



ORLANDO HOUSING AUTHORITY

July 7, 2008

Congresswoman Maxine Waters
Subcommittee on Housing and
Community Opportunity
Committee on Financial Services
U.S. House of Representatives
Washington, D.C.

Re: Federal Spending Requirements in Housing and Community
Development Programs: Challenges in 2008 and Beyond

Dear Congresswoman Waters:

A written statement of the proposed testimony for the above reference Subcommittee Hearing is attached. If you have any questions, contact me at 407-895-3300, extension 1000.

Sincerely

Vivian Bryant, Esq.
Executive Director

Attachments

VB/vb

Summary of Education, Experience and Affiliations of the Presenter: Vivian Bryant, Esq.

Education:	Juris Doctorate –University of Florida, Gainesville, FL	
	Masters Social Work – Florida State University, Tallahassee, FL	
	Bachelor of Arts – Howard University, Washington, D.C.	
Experience:	Executive Director of Orlando Housing Authority, Orlando, FL -	14 years
	Assistant Director for Section 8 Programs, Miami-Dade County, FL	6 years
	Assistant Director for Housing, Dade County Community Development Program -	13 years
Affiliations:	The Housing and Development Law Institute, Vice President	
	Public Housing Authorities Directors’ Association Trustee	
	Florida Association of Housing and Redevelopment Officials	
	The Florida Bar Association	
	The American Bar Association	

Description of FY 2002 HOPE VI Grant

The Carver Court Public Housing complex consisted of 212 units. It was constructed on a landfill in 1945. Over the years, the land beneath the 35 buildings began to compact. The building foundations cracked and many of the apartments were unsafe. In 2001, the United States Department of Housing and Urban Development (HUD) authorized the Orlando Housing Authority to relocate the tenants and to demolish the buildings.

The Orlando Housing Authority (OHA) was awarded a 2002 HOPE VI grant in the amount of \$18,084,255 to revitalize the Carver Court public housing development site, hereinafter referred to as Carver Park. The name was changed; the redevelopment site is called Carver Park. Carver Park is a new community, founded on a concept of community sustainability that goes beyond the mere physical transformation of an obsolete public housing development. The site is the southern anchor to the Historic Parramore Heritage neighborhood in downtown Orlando. Carver Park is the key to the revitalization of this community that is impacted by minorities and poverty. The 17-acre Carver Park site represents the largest revitalization of affordable housing in the downtown area.

The new community will provide 203 units of mixed-income, mixed-tenure, mixed-finance housing with facilities and a new city park.

Tenure Type	Total Number	Affordable Units	Market Rate Units	# Public Housing Units	% of Units
Homeownership	83	30	53	0	41
Rental	120	26	0	94	59
Grand Total	203	56	53	94	100

Many local factors have affected the Carver Revitalization Plan goals over the last five (5) years: hurricanes, skyrocketing constructions costs, the need for soil remediation and inflated housing costs. The impacts of these factors are discussed below.

Hurricanes. The State of Florida was severely impacted by the unprecedented 2004 and 2005 hurricane seasons. Florida was struck by seven (7) hurricanes and four (4) tropical storms. In 2004, just as construction was beginning on the Carver Park site, Orlando was hit by three hurricanes, Charley, Frances and Jeanne in the months of August and September. The National Geographic News stated, "The last time one state took such a pounding was 1886, when Texas was hit by four (4) hurricanes." The Orlando Housing Authority assisted the City of Orlando in its clean-up efforts after the hurricanes by allowing the City to use the Carver Court site as a debris collection site throughout 2004 and into the first quarter of 2005.

The OHA still tried to meet the goals of the Revitalization Plan by September 30, 2008. The Plan was modified to take into consideration the extraordinary site conditions, skyrocketing construction costs, soaring home sales prices, drops in median income, increased costs for homeowners insurance and property taxes, and delays caused by site remediation.

Skyrocketing Construction Costs. Construction costs skyrocketed in 2005 because of all the hurricane damage throughout the state. Contractors were in such demand that some families had to wait a year to have their roofs repaired. Contractors were able to name their prices because there was too much work to be done and not enough contractors to complete the work. Construction estimates for the dwelling-unit construction on all phases of the Carver Park Revitalization Development increased by five (\$5,000,000.00) million dollars.

The Orlando Metropolitan Statistical Area (MSA) average home sales prices increased dramatically from \$159,627 in January 2003 to \$293,775 in January 2006. Orlando was thrust into an affordable housing crisis. The MSA average sales price for homes in the Orlando area in May 2007 was \$316,287. While home prices escalated, median income for the area dropped from \$57,400 in 2006 to \$54,900 in 2007. Average homes prices are out of reach for low-income families in Orlando. HUD's published income limits for a family of four at 80% of median income in Orlando is \$45,900. A low-income family of four can qualify for a first mortgage of \$109,000, leaving a shortfall of \$207,287.

Unexpected Need for Removal and/or Remediation of Impacted Soil. Phase 1 and Phase 2 environmental assessments were conducted on the Carver Park site prior to beginning construction. The tests showed no causes for concern. However, it was determined in 2005 that the Carver Park site was environmentally impacted by heavy hydrocarbons. Construction was halted until remediation of the site could be completed. The remediation took over two years. The OHA had to find other funds for the remediation and construction and had to complete tax credit applications for two of the phases of the development. The Florida Department of Environmental Protection (FDEP) was notified. Construction was delayed until FDEP approved the remediation plan.

Thirty-eight (38) million pounds of impacted soil were removed from Carver Park site during the 27-month remediation period; 18,000 pounds of soil were replaced. Sixty thousand (60,000) miles were covered transporting soils to an approved landfill, for a total cost of approximately \$4.5 million.

Difficulties in Spending FY 2002 Grant Funds

The soil remediation delayed the construction of the infrastructure, i.e., sewer lines, man holes, storm drainage systems and roads.

The OHA applied for and was awarded bonds and Low-Income Housing Tax Credits (LIHTC) from the Florida Housing Finance Corporation (FHFC) for the 64-unit elderly public housing complex. OHA also applied for and received LIHTC for the mixed income family rental on site. Preparing and submitting these applications added to the delays. This additional funding compensated for the increased costs of construction.

Actions Taken by the United States Department of Housing and Urban Development (HUD)

In order to move forward with the HOPE VI grant funds, pre-development activities continued throughout the remediation process. HOPE VI predevelopment funds were spent throughout the remediation process. Activities included financing, permitting, architectural and engineering services and other non-construction services. The Community and Supportive Services (CSS) component provided services to former residents per the HUD-approved Community and Supportive Service Plan (CSS). The Orlando Housing Authority (OHA) requested approval from HUD to modify the Carver Park Revitalization Plan and realign the overall Carver Park HOPE VI budget. The Carver Park infrastructure costs significantly increased over the original estimates due to extraordinary site conditions.

The HUD-approved plan for Carver Park included an off-site homeownership. In this phase, \$2 million of HOPE VI funds would have assisted fifty (50) families in purchasing homes (\$40,000 each). HUD approved the OHA's proposal to reduce the number of offsite homeownership opportunities to nine (9) and to increase the number of affordable for-sale units on the Carver Park site from twenty-two (22) to thirty (30). This reallocated funding was used to help pay for costly remediation.

OHA maintained active communication with its HOPE VI manager and other HOPE VI program personnel in finding solutions to expenditure delays. HUD promptly approved requested budget revisions, revitalization plan amendments as well as providing technical assistance throughout the process.

In the event your FY 2002 HOPE VI funds are cancelled, how will the cancellation affect the implementation of your HOPE VI grant? What services, programs, or units do you estimate you will be unable to implement or complete if the funding is cancelled?

The bulk of HOPE VI funds are being used as leverage for private financing for fifty-six (56) units of affordable rental and sixty-four (64) units of public housing for the elderly. The schedule of expenditures is precise. If the schedule is compromised for any reason and HOPE VI funds become unavailable after September 30, 2008, project financing is in jeopardy. The developer may sue the Housing Authority for specific performance of the contract.

In your opinion, what statutory changes are necessary in order to address the difficulties you have encountered in spending your HOPE VI funds?

Housing authorities, including the Orlando Housing Authority, are good stewards of public funds. However, even under the best of circumstances, delays can occur. In any construction environment, whether public or private, market forces, environmental issues and natural events can seriously impact a well-planned development. While housing authorities should be held accountable for timely implementation of grant provisions, allowances should be made for circumstances outside the control of the grant recipient. Providing flexibility in time requirements would seem a reasonable provision.