

Stimulus Saves Farmworker Deal

TCAP and exchange funds will provide additional benefits for Cypress Cove

By CHRISTINE SERLIN, MARCH 1st, 2010



WINTER HAVEN, FLA.

In 2007, for-profit Pinnacle Housing Group decided to partner again with nonprofit Rural Neighborhoods, Inc., to create a new farmworker development in Polk County. They received 2008 low income housing tax credits (LIHTCs) from Florida Housing Finance Corp., but the developers couldn't make the deal viable because of the lack of tax credit equity investors in the market. However, thanks to the 2009 American Recovery and Reinvestment Act, Cypress Cove in Winter Haven will start construction this spring.

The developers returned their 2008 LIHTCs, and Florida Housing will exchange them for \$0.85 per tax credit dollar, amounting to \$10.2 million for the \$14.3 million Cypress Cove. Florida Housing also is providing \$3.7 million in Tax Credit Assistance Program (TCAP) funds and is expected to close on the TCAP and exchange funding in March. Rounding out the project's financing is a \$400,000 deferred developer fee.

Without the stimulus funding, the project "would have died on the vine," says Kevin Tatreau, director of multifamily development for Florida Housing. And it's not the only development in Florida in the same predicament. Tatreau says 25 deals returned 2008 LIHTCs, and 23 are expected to be funded with exchange dollars. According to Pinnacle Partner David Deutch, Cypress Cove also will have more benefits because of the TCAP and exchange funds than it would have had if it was a normal LIHTC deal.

Because of the use of TCAP funds, 20 percent more units will be targeted toward extremely low-income households than in a normal LIHTC farmworker development. The 80-unit development will have 32 units set aside for households earning 40 percent of the area median income (AMI), and the remainder of the units will be at 60 percent of the AMI.

"Stimulus allowed for less than AMI," says Steven Kirk, president of Rural Neighborhoods. "We try to get as many units set aside for extremely low income so farmworkers can take advantage of that." That's important, Kirk says, because serving this demographic has some risks, such as weather events that could create economic hardship for the farmworkers, who generally are involved in citrus and row crops, such as tomatoes, cucumbers, and strawberries.

Cypress Cove also will be taking "a step forward" in the green arena, Deutch says. "Stimulus not only allowed us to proceed with this development, but allowed us to use some of the green techniques. It's a win-win-win all the way around."

A first for the developers is the use of metal roofs and tankless water heaters, which will boost energy efficiency. Other green features will include recycled stormwater for irrigation, native plants, dual-flush toilets, low-flow shower heads, and the absence of carpeting in the units. "The idea is not only to save residents money, but we're looking at longterm maintenance and ownership," says Lisa Stephens, regional vice president of Pinnacle. The urban infill development, formerly the site of a cement plant, also will focus on health and fitness, adds Stephens. The project, which is adjacent to Winter Haven's central recreation corridor created under the Railsto- Trails program, features outdoor recreation space and a tot lot.