

KEEP SAFE FLORIDA

Funding and Finance Guide for Florida Affordable Housing Resilience Projects

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About Enterprise Community Partners

Enterprise is a national nonprofit that exists to make a good home possible for the millions of families without one. We support community development organizations on the ground, aggregate and invest capital for impact, advance housing policy at every level of government, and build and manage communities ourselves. Since 1982, we have invested \$54 billion and created 873,000 homes across all 50 states, the District of Columbia and Puerto Rico—all to make home and community places of pride, power and belonging. Join us at enterprisecommunity.org.

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Introduction

This guide is developed as part of the Enterprise Community Partners Keep Safe Florida Program. The purpose of this guide is to help nonprofit and for-profit affordable multifamily property owners and operators better understand resilience project financing and resources. This guide is intended to be used following a Keep Safe Florida Building Protect Assessment.¹ This guide will focus less on specific, limited-time opportunities for funding, and more on areas in which to seek financial resources and strategies.

The guide offers:

- Exemplars and case studies of successful, low-level risk mitigation that can be shared or used in case making communications to funders.
- Information on various types of grants, loans, subsidies and incentives available to affordable housing owners and operators
 - Grants are offered through federal and state programs. Repayment is not expected.
 - Loans include funds from bonds, state or federal loan programs and other debt financing measures.
 - Incentives include tax abatements and utility programs.
 - Federal legislation has created additional funding opportunities for hazard mitigation.

A companion document useful for building owners and operators is the Florida Housing Coalition's (FHC's) [Affordable Housing Resource Guide](#), updated in 2020. This FHC guide is a quick reference for affordable housing providers, administrators of local government housing and human service programs and other professionals with an interest in affordable housing. While not directly related to everyday resilience or recovery, the guide identifies funds suitable for building retrofits, which are always an opportunity to build resilience.

A secondary companion resource is the REACH (Resilience and Energy Assessment of Communities and Housing Project) Funding Guide. Linked [HERE](#), this guide offers funding sources that can be accessed by local governments and area partners in Florida to increase resilience in housing stock. Organized into federal, state, local and other categorical section, this resource offers an invaluable and strategic approach to funding for risk mitigation at all levels.

Please also review the [Keep Safe Funding Database](#), which highlights local, state and federal opportunities.

¹ For more information, visit <https://www.enterprisecommunity.org/impact-areas/resilience/keep-safe-florida>

Business Case for Building: Level Resilience Improvements

The increasing frequency, intensity and duration of extreme weather events is impacting housing. For instance, data show that insurance premiums are rising and lenders are offloading risky mortgages to taxpayer-supported US government lenders. Predictions suggest these growing extremes caused by climate change will displace families and depress property values. However, in [Miami-Dade County, there is a nine-to-one payback on building-level resilience improvements.](#)

Growing Risk:

- U.S. disaster costs over the last five years (2017-2021) exceed \$742.1 billion — a record. In 2020, the United States had 22 weather/climate disaster events with losses exceeding \$1 billion each, followed by , followed by 20 events in 2021. These events included one drought event, 13 severe storm events, seven tropical cyclone events, and one wildfire event. ([NOAA](#))
- While FEMA classifies 8.7 million properties as having substantial flood risk, the First Street Foundation Flood Model identifies nearly 70% more, or 14.6 million properties with the same level of risk. This means nearly six million households and property owners have underestimated or been unaware of their current risk. ([Floodfactor.com](#))

Displacement:

- 13 million U.S. coastal residents are expected to be displaced by 2100 due to sea level rise. ([Science Daily](#))

Insurance:

- The number and total value of flood insurance policies has been declining since 2006, meaning that households that purchased a property in coastal areas may be at increased risk of defaulting on their mortgages. ([Marketwatch](#))
- Homeowner windstorm insurance premiums have risen as much as 33% in 2020 in parts of Florida. ([Miami Herald](#))
- U.S. property insurance rates have been increasing for 10 consecutive quarters since Q4 2017 following Hurricanes Harvey, Irma and Maria. This 10-quarter streak tracks with greater storm frequency and intensity and follows 17 quarters of rate reductions from Q3 2014 to Q3 2017. ([Aon](#))

Mortgages:

- “The economic losses and social disruption [of rising seas on coastal housing] may happen gradually, but they are likely to be greater in total than those experienced in the housing crisis and Great Recession.” ([Freddie Mac](#))
- Investors (who bought foreclosed properties following the 2008 housing crisis) are asking what will happen to the 30-year mortgage if lenders can’t estimate the impact of climate [extreme weather] risk over such a long timeline, and if there is no viable market for flood or fire insurance in impacted areas? ([BlackRock](#))
- Research shows that, after disaster declared hurricanes, lenders (e.g., JPMorgan Chase, Wells Fargo) increased by almost 10% the share of coastal mortgages offloaded to Fannie and Freddie. Additionally, the odds of an eventual foreclosure rose by 3.6 percentage points for a mortgage originated in the first year after a hurricane, and by 4.9 percentage points for a mortgage originated in the third year. ([National Bureau of Economic Research](#))

Property Value:

- Without resilience building, estimates are that \$4.2 billion in Southeast Florida property value will be exposed to daily tidal inundation by 2040 and \$3.2 billion in property damage is anticipated from one 10-year storm tide event. ([Urban Land Institute \(ULI\)](#))

Resilience Payback:

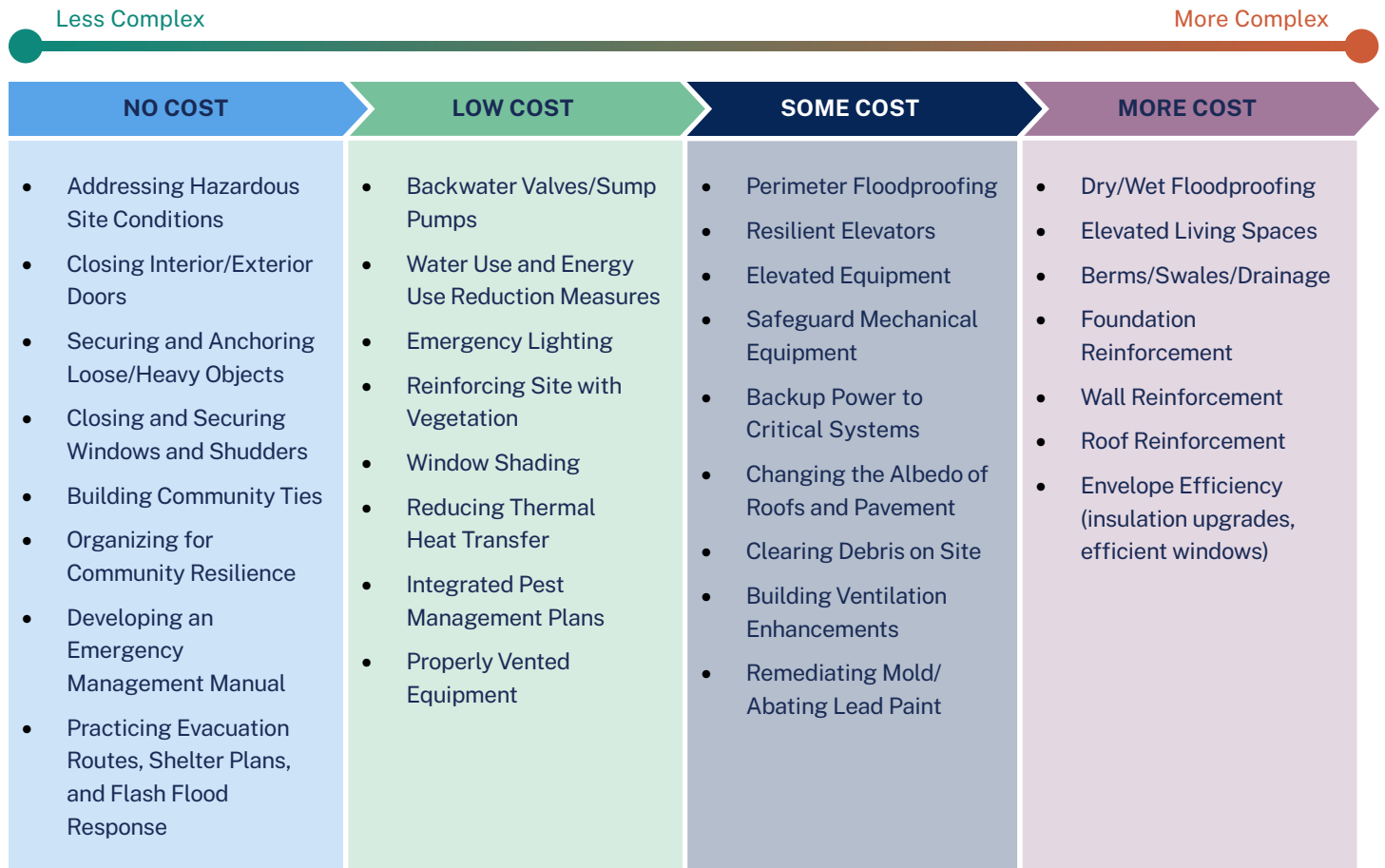
- Building-level adaptations in Miami Dade such as floodproofing, elevation, and the addition of permeable surfaces will generate \$9 for every \$1 invested and support 3,190 job years, which is one job per person each year, through 2040. ([Urban Land Institute \(ULI\)](#))

Illustrative Building Resilience Solutions: Relative Cost and Effort

Keep Safe Florida Building Mitigation Strategies Snapshot

Figure 1:

Illustrative building resilience solutions drawn from Keep Safe Florida Mitigation Strategies. Mitigating physical risks from climate change presents building owners and developers with choices about how they use their resources.



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Related Information

Case Study, St. John Community Development Corporation

For Eric L. Haynes, Executive Director of St. John Community Development Corporation (St. John CDC) in Miami, finding opportunities to prevent storm-related damage helps drive the company's resilience-related decisions.

The organization manages about 150 multifamily units, many of which were built in the 1950s and 1960s, long before development of resilience-focused building codes and practices that are now commonplace in new construction.

"We're all about prevention," explains Haynes. "We have hurricane impact windows in most of our buildings. We clean out catch basins on and near our properties at the start of hurricane season and visit throughout the season."

Haynes notes that sometimes additional measures are necessary. Although these can be costly, they are ultimately worthwhile to avoid larger problems later. "We had flood issues with one of our properties, even during minor rain events," explains Haynes. Aware of the property's vulnerability, the company took the next steps to ensure it would withstand future extreme weather events. "We tried exterior floodproofing, but it wasn't effective. So we commissioned a drainage study and percolation test," he explains. Using the results from these efforts, St. John CDC was able to update the site to prevent future flood damage.

The company also includes green building initiatives in its resilience strategy. Haynes notes that some materials, such as cool or reflective roofing, have multiple benefits. "They increase resident comfort, lower their cost of occupancy – and extend the life of our building infrastructure," he notes. "We recently installed an innovative lifetime metal roofing system that should help with everything from wind resistance to heat gain maintenance costs."

“ We want to help residents be agents of their own resilience. ”

ERIC L. HAYNES, EXECUTIVE DIRECTOR, ST. JOHN CDC

Resident involvement is also a key component of the company's resilience approach. "We communicate with residents via text before extreme events," he explains. The company also shares resilience information and updates throughout the year during resident and tenant fairs and through newly-installed digital notification centers in each property. "We want to help residents be agents of their own resilience."

Resilience is also top of mind for the company when acquiring new properties. Haynes recommends using a risk checklist for assessing new properties. "We check if the potential acquisition is in a low-lying area. We look both at our properties and adjacent properties. We're thinking about tidal and storm flooding 20 or more years ahead, since we know that will intensify."

When paying for resilience measures, Haynes emphasizes the importance of making resilience a priority – and using some creative thinking. "We generally use current revenue streams to pay for sustainability priorities," he says. "We're looking at our capital infrastructure to stay ahead of risks all the time, and most resilience measures fall into our capital improvement budget. Using property management software and increasing efficiencies elsewhere allows us to shift dollars to property rehabilitation and resilience," he explains.

St. John CDC also finds funding to self-insure some of its properties, even though the buildings are already insured. "When we have weather impacts on our properties, we opt not to file claims on them," notes Haynes. "With these older buildings, that could really increase our premiums. So we tend to self-insure on certain events if it is manageable."

Although St. John CDC had hoped to use COVID-19 Economic Injury Disaster Loan (EIDL) funding from the Small Business Administration for resilience-related improvements, the company determined that the funds would be too slow. "Our priority is to protect the structures in our portfolio from further damage," Haynes explains. "We've found funding in our operating funds and program income instead."



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Case Study: Rural Neighborhoods

Rural Neighborhoods, based in Florida City, FL, provides real estate development, asset and property management, community-building, resident services, and disaster response with the goal of helping underserved communities and rural economies. Rural Neighborhoods owns nearly 1,600 rental units and 50,000 square feet of commercial space.

Steven Kirk, President of Rural Neighborhoods discussed his company's approach to prioritizing resilience and financing in their affordable multifamily portfolio.

“ We’re doubling down on resilience. ”

STEVEN KIRK, PRESIDENT, RURAL NEIGHBORHOODS

Prioritizing Resilience

Since joining Rural Neighborhoods in 1994, Kirk has seen the impact of extreme weather events on buildings firsthand. Over the past several years, he has overseen the company's transformation to building resilient structures that make sense over the long term.

“I’ve had an opportunity to see life cycle issues for buildings we completed over 25 years ago,” Kirk explains. “In that time, I’ve lived through Category 4 and 5 storms and I’ve seen the damage done to buildings, including some of our properties. Our decision-making has changed. There was a period when we did not build beyond code with extreme weather in mind. Now, we make choices based on longer-term maintenance and insurance operating costs, not on trading off resilience for short-term cost savings.”

Knowing that the company is going to own the property in perpetuity makes the choice to use a resilience-based approach clear. “We’re doubling down on resilience,” Kirk notes. “We make the same resilience investments inland in Gainesville as we do in Miami Dade.”

The company's resilience approach uses several measures to incorporate resilience during each part of the decision making process, from initial financial decisions through maintenance.

Paying for Resilience

“Resilience is the new reality, and we incorporate it into our thinking, including our financial decisions,” says Kirk, who notes that the costs for building in resilience can average about \$150,000 per project. He explains that the key to successfully incorporating resilience is pricing the additional costs in and staying focused on long-term operating costs.

“We invest 10% of the cash flow. It is a difficult choice to make, because you are giving up that earned fee, but you have a portfolio that does not trouble you in year 10 or 15,” he explains.

Tips:

- **Consider your organizational approach to debt structuring.** “Our ability to prioritize resilience is facilitated by structuring debt projects versus investor projects,” says Kirk. “We forgo the short-term cost for the long-term physical stability. We set aside capital as working capital to ensure our projects are bankable.”
- **Let your insurance profile for flood and wind dictate your choices.** Kirk notes that the company builds higher when possible or improves the site and deals with any drainage issues. Sometimes they use insurance proceeds after a storm event for resilience retrofits.
- **Look for funding options.** Kirk notes the importance of using Community Development Block Grant Disaster Recovery (CDBG-DR) or HOME funds to help build in more resilience measures in new construction projects.
- **Make conservative choices.** “If we own 24 properties, we are setting aside \$600-\$700 per unit per year in reserve,” says Kirk. “Others think we are insane, since a more typical annual reserve is \$350. But I do not have to refinance when I need to replace a roof at year 15.”
- **Know how to make trade-offs that don’t sacrifice resilience.** If given a choice between shutters or reducing office space, Kirk chooses the shutters. “All our projects are value engineered, but we don’t touch any of the resilience options in value engineering. Instead, we may cut out a community center and have it funded as a neighborhood project, not a residential project,” he explains.
- **Understand the long-term payback.** Rural Neighborhoods uses materials that will payback over time, such as steel modular design rather than wood and metal roofing over shingles. “The long-term payback makes it the easy choice. Sometimes it is as much as 15% cost increase, but we don’t want to own unhealthy and easily damaged buildings in our portfolio,” he explains.

Five Key Resilience Measures

Resilience is a series of decisions made at each step in the construction process, notes Kirk, who offers five key measures that his company takes to ensure each project meets its resilience goals.

1. **Location:** Beyond being the first rule of real estate, location is also a critical part of a building’s resilience. “Site selection is a key component to resilience,” says Kirk. “We have bought a different parcel of land to move 300 feet out of a velocity zone.”
2. **Building envelope:** The building envelope withstands most of the impacts from major storms and, accordingly, also provides the biggest opportunities for resilience gains. “When one of our buildings incurs wind and water storm damage, we replace the siding, windows, and doors,” explains Kirk. The firm typically replaces vinyl siding with fiber cement siding, which can better withstand severe wind pressure and water intrusion as well as impacts from debris during storms.
3. **Site Work:** Kirk admits that resilience choices with regard to site work can be difficult to make. “They are often expensive and have little visual bang for buck, meaning that the tenants do not necessarily feel their properties are improved,” he says. However, he notes that paying more attention to civil engineering, and incorporating stormwater management approaches such as detention ponds and French drains, can make a big difference in keeping a site dry, reaping significant benefit later on.
4. **Maintenance:** Kirk suggests not underestimating the value of proper maintenance. “Ensuring drainage systems work properly, shutters are in good repair, and re-caulking when needed — these are all important to the resilience of the building,” he notes.
5. **Checklists:** Keeping resilience checklists and ensuring they are part of the decision making process can help ensure resilience measures aren’t over looked. “We review resilience options as part of our decision making with staff,” Kirk notes. “We have a green resilience checklist that is part of our financing decision-making for rehab and new construction.”



Spotlight on Solutions: CDFI's

Community Development Financial Institutions (CDFIs) are specialized community based financial institutions with a primary mission to promote community and economic development by providing financial products and services to people and communities underserved by traditional financial institutions, particularly in low income communities. CDFIs include community development banks and credit unions, and non-regulated institutions such as non-profit loan funds or venture capital funds. To finance mitigation activities via CDFIs, there must be a source of repayment for the funds, which are typically disbursed as loans.

CDFIs in Florida include:

- [Solar Energy Loan Fund \(SELF\)](#)
- [Florida Community Loan Fund](#)
- [Enterprise Community Loan Fund](#)
- [Neighborhood Lending Partners](#)

Small and Medium Scale Resilience: Multi-family and clustered single family affordable housing may provide resilience benefits to its residents by including electric vehicle (EV) charging stations and on-site renewable power, sometimes referred to as microgrids. New federal funds will be available through state departments of transportation for EV related infrastructure and grid battery-related investments and through other state agencies and the federal Department of Energy for additional Weatherization Assistance Program and Energy Efficiency and Conservation Block Grant Program (EECBG) funds as well as grid improvements that support onsite renewable energy generation.

Large Scale Resilience: The Harvard Kennedy School of Government released an April 2019 report detailing less traditional funding and finance models with a focus on resilience friendly infrastructure approach and design. The report is linked here: "[Financing Climate Resistance: Funding and financing Models for Building Green and Resilient Infrastructure in Florida.](#)"



Solar Energy Loan Fund (SELF) SEER Loan

The "Sustainable, Energy Efficient Rental" (SEER) loan provides unsecured capital for landlords to make energy efficiency, clean energy (solar) and resiliency (impact windows, doors, roofs, shutters, water conservation and disability adaptations). SELF designed the SEER loan to reduce energy cost for low-income renters while at the same time increasing safety, health, and quality of life. Affordable housing rentals are usually inefficient due to historical underinvestment in low-income communities causing disproportionate energy burdens for tenants.

The SEER loan helps landlords upgrade housing to reduce tenant turnover and stabilize communities, while advancing local government sustainable housing goals.

A Word on Florida Green Building and Resilience

Affordable housing owners are in a unique position because of their commitment to ensuring the housing they create or preserve remains viable. By identifying potential risks and mitigating the long-term effects of our changing climate, owners can protect residents against natural disasters facing the surrounding community. Green building programs, including [Enterprise Green Communities Criteria](#), are designed to provide universal guidance for resilience strategies that protect people and property in regions across the country. Teams can augment the standards with more specific design and construction approaches that respond to their local conditions, including hurricane-force winds, wildfires and stormwater runoff.

Some considerations that are found in most green building programs include, but are not limited to:

- **High Performance with Renewables:** A high performance building can power itself with onsite renewable energy during and after extreme events. Plus, it's better insulated than traditional buildings, and will retain comfortable temperatures with less energy for a longer period of time.
- **Stormwater Runoff:** Strategies that reduce stormwater runoff can yield additional benefits. In some jurisdictions, projects may be able to access [financial incentives](#) or [reduced stormwater fees](#). Minimizing paving reduces stormwater runoff and lowers the temperature of the site. These design and construction approaches promise benefits for disadvantaged and disinvested neighborhoods of color with lower incomes that [tend to be hotter than their higher-income counterparts](#) due to redlining and other racist housing policies.
- **Integrative Design:** Most green building programs require upfront collaborative strategies that help project teams and residents work together to develop a roadmap for discussing resilience throughout development. These projects benefit from an increased sense of shared ownership over public spaces, promote social accountability for upkeep and safety and deepen residents' sense of belonging.
- **Healthy Living Environments:** Green building programs improve the quality of building performance by reducing exposure to toxins, managing the indoor environment, and promoting health through design. These features all allow residents to thrive, promoting a more active lifestyle. For example, aging-in-place features help prevent worsening health issues that can lead to increased isolation and premature moves into assisted living or nursing facilities.
- **Disaster Response:** Green building programs also provide guidance on building features that support needs during and immediately after a disaster, like creating and socializing an emergency plan for building managers and residents, supplying power to critical building systems and accessing potable water during a power outage. In many cities, pressure typically brings water up to the fifth or sixth floor of taller buildings, with pumps used to deliver water to higher floors. If the power grid fails and there is no backup power, residents should have access to potable water from a place within the building.
- Healthy living environments with affordable utility expenses are possible and are fundamental to resilient communities. Enterprise Green Communities, the standard for sustainable futures, is the nation's only national green building program designed explicitly for green affordable housing construction. The release of the [2020 Enterprise Green Communities Criteria](#) marks the 15th Anniversary of Enterprise's commitment to well-designed affordable housing. The 2020 Criteria was developed to translate the collective expertise of leading housing and green building practitioners into a clear, cost-effective framework for all affordable housing types. It addresses five major themes: integrative design, resilience, path to zero energy, healthy living and water.
- The [Florida Green Building Coalition \(FGBC\)](#) provides detailed resilience specifications for housing construction and rehabilitation that are sensitive to Florida's sub-tropical climate. FGBC offers certification as well as technical assistance to property owners and local governments. Most affordable housing programs in Florida require green building certification, and the FGBC is readily available to provide guidance and certification.

