



City of Palms

**THE HOUSING AUTHORITY**  
OF THE CITY OF FORT MYERS, FLORIDA

January 17, 2023

Ms. Marisa Button  
Director of Multifamily Allocations  
Florida Housing Finance Corporation  
227 N. Bronough Street, Suite 5000  
Tallahassee, FL 32301

Dear Ms. Button,

The Housing Authority of the City of Fort Myers (HACFM) is elated that Florida Housing Finance Corporation's (FHFC) board has approved staff's request to provide RFA 2023-303 National Housing Trust Fund (NHTF) Funding for Developments in Conjunction with Tax-Exempt Bonds and Non-Competitive Housing Credits. We are looking forward to the upcoming workshop and the opportunity to apply for the NHTF funding for 3611/3621 Cleveland Avenue. It is a 92-unit, multi-family housing development that received local bonds and is eminently approaching a financial closing but is desperately in need of financial resources. 3611/3621 Cleveland Avenue, like other LIHTC projects, is experiencing a financing gap due to ever increasing construction costs.

The 3611/3621 Cleveland Avenue project is the first of four phases of development planned for the Greater Dunbar Choice Neighborhood Initiative (CNI). The \$30 million CNI grant was awarded to the Housing Authority of the City of Fort Myers (HACFM) and the City of Fort Myers in May 2021. The project received bonding approval from the Housing Finance Authority of Lee County, Florida in June 2022.

The 3611/3621 Cleveland Avenue project and the entire CNI Program is of critical importance to both the housing authority and the City, who have an obligation to HUD to redevelop the severely distressed Southward Village public housing property, along with the acquired Cleveland Avenue site. The CNI Plan includes demolishing the existing public housing site and rebuilding new, mixed income units at that location as well as developing mixed income units at 3611/3621 Cleveland Avenue. The CNI project was one of 5 awarded from a slate of 20 applications in 2020. HUD deemed this area to have a great need for new, sustainable, and affordable housing and HUD trusted that HACFM and the City could rely on local, state, and other federal agencies to support this effort through additional funding. The City of Fort Myers has provided \$2m for acquisition of the 3611-3621 Cleveland Avenue site, along with \$1.2m for demolition and site preparation. In addition, the Community

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Reinvestment Act is funding \$500,000 for the commercial space to be included in the Cleveland Avenue phase. The CNI project has also been awarded \$3 million from U.S. House of Representatives Appropriations Committee's Community Development Fund. HACFM is hopeful that FHFC would share in this project and support the NHTF request for gap funding for this first phase of CNI development.

While the need for new, sustainable, and mixed-income housing was great in 2020 when the CNI application was submitted to HUD, that need has been intensified with the 2022 hurricane major events that hit Lee County, Hurricane Ian and Hurricane Nicole. Lee County was one of the hardest hit areas in the state of Florida. There is now an even greater urgency to demolish the pre-hurricane physically distressed Southward Village public housing site within the Edison Ave/Dunbar neighborhood due to the barely habitable conditions created there by hurricane Ian. A developed Cleveland Avenue site would provide new housing opportunities to those displaced from Southward Village.

Phase 1 of the CNI Program will be developed on what is now a vacant commercial property located at 3611/3621 Cleveland Avenue in Fort Myers. The development site's Part 58 will be approved in February, and the CNI-City funding is in place for demolition and site preparation construction making it "shovel ready" no later than July 2023. Keeping in line with the work at the development site the project is on track for a financial closing this summer, subject to gap funding.

HACFM and its developer team expect to apply for gap funding under RFA 2023-303. NHTF is a feasible option to the financing plan for several reasons.

1. 3611/3621 Cleveland Avenue has an approximate ten-million-dollar financing gap, meaning that this one project can assist FHFC with obligating a significant amount of NHTF surplus funds.
2. Cleveland Avenue's timeline for financial closing is aligned with the availability of NHTF funding and can assist FHFC with expending the funds timely,
3. Upon completion, the project will add new units to a historically disinvested neighborhood that was directly impacted by Hurricane Ian.

We are requesting that FHFC allow 50% of the total units be set-aside for NHTF. Of those NHTF units we propose the Set-Aside Breakdown be at least 20% at 22% AMI and designated as LINK units with the remaining NHTF units at 50% AMI units or below. We are requesting that FHFC allow us to engage your environmental consultant to start the NHTF review process now, so that the project is ready to move to financial closing if awarded.

We believe this project offers strengths and opportunities that cannot be easily matched in the state. Fort Myers is the ONLY CNI grant recipient in the State currently. This project is uniquely capable of building a strong partnership between HUD, the City of Fort Myers, HACFM, FHFC and other public and private funders. We are interested in working with FHFC to not only secure NHTF funding to close the gap for this essential project, but to be a model



for leveraging FHFC and HUD funding to bring new and sustainable housing to a housing deprived community for the benefit of families of all incomes.

We ask that you consider our proposed structuring of NHTF funding for this project so that it can move quickly to a financial closing. The CNI project in total is a significant undertaking, including the development of 465 mixed income units in 4 phases, three of which will be developed on the existing Southward Village Public Housing site. HUD requires that all CNI funds be expended by September 20, 2027, and Phase 1 was to close by November 2022 but received an extension from HUD for a 2023 closing. CNI projects require the support of state, local and private financing to fully transform affordable housing in a selected target area. It is essential that we have FHFC's support in leveraging the CNI funds with NHTF dollars to initiate the implementation of the CNI grant program with the development of 3611/3621 Cleveland Avenue project.

Thank you for any consideration you give to this request. Please do not hesitate to let us know if you have questions or need any additional information.

Sincerely,



Marcia Davis  
Executed Director

