

submitted 002061
11/6/01

Outline of Concerns With NHDC

Misleading January Presentation:

1. January's presentation by Mr. Herkalo (NHDC's President) lacked much of the information most important for this community to hear. The material and description that Mr. Herkalo did provide implied that these houses were ~~un~~available to anyone at any income level. The only stipulation was that they would be first homeowners. His description of the families buying these homes does not match with the NHDC's target family demographics (see attached sheet A). His promise to work with this community on house color, structural variety, etc. have fallen short of what would be expected of any organization using public funds to carry out their mission. The houses are actually under income restrictive guidelines similar in many ways to section 8 housing at Lewis Place apartments. Finally the architectural drawings presented to us at the January meeting may not be the same as the actual houses being built. Certainly the copy of that architectural sketch, distributed to potential buyers (see sheet B) is 130% wider, and more ranch style, than the actual houses being built.

2. Sustainable Market Value Versus Short Term Appraisal Value:

The real question is "will the NHDC homes be able to sustain \$100,000 appraised values over any significant amount of time. Some day

the new homeowners will want to sell and relocate. These houses extremely small (1100-1340 sq ft) for the price. These houses lack diversity in their structural design and have little, if any, interior custom design. These factors will result in the houses ultimately dropping in value. Simply changing structures from house to house, including custom interiors, and increasing heated square footing would help to alleviate this. Nowadays housing development ventures, both commercial and non-profit, are expected to diversify appearance and design in order to ensure sustainable market value. If left as is, we believe the long-term effect of the NHDC's program on our houses as a whole will be decreased market values. Buyers of the NHDC homes will stand to lose a substantial portion of their equity.

In short term, these high sale values for NHDC houses may result in some of our homes having increased sale value, but this will be short lived. It will only help those homeowners who want to sell and "get out" during this window of opportunity. What good is that for the rest of the community who like it here and wish to stay longer?

As a community we should be particularly concerned that the new homeowners, who will be apart of the community, are getting a house with a long-term sustainable value.

3. Did the houses cost \$100,000 to build? (Sheets C,D,E)

There are numerous examples in this city of new houses being built by non-profit and commercial developers with similar designs to NHDC homes. However, they have much more structural diversification and are being sold for much less. The land cost of an Ironwood lot is not a major cost factor for NHDC. The DBL lots sold for only \$7200 and were paid for with public funds.

I have conversed recently with an NHDC Ironwood homebuyer who decided not to purchase. At least in part, they were concerned that houses in other parts of the city of similar designs are being sold in the \$60-70,000 range. Certainly, you would hope NHDC, a non-profit publicly funded organization, would be providing the most for the least amount of money. Why do this at all if other organizations can do so much more?

4. "Marking" low-income families:

The structural design of these houses is significantly different than the older houses in our community. On a visual level this results in the buyers of NHDC homes being easily "marked" as the low income residents of ironwood. An individual's personal income level should be protected from public display. These new houses should blend into the older development in such a way as to avoid a subconscious kind of discrimination.

5. Targeting Distressed neighborhoods (Sheet F):

Affordable housing for low-income families is currently almost exclusively in distressed and blighted neighborhoods. This is done in order to aid the low-income families and build-up or reinvest in a community that is falling apart. This community is not considered a distressed community and it is not located in a targeted distressed area of the city or the country.

Why is NHDC building in here?

6. Integration and Diversification:

Diversification and integration are the key measures of a successful application of affordable housing programs. Our community is already extremely diverse. We have old, young, married, single, widowed, and divorced. We have a large range of income levels, from very low to wealthy. We are diverse racially, culturally, and politically.

However, this is a small community of 51 existing homes. We are now in the process of receiving 16 new homes, almost 1/3 of the already existing community, with families that appear to be demographically very concentrated into a specific sub-population group (see sheet A). This can be simply overwhelming because of the sheer numbers of one group moving into a very small community. This will in effect decrease diversification and could severely complicate the integration process.

Conclusions:

NHDC states their overall purpose as being “To transform neighborhoods and transform lives” (sheet F). As taxpayers funding this group we simply expect them to do this.

Sincerely,

Kevin Hartl and Kevin Claney

Sheet A

APPLICANT'S PRIORITY # _____ OF

CITY OF GAINESVILLE

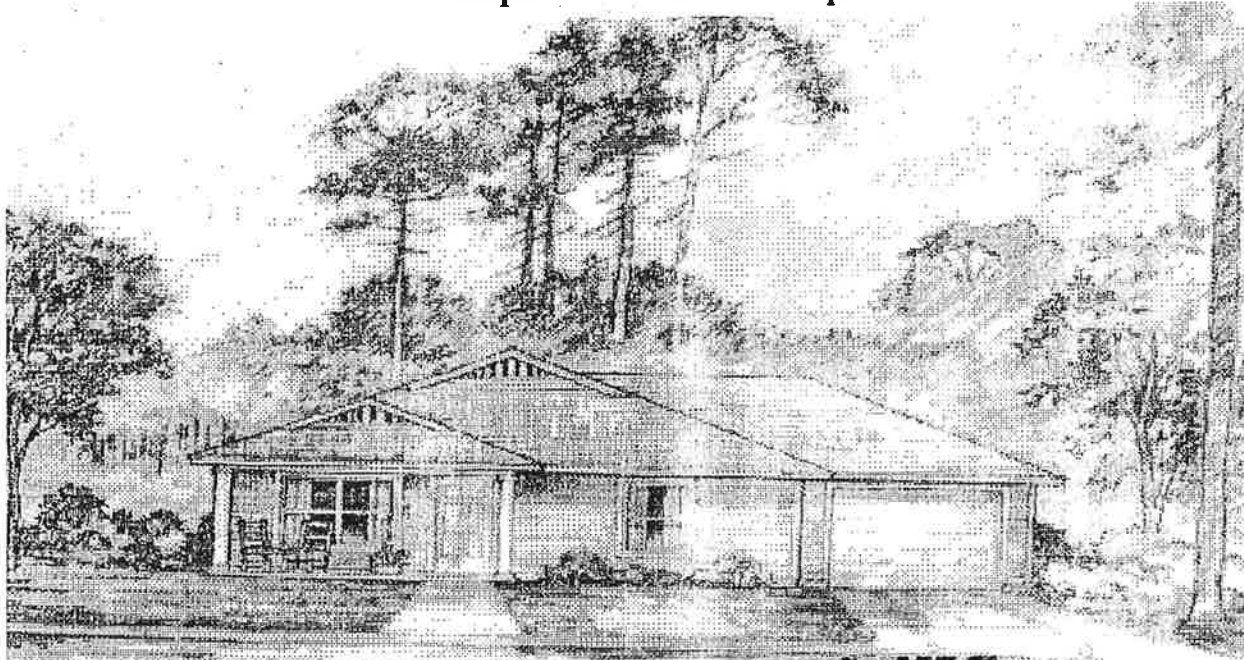
APPLICATION FOR FUNDING FY 2001-2002

1. Name of Applicant Organization Neighborhood Housing & Development Corp.	2. Contact Person David Herkalo
3. Telephone Number of Applicant or Contact Person 352-380-9119	4. Mailing Address of Applicant 633 NW 8 th Ave. Gainesville, FL 32601
5. Name of Project NHDC Housing Programs FY 2001/2002	
6. Time Period of Proposed Project From: 10/1/01 To: 9/30/02	7. Location of Proposed Project CDBG&HOME approved target areas, City of Gainesville, Florida
8a. Amount of <u>CDBG Funds Requested</u> \$170,000	8b. Amount of <u>HOME Funds Requested</u> \$145,000
9. Amount of Other Funds Available for Proposed Project \$1,567,955	10. Total Project Cost: \$1,882,955
11. Estimated Number of Persons or Families who will Directly Benefit from Project 650 families consisting of approx. 2,275 lower income persons	12. Target Group(s) of Project: Lower income households-100% of the program beneficiaries are 80% median income or less. Typical income of NHDC clients is 51%-60% of area median
13. Why is this Project Needed? The project is needed to continue the tremendous progress made during the past five years in revitalizing distressed neighborhoods, increasing opportunities for homeownership among lower-income households and to provide assistance to existing homeowners to maintain and improve their properties. The NHDC comprehensive housing program approach is compatible with the City of Gainesville Consolidated Plan and is consistent with the Housing & Community Development Objectives and priorities outlined in that document. NHDC has been a leader in promoting and providing decent, safe and affordable housing opportunities for lower income residents. NHDC clients are predominately African-American, lower-income households, generally 51%-60% of median income. Over 80% of our 1 st time home purchasers are female-headed households. The receipt of CDBG and HOME funds to our agency has enabled us to leverage significant additional private and public investment dollars for home ownership and other neighborhood revitalization programs undertaken by our organization.	

"THE MAGNOLIA" *Sheet B*

3BR/2BATH/GARAGE

Superior Craftsmanship



The Drawing
Shown To
Ironwood
Residents
& owners
At the meeting
in January (23rd)

This is the same
drawing that is
distributed to
prospective
buyers



Actual
Photo of
house compared
to architect's
representation

Priced From \$98,500

①



②



③



④



⑤



Idylwild Lane

Private, "For Profit", Commercial development

Price of homes: \$79,500 - \$105,000

Sq. Footage 1327 - 1475
(Heated)

* Price of homes includes lots
Sold at \$26,000 - \$29,000

* Prices of homes without land included
\$54,500 - \$80,000



2 houses currently earmarked
to be Birches (above)

Sq Footage (heated) 1144 sq. Ft

SALE PRICE \$ 95,500 - \$ 97,900

NHDC's

Houses being Developed
in Ironwood Gdf Course Village

- Non-Profit organization
receiving City, County, State
and Federal Funding. Providing
housing for low income Families.

Square Footage (heated)
1144 - 1340 sq. Ft



14 houses currently earmarked
to be Magnolia's (above)

SALE PRICE \$ 98,500 - \$ 104,780

Sq. Footage (heated) 1340 sq. Ft.

SALE PRICE

\$ 95,500 - \$ 104,780

Average: \$ 100,500



CEDAR GROVE
Developer: City of Gainesville
Sq. Footage (Heated) 1250 - 1800
Sell Price #75 - \$103,000

Sheet F

Neighborhood Housing & Development Corporation
Home Ownership Center

633 N.W. 8th Avenue
Gainesville, Florida 32601
Telephone (352) 380-9119 Fax (352) 380-9170

June 6, 2001

Dear Homeowner:

My name is Lois Hill and I manage the Home Repair Loan Program (HRLP) With Neighborhood Housing and Development Corporation (NHDC).

The HRLP is a home improvement loan program at NHDC and we are targeting your neighborhood as part of our revitalization efforts.

Does your home need:

- (1) A new roof?
- (2) Central air and heat installed, repaired or replaced?
- (3) Fencing?
- (4) Electrical or plumbing repairs?
- (5) Security lighting?

Well.... these are just a few of the many items these funds can be used for.

Enclosed you will find a brochure with information referencing the terms and benefits of this program and a pre-qualification survey for you to complete and return to me if you are interested.

For any additional information, please contact me at 380-9119 and I will be more than happy to assist you.

Sincerely,

Lois Hill
Loan Servicing Manager

/lh
Enclosures

Sheet G
Neighborhood Housing
&
Development Corporation



Presents
Custom Built Affordable
Homes

*....transforming neighborhoods,
transforming lives....*

NHDC
633 NW 8th Avenue
Gainesville, FL 32601
(352) 380-9119
Or
(Ocala)
(352) 867-1118



*Transforming Neighborhoods...
Transforming Lives...
Through HomeOwnership!*