

# JACKSONVILLE AFFORDABLE HOUSING FUND

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A PROPOSED PUBLIC / PRIVATE PARTNERSHIP

Special Committee on Homelessness & Affordable Housing

April 22, 2024

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# JACKSONVILLE AFFORDABLE HOUSING FUND

## CDFI Financing 2005-2020

Jacksonville lacks the flexible capital to support significant affordable housing development

**Jacksonville**

**62%**

Eligible census tracts

**Jacksonville  
Metro Area**

**59%**

Eligible census tracts

**Florida**

**52%**

Eligible census tracts

**United States**

**46%**

Eligible census tracts

**\$94**

CDFI \$ Per Person

**\$75**

CDFI \$ Per Person

**\$397**

CDFI \$ Per Person

**\$325**

CDFI \$ Per Person

**\$83.42 mm**

Total CDFI \$

**\$113.23 mm**

Total CDFI \$

**\$8.29 bb**

Total CDFI \$

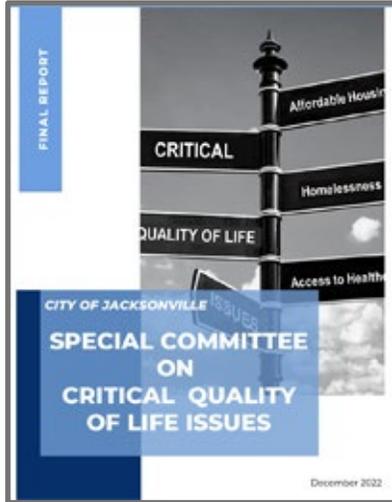
**\$105.46 bb**

Total CDFI \$

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## IMPLEMENTING RECOMMENDATIONS

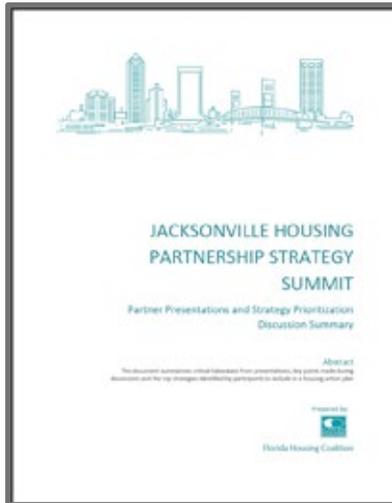
CQLI Report – December 2022



- Create financial resources through a combination of a public housing bond and private philanthropic and social impact capital; for example, HouseATL.
- Utilize available federal and state resources (Comprehensive Plan Policy 1.2.10;1.2.16), e.g., Low Income Housing Tax Credit Program (LIHTC) and the State Housing Initiatives Partnership (SHIP)

## IMPLEMENTING RECOMMENDATIONS

COJ Housing Partnership Strategy Summit – December 2022

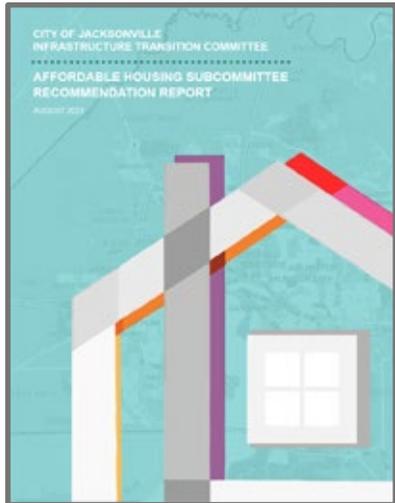


Strategy	Immediate	Short-Term	Long-Term
<b>TOP STRATEGY – Affordable Housing Fund Dedicated Revenue Source</b>	X		
Preservation of Homeownership – Repairs, Mitigation, Accessibility	X		
Expedited Permitting		X	
Zoning for Infill Development – Missing Middle/ADUs		X	
Preservation of Assisted Rental to Avoid Conversion to Market Rate	X		
Designated Staff Person at City	X		

Establishing an Affordable Housing Fund dedicated revenue source was identified by participants as the top priority to pursue. This strategy rose to the top after significant discussion about local priorities, gaps in financing, and the need for flexibility in responding to specific needs. Though this is identified as “immediate,” this is understood to mean that efforts to implement should be begin immediately, or as soon as possible, as bringing in additional financial resources is critical to producing and preserving affordable housing.

## IMPLEMENTING RECOMMENDATIONS

COJ Affordable Housing Subcommittee Recommendation Report – August 2023



### Short-term Recommendations (0-2 years)

Strategy A: Expand and commit recurring, local funding aimed at filling identified capital stack gaps and building developer capacity in low- and moderate-income housing development.

- \* Co-invest in the proposed Jacksonville Attainable Housing Fund (JAHF)—a shovel-ready public / private partnership designed to fill capital gaps in housing projects as identified by local low- and moderate-income housing developers. The JAHF will provide capital for acquisition and fill the ~20% financial gap in 4% Low-Income Housing Tax Credit deals (LIHTC), providing multifamily developers a financial resource similar to Florida’s State Apartment Incentive Loan (SAIL) program. The JAHF anticipates leveraging up to 4X of project finance.

## IMPLEMENTING RECOMMENDATIONS



### GOAL & OBJECTIVES:

Increase the supply of affordable housing:

- Maximize available tools
- Leverage / multiply limited capital
- Attract new sources of capital

## MAXIMIZING AVAILABLE TOOLS

- Low Income Housing Tax Credits (LIHTC)
  - 9% LIHTC – Scarce
  - 4% LIHTC – Available but under-used
- State Apartment Incentive Loan program (SAIL)
  - Complements JHFA's work
  - Insufficient amount

# JACKSONVILLE AFFORDABLE HOUSING FUND

## LEVERAGING LIMITED + ATTRACTING NEW CAPITAL



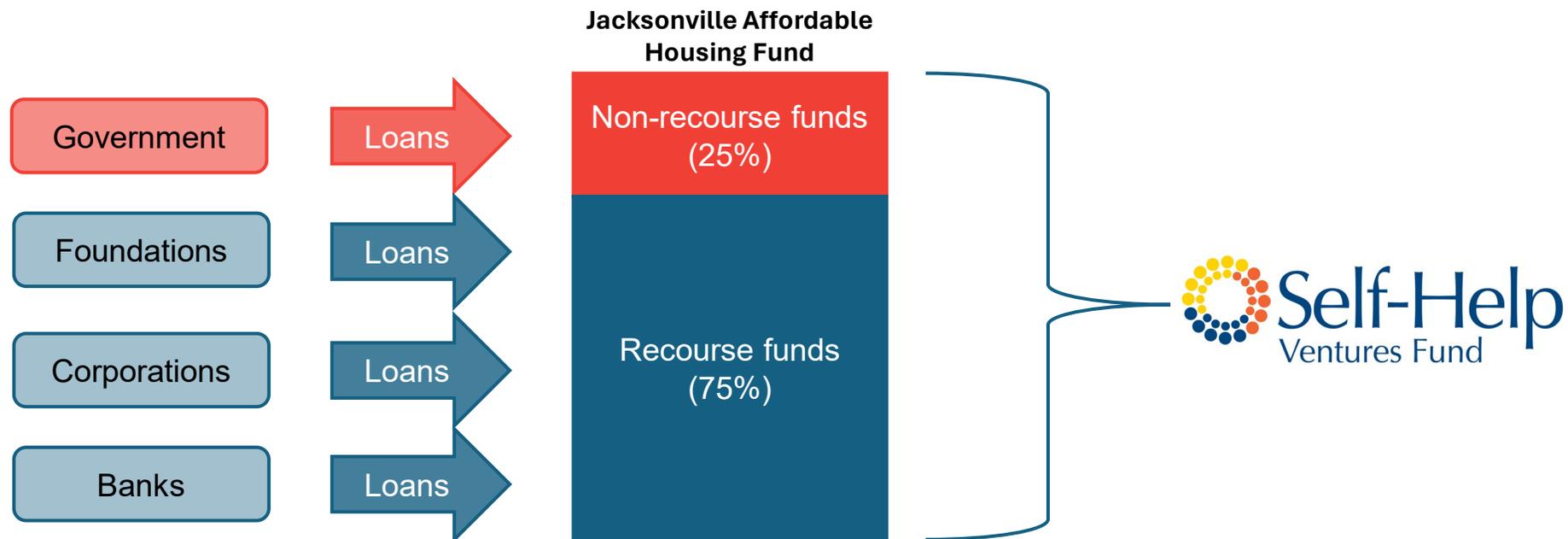
## SELF-HELP VENTURES FUND (SHVF)

### Fund Administrator

- Top CDFI rating for financial strength & impact management (AAA 4-star plus rating)
- \$1B balance sheet, 60% net worth
- Senior lenders to the fund (e.g., bank partners) will underwrite SHFV
- Experienced housing underwriter
- Administers three similar funds

## FINANCING THE \$40M HOUSING FUND

Government loan / position attracts private sources of capital



## TWO COMPONENTS OF THE HOUSING FUND

\$40M 20-Year Fund Administered by Self-Help Ventures Fund

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### Bridge Financing for Acquisition & Pre-Development

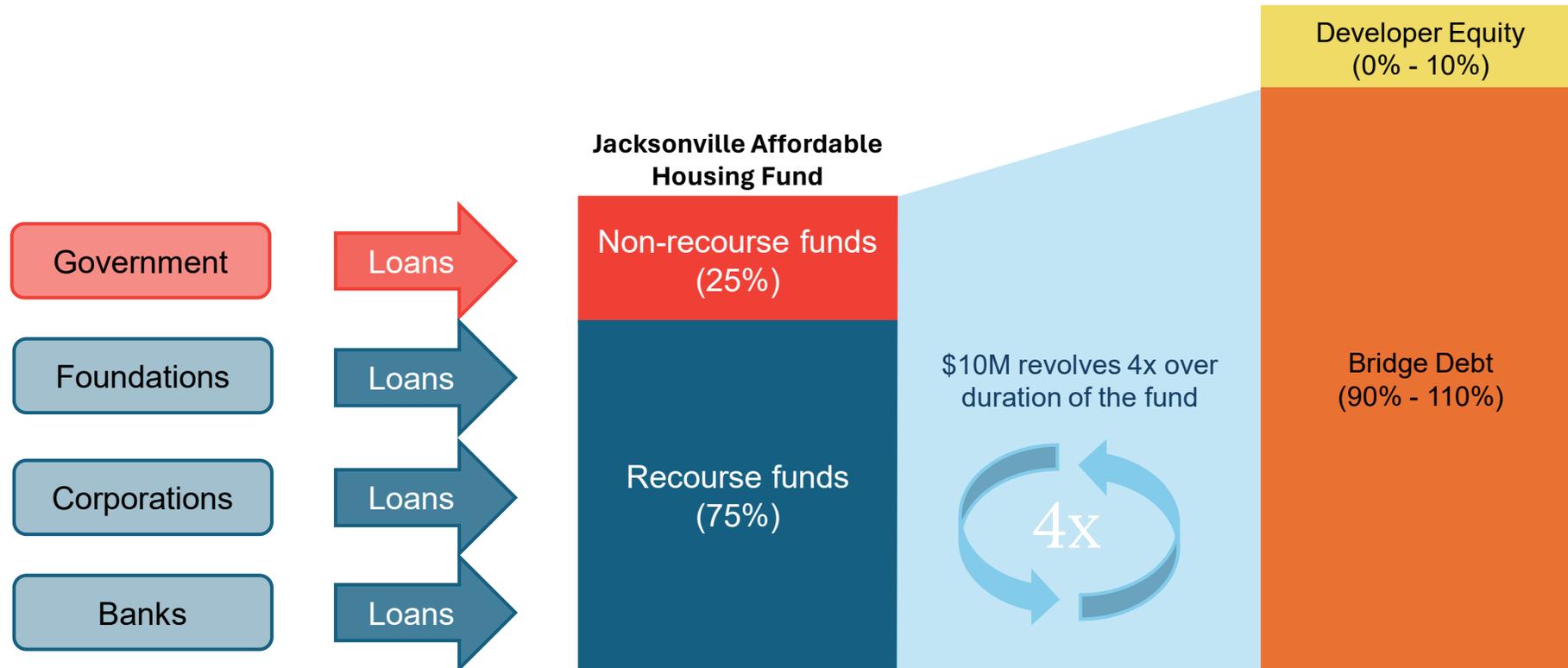
- Pre-development = 2-3 years + complex and costly structuring.
- Competition for properties from market-rate developers drives urgency.
- **Solution: ready, cost-effective bridge financing to acquire and hold properties for future development.**

### Gap Financing for Development

- 4% LIHTC covers only 50-70% of project, leaving ~20% financing gap.
- Florida's State Apartment Incentive Loan (SAIL) program is designed to fill the gap, but underfunded.
- **Solution: dedicated gap financing that multiplies limited public funding.**

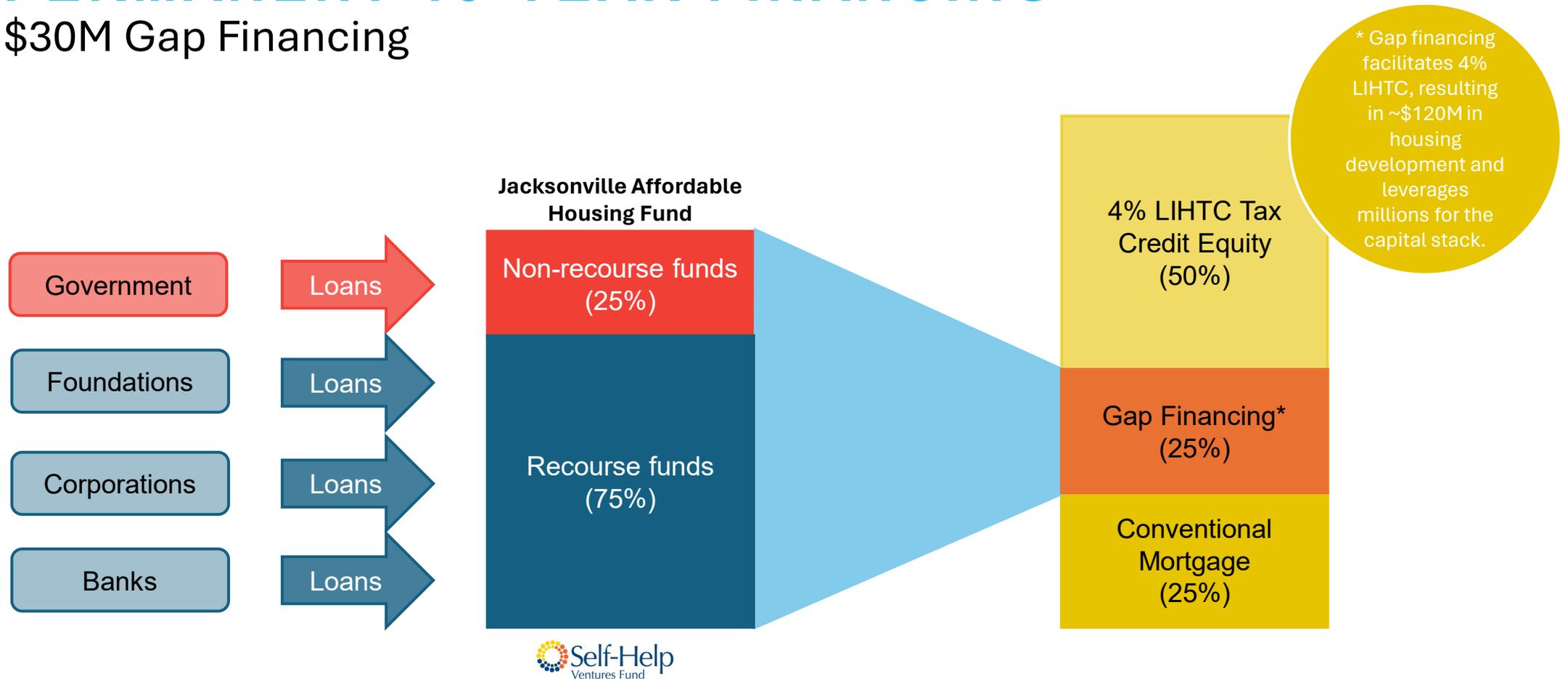
## BRIDGE FINANCING

\$10M Revolving for Acquisition & Pre-Development



## PERMANENT 15-YEAR FINANCING

\$30M Gap Financing



## REQUEST OF THE SPECIAL COMMITTEE

### Endorse the Housing Fund in its Recommendations

- Encourage the approval of the \$10M line item for the Housing Fund in the 2024-2025 draft budget.

### Option for Moving Quickly

- Endorse the Housing Fund in the Special Committee's recommendations.
- Propose legislation for \$10M (or \$5M now + \$5M in the budget) of general reserves for City Council consideration, launching the Housing Fund before October 1.

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## SELF-HELP VENTURES FUND (SHVF)

- **Durham (NC) Affordable Housing Fund**
  - \$15M - \$20M / 1,000 units
  - City of Durham / Duke University / Sun Trust Bank
- **Wake Co. (NC) Affordable Housing Preservation Fund**
  - \$61.6M / 3,200 units
  - Wake County / City of Raleigh / Truist / Wells Fargo / First Horizon
- **Greensboro (NC) Housing Fund**
  - \$32.5M / 1,000 – 1,500 units
  - City of Greensboro / Community Foundation / Banks

JAX median rent is \$1,600 a month (about \$200 above 100% median HH income affordability)

23,000 Jaxons on JAX Housing Authority Waitlist

52% of JAX renters are cost burdened (>30% of income on housing)

Adult on disability insurance



Couple with Social Security



Two full-time minimum wage workers



1st-year police officer



\$16,000

\$23,000

\$33,000

\$38,000

\$46,000

\$48,000

\$53,000

ANNUAL INCOME

28%

40%

58%

66%

80%

83%

93%

MEDIAN HH INCOME\*

\$400

\$575

\$825

\$950

\$1,150

\$1,200

\$1,325

AFFORDABLE MONTHLY HOUSING COSTS\*\*



Full-time minimum wage worker (\$11)



Construction worker



1st-year teacher

\*\$56,769

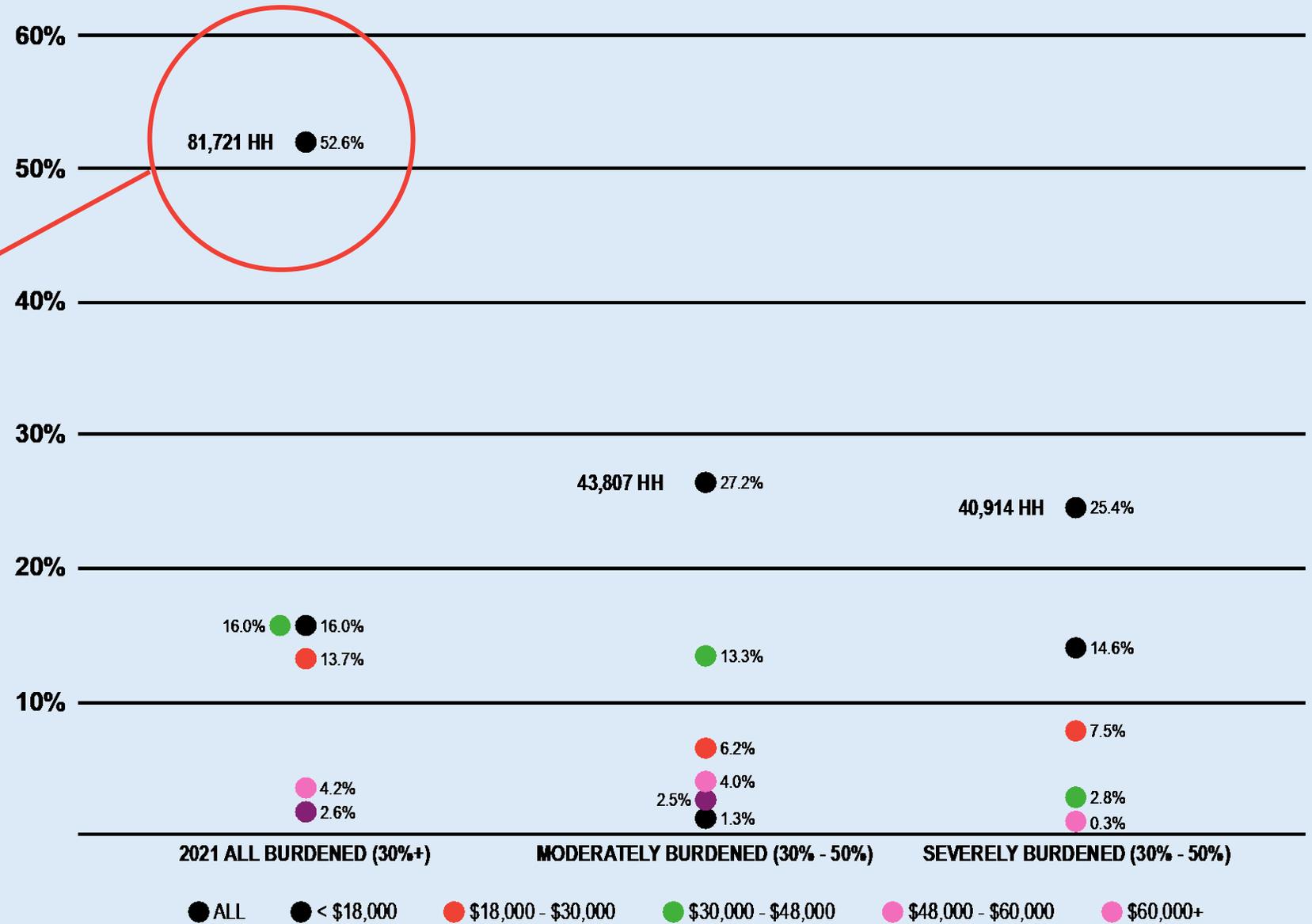
\*\*Affordable housing costs are calculated at 30% of monthly income.



# Jacksonville Rent Burden

Over 50% of renters (~82,000 households) spend over 30% of their income on housing, which exceeds the threshold of housing that is affordable for a household.

### Renter Cost Burden Based on Median HH Income (\$59,541) (160,972 Renter Occupied HH Where Any Cash Rent is Paid)



## PARTNERSHIP

- \$10M in top-loss loan (proposed COJ)
- \$30M private sector lending
- Fundraising from banks & anchors
- Self-Help ready to source investments and administer 20-year fund

## PURPOSE & IMPACT

- \$40M fund develops ~\$120M in new affordable rental housing
- Addresses acquisition gap – can compete with investors
- Can produce 500-1,000 units for low- and moderate-income housing