
4	\$24,600	\$34,050	\$54,500

Rental development opportunities for FWBHA are further defined by the FMR (Fair Market Rent for Okaloosa County) per the table below:

Okaloosa County Fair Market Rents				
Efficiency	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
\$849	\$858	\$1003	\$1,431	\$1,767

The combination of rent and utilities at levels that do not exceed 30% of the household's income is a challenging market for any developer.

FWBHA will need to acquire a partner (s) with local development experience and assets they can bring to this endeavor.

Currently, FWBHA is developing the Church Street Apartment Complex, a 12 Unit complex aimed at Veterans and low-income residents. This is projected to be completed in 2019.

As other opportunities occur, FWBHA will pursue other opportunities that can provide safe, quality, affordable housing for working people so that they can focus on improving their economic standing and quality of life.

6. CORE PRODUCTS AND SERVICES:

FWBHA will enhance its existing property assets and develop /produce additional elderly and disabled rental housing communities with associated supportive services. In addition, it will endeavor to produce of housing that provides homeownership and / or low income rental opportunities and through in fill and planned unit development.

The following core products and services that will anchor the growth of FWBHA business operations and add to the revitalization of older neighborhoods in Okaloosa County.

a. Senior Rental Housing:

i. Objectives:

1. Provide a more entrepreneurial path to continue affordable housing services to seniors in an uncertain Public Housing environment.
2. Meet increasing demand for senior housing with aging population.
3. Build safe communities where residents can live full, independent lives and be close to services.
4. Develop income stream to fund sources for sustainable service-enriched property management capacity.

ii. Approach:

1. Build on Success of Sound Side Apartments ...this includes the construction of other rental units over the next five years.
2. Access federal Low-Income Housing Tax Credits, HUD 202, FHA Multifamily Mortgage Insurance, USDA Rural Housing Development mortgage funding, Project Based Section 8, State and local/regional gap fund providers.

3. **Develop quality supportive services for the properties it manages. This will include developing partnerships with local nonprofit supportive services shareholders i.e. (Northwest Florida State College's nurse training program), regional outreach to other elderly nonprofits to develop a regional approach to supportive service and re-define / advocate the development process so that the inclusion of supportive services is a baseline criterion for the creation of elderly housing /community development.**

4. **Continue to Manage what it builds ...investing in staff and management infrastructure to remain efficient and competitive.**

b. New Construction Homeownership and Infill Housing Home Ownership/Rental Housing:

i. Objective

1. Contribute to the quality of housing stock and neighborhood infrastructure in: FWBHA's Target Areas; and,
 2. Leverage its development capacity and the job opportunities resulting from its expanding elderly business into facilitating other housing development that serves low and moderate-income households.
-
3. Generate fee income that helps improve the financial condition of FWBHA.

1. Strategy

- a. Complete the Church Street Project.
- b. Remain receptive to the purchase and revitalization of scattered site infill and renovated housing in all of FWBHA's Target Areas.

5. PROJECT SELECTION CRITERIA

Private developers have overlooked Okaloosa County's low-income population and there are very few productive non-profit housing developers in Okaloosa County. As a result, FWBHA is presented with many development opportunities.

The following is a set of Project Selection Criteria that will help serve as a filter for Board and staff of FWBHA in determine what projects to develop and what projects on which to pass:

- L. Clearly Contributes to Achieving One or More Strategic Plan Goals.
- M. Project Contributes to Neighborhood Revitalization and Sustainability and Contributes to Improved Quality of Life in Okaloosa County.
- N. Project is Financially Feasible and can be developed in a reasonable time (three years or less).
- O. No unreasonable environmental, site or design functionality and / or zoning risks.

P. Project Must Generate a Financial Return to FWBHA in the form of:

- 1. Developer fee from construction;
- 2. Cash flow from rentals;
- 3. Property management fees; and,
- 4. Clearly Defined Partnership with Town, Community Institutions, and Nonprofits.

6. FINANCIAL NEEDS

Generally, FWBHA will take the approach of breaking fund raising for each of the projects into two phases...Land Acquisition, Predevelopment and Site Preparation; and, Appraisal and Affordability Gap.

A. Land Acquisition and Site Preparation Fund:

The challenge for successful development of affordable housing is in how effectively FWBHA can acquire contiguous properties from investors, many of whom live out of town. With its network of quality rental property operators in Okaloosa County, and access to Section 8 Housing Vouchers, FWBHA is well positioned to provide rental relocation options to tenants living in substandard units in the target areas...making project creation more viable.

- 1. FWBHA will focus in the first two years of this Development Plan in Raising a Land Acquisition and Site Preparation Fund so that it can acquire as many properties in the target areas on its own.
- 2. A realistic goal for establishing funding has been set at \$100,000 for the first two-years of this strategic plan. Acquiring \$60,000 from LIHTC Grant with another \$40,000 from corporate and private foundation donations.

As an alternative, FWBHA has developed assets and may seek a discretionary credit line from a private lender.

The most likely institutional sources for additional funding include:

- a. Federal Home Loan Bank affordable housing loan program
 - b. State funds via the Florida Housing Finance Corporation.
 - c. USDA Rural Housing Development grants.
 - d. Private Sector Partners
- 3. Once the subsidies are raised, FWBHA will secure interim financing to build the project and/or bridge the pay-in of various subsidies.

We will also attempt to interest local banks in providing construction financing as well.

7. ORGANIZATIONAL DEVELOPMENT

A. Staffing

FWBHA will manage larger new construction projects via fee-for-service Development Team made up of consultants and professional services.

All rental projects will include provisions in the Operating Budgets for on-site property management that will be administered by FWBHA staff. Any growth in FWBHA property management staff will be contingent on having a clearly defined funding source for each new staff person.

It is likely that in the next two years FWBHA will need to hire either a Project Manager or a Development Assistant that can help keep multiple projects moving on a day to day level as the Executive Director, focuses on cultivating and servicing executive relationships with funders, City of Fort Walton Beach and surrounding areas, Okaloosa County, State of Florida and community stakeholders. Retained Developer Fee earnings and grants will serve as the funding base for these positions.

8. PRODUCTION GOALS

A. Year One (2019)

1. Complete Church Street project/begin leasing
2. Raise \$50,000 for future site/property acquisition.
3. Develop plan for the inclusion of high quality supportive services that augment FWBHA property management.

This includes outreach to nonprofits, funders, and modeling business plans (income streams) that may be used to finance this undertaking.

4. Develop plan for creating Development Assistant position. This includes defining tasks and funding
5. Identify/acquire additional sources of Development expertise i.e. Legal team

B. Year Two (2020)

1. Hire Development Assistant.
2. Raise \$50,000 for future site/property acquisition.
3. Begin implementation of outreach plan to acquire supportive services

C. Year Three (2021)

1. Raise \$50,000 for future site/property acquisition
2. Acquire additional site/property
3. Develop strategy/plan for utilization of newly acquired site/property (renovate/build/lease)

D. Year Four (2022)

1. Raise \$50,000 for future site acquisition
2. Implement site/property utilization strategy for site/property acquired in 2021 (renovate/build/lease)

E. Year Five (2023)

1. Raise \$50,000 for future site/property acquisition
2. Develop a strategy for future utilization of Charlie Hill Terrace Subdivision
3. Purchase additional site/property

F. Year Six

Raise \$50,000 for future site/property acquisition

G. Year 7

Raise \$50,000 for future site/property acquisition

H. Year 8

Raise \$50,000 for future site/property acquisition

I. Year 9

Raise \$50,000 for future site/property acquisition

J. Year 10

Raise \$50,000 for future site/property acquisition
