

# Revitalizing the Parramore Heritage Renovation Area: Florida's State Housing Initiatives Partnership Program and Orlando's Historic African-American Community

Kristin Larsen  
*Cornell University*

## *Abstract*

Housing programs increasingly contribute to broader community revitalization efforts rather than strictly serving production-oriented goals. As implementation of this strategy moves beyond the traditional housing leaders in cities such as Boston, Cleveland, and Baltimore, an assessment of other areas is instructive. This article examines how the nation's largest housing trust fund, which Florida directs primarily to local governments through the State Housing Initiatives Partnership (SHIP), contributed to Orlando's ambitious community revitalization effort in the Parramore neighborhood.

Given the consistency between SHIP goals and those of the Parramore project and Orlando's experience with developing partnerships and affordable housing initiatives, SHIP should have proven an effective tool. The initial findings demonstrate that housing programs need to be sufficiently flexible to permit a comprehensive approach to neighborhood revitalization. Such an approach should seek a balance between product-based redevelopment and people-based housing strategies, expand the role of community development corporations, and create housing choice.

**Keywords:** Development/revitalization; Nonprofit sector; Local

## **Introduction**

State and local governments began establishing housing trust funds in the late 1970s and increasingly in the 1980s to deal with the loss of federal assistance in the face of growing housing need.<sup>1</sup> Recently, however, the goals of housing trust funds have become more complex, moving beyond offering an alternative source of funds for state

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<sup>1</sup> The term *housing trust fund* as used in this article is consistent with Connerly's (1989, 1993) definition: "A government established fund, financed from an alternative source (not general revenue), and targeted to low- and moderate-income housing." The Delaware Housing Development Fund, founded in 1968, was the first state housing trust fund. It was not until the mid-1980s, however, that state housing trust funds began to appear to any considerable degree. Local housing trust funds are products of the late 1970s and early 1980s.

and local housing activities. Today, housing advocates, redevelopment officials, and government agencies often utilize housing trust funds as part of broader community revitalization efforts. Many also view public-private partnerships as an integral component of these efforts, providing a more effective way to engage limited resources. Nenno (1996) maintains that housing trust funds reflect a new era of “direct action” in community revitalization with public-private partnerships becoming increasingly involved in implementation. Consistent with this perspective, Florida established a housing trust fund as part of the William E. Sadowski Affordable Housing Act.

Enacted in 1992, the legislation has as its centerpiece the State Housing Initiatives Partnership (SHIP) program, which provides grants from the State Housing Trust Fund to all eligible counties and Community Development Block Grant (CDBG) entitlement cities in Florida.<sup>2</sup> Currently generating more than \$120 million of revenue annually, Florida’s housing trust fund is the largest state trust fund in the country (Brooks 1994). Due to its size, its provision of funding directly to local governments, and its stated commitment to flexibility, the legislation—more specifically the SHIP program—has been the focus of much attention as an example of what can be achieved with a housing trust fund (Brooks 1997; East Central Florida Regional Planning Council 1995; Ross 1995).

Based on its long-standing commitment to affordable housing, encouragement of public-private housing partnerships, and statewide reputation as an innovator, Orlando appeared well prepared to implement the SHIP program. Among the city’s accomplishments are the founding of a nonprofit housing developer, Orlando Neighborhood Improvement Corporation (ONIC); establishment of a Non-profit Housing Roundtable to assist in building capacity among nonprofit housing providers; and implementation of an impact fee grant program for eligible affordable units. The city initially targeted SHIP funds exclusively to the Parramore Heritage Renovation (Parramore) project, an ambitious initiative to stabilize and strengthen the city’s historic African-American community.

After addressing the relevant policies and guidelines of SHIP,<sup>3</sup> the article describes Orlando’s Parramore area and the initiation of its

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<sup>2</sup> Every county and CDBG entitlement city is eligible for SHIP funding provided it submits the necessary plans and reports and meets all other program requirements. According to Brooks (1997), as of spring 1997 all eligible local governments—40 CDBG entitlement cities and all 69 counties—were active in the SHIP program. A total of 9,208 homes had been built or rehabilitated.

<sup>3</sup> The article is based on the SHIP legislation in the Florida Statutes as amended May 4, 1993. Although the legislature made subsequent changes to the program

revitalization in 1992. It then assesses SHIP's impact on the type of activity encouraged by the legislation—a community revitalization effort undertaken by public and private partners, one of which is a city with a variety of housing resources and programs.<sup>4</sup> Because this is not a comprehensive study of SHIP, the article addresses only the required planning documents as they directly relate to housing activities implemented in the Parramore revitalization effort. How effectively did the largest state-funded housing trust fund meet the housing goals, objectives, and policies as defined in the Parramore Heritage Renovation Strategic Plan and the Orlando Growth Management Plan? The analysis addresses two distinct time periods: the first three funding cycles when the city exclusively targeted Parramore and the current period when program assistance became available citywide with preference given to Parramore.

Although it is still too early to determine the overall success of the efforts in Orlando, the analysis draws some initial findings that raise broader issues regarding housing programs and community revitalization. One such finding is that there is a need for greater flexibility in funding guidelines to ease local government implementation and to more successfully meet housing needs. Furthermore, these programs must allow housing providers the opportunity to assemble the technical expertise, human resources, financial support, and other capacity necessary to undertake projects, particularly in economically depressed areas that require the most assistance. Orlando's utilization of SHIP in Parramore raises broader issues such as the relationship between place-based redevelopment and people-based housing strategies; the role of community development corporations (CDCs); and the continuing debate regarding the emphasis placed on ownership versus renting, particularly for very low income households.

### **Primary goals of SHIP**

In early 1991, Florida Governor Lawton Chiles appointed an Ad Hoc Work Group on Affordable Housing to address a variety of

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effective July 1, 1997, these became operative after the bulk of the period under consideration in this study. Chapter 9I-37 of the Florida Administrative Code contains the rules that implement the SHIP legislation. Because it has been operative during much of Orlando's SHIP program activity, the December 28, 1994, version of Chapter 9I-37 serves as the primary source for this article. A recent amendment to the rules became effective January 7, 1998. The article includes a consideration of these changes and their impacts on continuing SHIP assistance to Parramore.

<sup>4</sup> SHIP is just one component of the community redevelopment strategy, which involves utilization of other federal, state, and local housing programs as well as crime prevention, economic development, and recreation initiatives.

issues including housing finance and public-private partnerships.<sup>5</sup> Building on the efforts of previous commissions, the work group recommended the creation of a state housing trust fund dedicated to both state and local housing activities. Public-private partnerships would be an integral component of this initiative. The work group also advocated mixed-income projects and maximum flexibility for local governments to develop and implement a variety of housing programs as part of a “neighborhood revitalization/development” strategy (Ad Hoc Affordable Housing Work Group 1991).

When adopted in June 1992, the William E. Sadowski Affordable Housing Act established SHIP as the primary source of state funding for local housing activities in Florida: “The State Housing Initiatives Partnership Program is created for the purpose of providing funds to local governments as an incentive for the creation of local housing partnerships, to expand production of and preserve affordable housing, and to increase housing related employment” (Florida Statutes [F.S.] 420.9072). In addition, the legislation targets very low, low-, and moderate-income households, setting a maximum limit for income eligibility just below 120 percent of the median for the metropolitan statistical area (MSA) (F.S. 420.9071[20]).

The act specifies that flexibility is an important component of the SHIP program. Specifically, it states that the intent is to “provide maximum flexibility to local governments to determine the use of funds for housing programs while ensuring accountability for the efficient use of public resources and guaranteeing that benefits are provided to those in need” (F.S. 420.9072[1]b). Program advocates note the sheer size of the funding available to local governments as well as the broader range of income targets as signs of this flexibility. Furthermore, the Sadowski Act created the Catalyst Program to provide training and technical assistance to local governments and community-based organizations to allow for more effective usage of the state’s housing programs (F.S. 420.600).

To “ensure accountability,” SHIP program requirements not only limit the types of units that can be assisted but also set deadlines

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<sup>5</sup> As with other states, Florida faced the potential loss of assisted affordable rental housing units due to expiring affordability periods, substandard housing units, a private market unable to provide for very low income households, and disparately high housing costs for lower-income households. In addition, Florida experienced significant growth with the population practically doubling in 20 years from 6,791,400 in 1970 to 12,937,900 in 1990. The *State of Florida Comprehensive Housing Affordability Strategy 1991–1996* (CHAS) projected that over the next 10 years Florida would require approximately 700,000 housing units to meet the needs of its growing moderate-, low-, and very low income population. Also, 650,000 units would require rehabilitation or replacement (Florida Department of Community Affairs 1991).

on the development process. A minimum of 30 percent of the units assisted must be for very low income households, and an additional minimum of 30 percent must target low-income households (F.S. 420.9075[4]d).<sup>6</sup> A minimum of 65 percent of the funds must assist owner-occupied units, reflecting the extensive negotiations with home-building interests in Florida necessary to gain initial approval of the program (F.S. 420.9075[4]a). In addition, 75 percent of SHIP funding must be used for new construction or rehabilitation (F.S. 420.9075[4]b).

This production-oriented program establishes strict deadlines for encumbrance (contractual obligation) and expenditure of SHIP funds in each fiscal year. In order to ensure continuation of the program at current funding levels, the Department of Community Affairs and the Florida Housing Finance Corporation place a great deal of emphasis on being able to demonstrate results as quickly as possible. The 1994 Florida Administrative Code (F.A.C.) defines *expended* in part as follows:

[Expended] means the [a]ffordable housing activity is complete and SHIP moneys have been transferred from the local housing assistance trust fund account to pay for the cost of the activity. In the case of an Eligible Sponsor (developer) this definition will apply when the project is completed as evidenced by documentation of final payment to the contractor and release of all lien waivers, issuance of certificate of occupancy by the local building department, *or* occupancy by an Eligible Person or Persons [emphasis added]. (91-37.002[17])

These funds must be expended within the 24 months following the end of the applicable state fiscal year. Therefore, fiscal year (FY) 1993–94 funds had to be spent by June 30, 1996. The January 7, 1998, amendments to the F.A.C. significantly tightened this definition, replacing the “or” with an “and”—thus, all the requirements now have to be fulfilled within the two-year period.

Each local government must submit a Local Housing Assistance Plan (LHAP) to indicate how it proposes to utilize each fiscal year of SHIP funding. Throughout its implementation of the SHIP pro-

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<sup>6</sup> The definition of *very low income* includes households whose annual adjusted gross income does not exceed 50 percent of the MSA median income. *Low-income* households cannot exceed 80 percent of the MSA median income. The state has interpreted these definitions to allow local governments to utilize 100 percent of their SHIP funds for housing very low income persons. The amendment effective July 1, 1997, requires that 30 percent of the funds, rather than the units, must assist very low income households and an additional 30 percent of the funds must assist low-income households. Orlando’s expenditure of funds to date meets the amended, as well as the previous, requirement.

gram, Orlando has drafted each LHAP with the intent to expend the funding consistent with the broader goals of the Parramore revitalization effort. Given SHIP's stated goals of increasing housing production and preservation with an emphasis on homeownership, assisting mixed-income projects, encouraging public-private partnerships, and providing program flexibility to better address local housing needs, it appeared uniquely qualified to contribute to Parramore.

### **Parramore, a community in need**

Located west of Orlando's commercial downtown core, the approximately 1.3-square-mile Parramore Heritage Renovation area constitutes much of the city's historic African-American community (see figure 1).<sup>7</sup> By the 1880s, the African-American presence was sufficiently large to establish a church and school to serve community residents.<sup>8</sup> The area contains three neighborhoods (Lake Dot–Arlington Heights, Callahan, and Holden-Parramore) of single-family homes, duplexes, and small concrete apartment buildings, including two public housing projects. A small business district, warehouses, industrial sites, and churches are scattered throughout the area. Many of the problems of the inner city are evident in Parramore: disinvestment, a high crime rate, substandard housing, low median income, high unemployment, and a poor community image. Also, a variety of social service providers are concentrated in the area. Most notably, 62.8 percent of the homeless beds in the city are located in Parramore, which even before the recent major annexation of land accounted for only 1.8 percent of the city's total land area (Orlando 1995a, table 24).

During the 1960s, an increasing number of intrusions began to affect the neighborhood. Industry began to expand into previously residential areas. The construction of Interstate 4 separated Parramore from the rest of downtown. The 1970s witnessed the development of another elevated highway, the East-West Expressway, through the middle of the Holden-Parramore neighborhood. The city, state, and federal governments also constructed a variety of

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<sup>7</sup> Although historic structures exist in enclaves as well as scattered throughout the community, there are no districts on the National Register of Historic Places. The community is responsible for requesting local, state, or national historic designation and has not initiated such a request. Only two structures have individual historic designations, and work is under way to nominate a third.

<sup>8</sup> Mount Zion Missionary Baptist Church, founded in 1880, was the first African-American church in Orlando. Jones Senior High School, a school for black residents, gained admission to the Orange County School Board in 1882. Both facilities are in the northern part of the Parramore Heritage Renovation district.

Figure 1. Parramore Heritage Area Location Map



Source: City of Orlando Planning and Development Department, City Planning Bureau, March, 1998.

public facilities along the eastern side of Parramore, culminating in the 1980s with the Orlando Centroplex—a sports arena, exposition center, and performing arts center. This development had the added effect of leading speculators to purchase many of the adjacent housing units with the hope of reaping a profit from the increasing land values.

The 1960s also marked the departure of many middle-income black residents from Parramore. By this time, development practices that had confined blacks to this area had largely ceased, due in part to landmark civil rights legislation such as the Fair Housing Act of 1968. In addition, African-American developers had built several suburban communities for blacks, providing a wider range of residential locations for those who could afford them. In 1960 the population of Parramore was 17,532; by 1990 the population had fallen to 8,344 (Orlando 1997a). The neighborhood continued to have roughly the same racial/ethnic mix—12 percent white and 88 percent black (Orlando 1997a). During this 30-year period, the median household income in Parramore fell relative to Orlando overall. In 1960 the median income represented 57.8 percent of the city median; by 1990 it was 39.4 percent of the city median (Orlando 1997a).

Demolition for public and private projects resulted in a loss of housing units, from a total of 5,621 in 1960 to 3,178 in 1990 (Orlando 1997a).<sup>9</sup> Many of the units lost were single-family and duplex structures, which went from 70 percent to 57 percent of the total housing stock during the 30-year period (Orlando 1997a). Owner-occupancy had always been low in Parramore, with only 20 percent of the occupied units being owner occupied in 1960 compared with 57 percent in the city overall (Orlando 1997a). However, by 1990 the percentage dropped further to only 12 percent of the total housing units in the area (Orlando 1997a). Although the community had neighborhood schools in the 1960s, by the 1990s none remained and the Orange County School Board bussed resident children to eight different elementary schools (Orlando 1994).

Because of the impacts the Centroplex project had on its neighborhood, the Callahan Neighborhood Association approached the city requesting assistance to protect the remaining residential areas. The city responded, developing a plan to address community needs. The Holden-Parramore area to the south also requested a neighborhood plan. Completed in the late 1980s, both plans resulted in beautification and capital improvement projects, rehabilitation and

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<sup>9</sup> The 1965 Sanborn Insurance Map indicates approximately 164 single-family homes and duplexes and 5 apartment buildings in the Centroplex area prior to redevelopment (Stave 1992).

infill housing development, rezonings to reflect more accurately the existing land uses, and the establishment of policies to protect the neighborhoods from nonresidential encroachments (Orlando 1987, 1989). During the late 1980s and early 1990s, Habitat for Humanity, Housing and Neighborhood Development Services (HANDS), and ONIC, all nonprofits, and the Community Redevelopment Agency (CRA), an arm of city government, began to build and preserve housing in Parramore.<sup>10</sup>

However, these efforts were not part of a comprehensive plan that dealt with the entire Parramore area. In 1992 the city launched a community planning initiative to further previous planning and redevelopment activities. Community task forces developed recommendations regarding crime and drug issues; children, youth, and seniors programs; housing and beautification; and economic development. Made up of residents, property and business owners, and a variety of groups active in the neighborhoods, these task forces established findings and chose model project areas in which to concentrate the revitalization efforts. They also established the Parramore Heritage Renovation Steering Committee, consisting of 25 members, to prioritize the findings and provide feedback on proposed city initiatives in Parramore. To demonstrate its commitment to the community, the city implemented a variety of recommendations, such as a vacant lot clean-up effort, during the early stages of the planning process.

### **Goals of the Parramore project**

The steering committee provided input on two documents, the Parramore Heritage Renovation Strategic Plan, which highlighted the priorities and potential funding sources for neighborhood improvements, and the Parramore Heritage Renovation Design Plan, which outlined design principles to direct long-term development in the

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<sup>10</sup> The city established ONIC in 1985 to construct and rehabilitate very low and low-income housing in the Orlando metropolitan area. ONIC uses a variety of federal and state programs such as the low-income housing tax credit, HOME, and the State Apartment Incentive Loan Program, as well as assistance from the city in the form of funding and donated properties to achieve this goal. Until the past year, ONIC's focus had been primarily on rental housing. Now the agency is expanding its efforts to include production of owner-occupied units. In the late 1980s and early 1990s, HANDS provided down payment assistance and maintained its own real estate company to purchase, promote, and sell its holdings. ONIC and Habitat continue to be very active participants in the Parramore project. HANDS recently went through a reorganization and has become active again, although not yet in Parramore, and now targets its efforts to rental housing.

area.<sup>11</sup> The documents were completed by summer 1994, and the Parramore Steering Committee disbanded after establishing the Parramore Heritage Renovation Foundation, a nonprofit, to assist with implementation of the strategic plan.

Although the Parramore Design Plan contains a policy about the necessity of a “sustained financial commitment to realizing the plan,” its focus is to establish architectural standards to guide future public and private investment (Dover, Kohl, and Partners 1994). An integral component of the plan is the designation of model project areas—“specific areas targeted for complete rehabilitation [that] are critical to the success of the Parramore Heritage revitalization” (Orlando 1994). The Parramore Strategic Plan outlines the costs and funding sources over the next several years for a variety of social, economic, and development undertakings, including redevelopment in the top model project areas. The city drafted the strategic plan as part of an unsuccessful application for a federal Urban Enterprise Community designation. Without this substantial source of funding, certain key activities in the strategic plan, such as the ambitious model projects, have not been realized.

The Parramore Strategic Plan includes the following housing policies as part of its vision for community revitalization:<sup>12</sup>

1. Encourage economic diversity: Develop vacant lots and rehabilitate existing buildings resulting in a variety of housing not only for low-income residents but also for moderate- and high-income residents.
2. Increase homeownership: Assist residents in acquiring and maintaining homes in order to increase homeownership in the area to 20 percent by the fourth quarter of 1996.
3. Facilitate public-private partnerships: Establish the Parramore Heritage Renovation Foundation, Inc., during the third quarter of 1994 to lead the public-private partnership effort in rebuilding the Parramore Heritage Renovation community.

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<sup>11</sup> On June 6, 1994, the city council approved the Parramore Strategic Plan. Although the council adopted the Parramore Master (Design) Plan in concept, the city has not yet amended the Orlando Land Development Code to include the design principles. This is in part due to the 1995 Florida legislature’s passage of the Bert J. Harris Jr. Private Property Rights Protection Act (F.S. 70.001).

<sup>12</sup> The city amended its Growth Management Plan to incorporate these policies. Many of the goals listed in the strategic plan do not address housing, so they are not considered here.

4. Focus the revitalization effort: Direct funding and other resources to the model project areas to concentrate redevelopment efforts in certain parts of the community.
5. Reduce density: Reach an overall mixture of housing types (i.e., 50 percent single-family and 50 percent multifamily) within 20 years. This goal should be accomplished in part through the gradual reduction in the percentage of multifamily dwelling units.

### **Timing is everything: Application of the SHIP program to the Parramore Heritage Renovation Project**

The city targeted the first three cycles of SHIP grants to the Parramore area, subsequently permitting the funds to be used citywide but with preference given to that community. Consequently, the SHIP-mandated LHAP incorporated many of the Parramore goals and policies to ensure that assisted development would be consistent with the intent of the revitalization project. During the first time period (i.e., the first three cycles), the city established the program, targeting increased homeownership in Parramore. The first three cycles of funding primarily aided nonprofit projects. All units subsidized during that time are now complete. At the beginning of the current period, the state fully funded SHIP, and the amount of assistance in Orlando increased significantly, as did interest in the program.<sup>13</sup> The city responded by making funding available citywide. In both periods, the city offered the majority of SHIP assistance in the form of grants with the stipulation that the units remain affordable for a given period of time. The following examination of SHIP-funded projects in Parramore distinguishes between these two periods.

#### *A commitment to increasing homeownership in Parramore*

Before drafting the LHAPs for the first three funding cycles, city planners held public meetings with the Parramore Steering Committee to determine how the community wanted the money spent. For each funding cycle, the steering committee recommended that

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<sup>13</sup> Initially, the Sadowski Act increased the state documentary stamp tax on deeds by 10 cents for every \$100, setting aside 50 percent for state housing programs and 50 percent for local governments active in the SHIP program. In May 1995, the Florida legislature fully funded the Sadowski Act, setting aside from general revenue an amount equivalent to an additional 10-cent documentary stamp tax. With full funding, the split is now 69 percent to local housing trust funds for implementation of the SHIP program and 31 percent to the State Housing Trust Fund for a variety of state housing programs.

30 percent of assisted units be for very low income households, 30 percent for low-income households, and 40 percent for moderate-income households. These recommendations reflected the income targeting constraints of the SHIP legislation, although some members would have preferred providing more assistance to encourage people with moderate incomes to move into the district.

Consistent with the desire to increase homeownership in the community, the steering committee recommended that 90 percent of the funding assist owner-occupied housing activities, including new construction and down payment assistance.<sup>14</sup> This amount easily exceeded the 65 percent minimum required to be spent on owner-occupied activities. The steering committee also directed that FY 1992–93 and FY 1993–94 rental assistance be available only for rehabilitation activities, so that no additional rental units would be created using SHIP (see tables 1 and 2). Later, committee members recommended that FY 1994–95 funds should assist only owner-occupied housing activities (see table 3). Furthermore, they supported broadening the definition of owner-occupied rehabilitation to include developers purchasing properties and rehabilitating them for sale, thus creating another tool to reduce the amount of rental housing in Parramore (Orlando Planning and Development Department 1994; Orlando Local Housing Assistance Plan for FY 1992–93, 1993–94, and 1994–95).

Unfortunately, even during the planning process for FY 1994–95 funds, no SHIP units had yet been completed. Consequently, the city lacked the experience to determine whether the owner-occupied and income mix targets in the LHAPs were achievable, and if not, what combinations of tenure, income, and housing activity would likely bring the city closest to its goals. In addition, the city was not certain whether the maximum amount of SHIP assistance it established for each housing activity would be sufficient to meet local housing needs.<sup>15</sup> To provide a community perspective, a representa-

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<sup>14</sup> In most cases, the LHAPs reflected the intent, if not the exact percentages, of the community's recommended program targets. For instance, limiting rental assistance to 10 percent, a measure consistent with the steering committee recommendation, resulted in such an insignificant amount of SHIP money being available for this activity that the city decided to increase the assistance available to an amount sufficient to attract developer interest while maintaining the focus on owner-occupied housing.

<sup>15</sup> The maximum SHIP award per unit for new construction was \$15,000, for land acquisition \$10,000, for down payment assistance \$3,500, for owner-occupied rehabilitation \$20,000, and for rental rehabilitation \$20,000. In fact, none of the applicants requested an amount at or above these maximums. In most cases, the successful projects utilized a combination of funding sources, most often HOME and the local Impact Fee Grant program (Orlando Local Housing Assistance Plan for FY 1992–93, 1993–94, and 1994–95).

*Table 1. SHIP Funding for Fiscal Year 1992–93*

Strategy	Proposed Allocation	% of Total SHIP Funds	Awarded	% of Total SHIP Funds	Awardee	FP/NP	Total Number of Units
<b>Inside PHR</b>							
<b>Homeownership:</b>							
SF new construction	\$60,000	54.9	\$80,000 (\$10,000 Recap)	73.2	Habitat for Humanity Construct Two	NP FP	7 0
Down payment assistance	\$27,000	24.7	\$872	0.8	Home buyer		1
Subtotal	\$87,000	79.6	\$80,872	74.0			8
<b>Rental:</b>							
SF rehabilitation Duplex/multifamily rehabilitation	\$11,079	10.1	\$10,000	9.1	ONIC	NP	1
	\$11,273	10.3	\$16,352	15.0	ONIC	NP	2
Subtotal	\$22,352	20.4	\$26,352	24.1			3
<b>Total inside PHR</b>	<b>\$109,352</b>	<b>100</b>	<b>\$107,224</b>	<b>98.1</b>			<b>11</b>
<b>Outside PHR</b>							
<b>Homeownership:</b>							
Down payment assistance	\$0	0	\$2,128	1.9	Home buyer		1
Subtotal	\$0	0	\$2,128	1.9			1
<b>Total outside PHR</b>	<b>\$0</b>	<b>0</b>	<b>\$2,128</b>	<b>1.9</b>			<b>1</b>
Administration	\$0	0	0	0			
<b>Total SHIP</b>	<b>\$109,352</b>	<b>100</b>	<b>\$109,352</b>	<b>100</b>			<b>12</b>

*Sources:* Orlando Local Housing Assistance Plan for FY 1992–93 and FY 1993–94; Orlando State Housing Initiatives Partnership Monitoring Report for FY 1992–93, 1993–94, and 1994–95 Funds; SHIP Project Files for FY 1992–93.

*Note:* PHR = Parramore Heritage Renovation; SF = single-family; FP/NP = For-profit/Nonprofit; Recap = Recapture of SHIP funds.

Table 2. SHIP Funding for Fiscal Year 1993–94

Strategy	Proposed Allocation	% of Total SHIP Funds	Awarded	% of Total SHIP Funds	Awardee	FP/NP	Total Number of Units
Inside PHR							
Homeownership:							
SF new construction	\$130,336	55.6	\$94,174	38.7	Habitat for Humanity	NP	9
			\$14,000	5.7	Hodges Bros., Inc.	FP	2
			(\$54,000 Recap)	0	MBCC, Inc.	FP	0
Down payment assistance	\$51,500	22.0	\$1,247	0.5	Home buyer <sup>a</sup>		0
Owner rehabilitation			\$65,000	26.7	Homeowners		4
SF rehabilitation <sup>b</sup>			\$16,159	6.6	Homeowner		1
Subtotal	\$181,836	77.5	\$190,553	78.2			16
Rental:							
SF rehabilitation <sup>b</sup>	\$15,500	6.6	\$0	0			0
Multifamily rehabilitation	\$37,308	15.9	\$37,308	15.3	Studio Concord, Ltd.	FP	26
Subtotal	\$52,808	22.5	\$37,308	15.3			26
Total inside PHR	\$234,644	100	\$227,861	93.6			42
Outside PHR							
Homeownership:							
Down payment assistance	\$0	0	\$2,066	0.8	Home buyer		1
Subtotal	\$0	0	\$2,066	0.8			1
Total outside PHR	\$0	0	\$2,066	0.8			1
Administration	\$0	0	\$13,637	5.6			
Total SHIP	\$234,644	100	\$243,564	100			43

Sources: Orlando Local Housing Assistance Plan for FY 1992–93 and FY 1993–94; Orlando State Housing Initiatives Partnership Monitoring Report for FY 1993–94, 1994–95, and 1995–96 Funds; Orlando SHIP Project Files for FY 1993–94.

Note: PHR = Parramore Heritage Renovation; SF = single-family; FP/NP = For-profit/Nonprofit; Recap = Recapture of SHIP funds; MBCC = Minority Business Consultants and Contractors. Some percentages may not add to 100% due to rounding.

<sup>a</sup> The unit receiving down payment assistance has already been counted as the low-income unit built by Hodges Bros., Inc.

<sup>b</sup> The single-family home was originally a rental rehabilitation. The owner lost the unit through foreclosure shortly after completing rehabilitation. The renter-occupant subsequently purchased the home.

**Table 3. SHIP Funding for Fiscal Year 1994–95**

Strategy	Allocation	% of Total SHIP Funds	Awarded	% of Total SHIP Funds	Awardee	FP/NP	Total Number of Units
<b>Inside PHR</b>							
<b>Homeownership:</b>							
SF new construction	\$90,000	32.4	\$45,000 (\$10,000 Recap)	16.3 0	Habitat for Humanity <sup>a</sup> R. L. Burns, Inc.	NP FP	3 0 0
Down payment assistance	\$42,000	15.1	\$0	0		FP	0
Owner rehabilitation	\$109,066	39.3	\$20,927	7.6	Homeowner	FP	1
Land acquisition	\$20,000	7.2	\$12,811	4.6	Hodges Bros., Inc. <sup>b</sup>		0
Subtotal	\$261,066	94.0	\$78,738	28.5			4
Total inside PHR	\$261,066	94.0	\$78,738	28.5			4
<b>Outside PHR</b>							
<b>Homeownership:</b>							
Down payment assistance	\$0	0	\$43,561	15.8	Home buyers		12
Owner rehabilitation	\$0	0	\$136,885	49.6	Homeowners		11
Subtotal	\$0	0	\$180,446	65.4			23
Total outside PHR	\$0	0	\$180,446	65.4			23
Administration	\$16,660	6	\$16,750	6.1			
Total SHIP	\$277,726	100	\$275,934	100			27

*Sources:* Orlando Local Housing Assistance Plan for FY 1992–93, FY 1993–94, and 1994–95; Orlando State Housing Initiatives Partnership Monitoring Report for FY 1994–95, 1995–96, and 1996–97 Funds; Orlando SHIP Project Files for FY 1994–95.

*Note:* PHR = Parramore Heritage Renovation; FP/NP = For-profit/Nonprofit; Recap = Recapture of SHIP funds.

<sup>a</sup> Originally, the city awarded Habitat for Humanity \$112,500 in FY 1994–95 SHIP funds for the construction of nine very low income homes on scattered sites in PHR. Because Habitat was not able to construct these homes within the time period required, the city had to recapture the SHIP funds, leaving Habitat with \$45,000 for the construction of three homes.

<sup>b</sup> The city granted two lots purchased with SHIP funds to Hodges Brothers, Inc. Because the developer also received FY 1993–94 SHIP funds for developing two single-family homes, one on each lot, they are not counted again in this year to avoid double counting.

tive of Parramore served as a member of the SHIP Selection Committee, which recommended awards to housing construction and rehabilitation proposals.

### *Familiar partners and missed opportunities*

How did the Parramore Steering Committee recommendations for targeting the SHIP funding compare to the characteristics of the funded projects? The small amount of assistance available, the lack of experience with the program, and the focus on an economically depressed redevelopment area resulted in an extremely limited pool of viable proposals. During the first two cycles, however, the city was able to direct over 90 percent of SHIP funding to Parramore, even though available assistance more than doubled to \$243,564 in the second fiscal year (see tables 1 and 2).

ONIC and Habitat, the two nonprofits that traditionally had been active in the community, dominated the first cycle of awards. In fact, Habitat received assistance in all three cycles, while ONIC's focus on rental housing limited it to an award only during the first cycle. The for-profit sector, an important partner named in the strategic plan, only utilized a minimal amount of funding; however, like the nonprofits, those that had experience working with the city in Parramore tended to be successful. Another key component for success was assembling the necessary financing prior to applying for SHIP. For instance, Studio Concord, Ltd., first secured the low-income housing tax credit, a grant from the Orlando CRA, and the project site before requesting SHIP support as the final source of funding necessary to make its multifamily rehabilitation project viable.

Unfortunately, three small for-profit developers did not have the capacity to undertake their SHIP-funded projects, resulting in the city recapturing their awards. One of these developers, R. L. Burns, Inc., exemplified the type of problems facing the small developer in Parramore. This firm proposed to build three very low, two low-, and two moderate-income housing units, two in a model project area. When the developer still had not secured financing for the project over a year later, the city council voted to recapture the SHIP funds and donated properties.<sup>16</sup>

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<sup>16</sup> In order to secure financing for the project, R. L. Burns, Inc., decided to first identify a buyer and then allow the buyer to choose from among the lots and designs. A May 21, 1996, letter from the developer stated, "Our only problem is committing qualified buyers to this area." The letter also stated that the developer had met with the board of directors of the Parramore Heritage Renovation Foundation to make the members aware of his efforts and to enlist their aid in identifying potential purchasers through the foundation's Future Homeowners Club. Without buyers, the developer could not build.

Throughout the first time period, the city limited SHIP development assistance in Parramore to the new construction of owner-occupied single-family housing and the rehabilitation of low-density rental projects. These projects were consistent with the goal of increasing owner-occupied housing in the community. The city was not as successful in meeting the income targets of the LHAPs. Although ONIC targeted its SHIP rental units in its Grove Park Courtyard project to low-income persons, all are currently occupied by very low income households. One hundred percent of the first fiscal year of SHIP funding in Parramore assisted very low income households (Orlando State Housing Initiatives Partnership Monitoring Report for FY 1992–93, 1993–94, and 1994–95 Funds). A small percentage of low-income (21.4 percent) and moderate-income (2.4 percent) units received FY 1993–94 assistance (Orlando State Housing Initiatives Partnership Monitoring Report for FY 1993–94, 1994–95, and 1995–96 Funds); however, FY 1994–95 funds only assisted very low income units in Parramore (Orlando State Housing Initiatives Partnership Monitoring Report for FY 1994–95, 1995–96, and 1996–97 Funds).

The insufficient time available to propose, initiate, and complete a project created difficulties in Parramore almost from the inception of the program. With the completion of the first SHIP units in summer 1995, the developers met the expenditure deadline for FY 1992–93 funds. For the most part, the original residents continue to live in these homes, and all are fully occupied.<sup>17</sup> Unfortunately, the majority of projects did not meet the SHIP FY 1993–94 completion deadline, requiring the city to file for an extension, which the state granted (Orlando State Housing Initiatives Partnership Monitoring Report for FY 1993–94, 1994–95, and 1995–96 Funds).

By the time the SHIP Selection Committee awarded the third cycle of SHIP funds (FY 1994–95), it was beginning to doubt that even the most successful SHIP developer to date, Habitat for Humanity, could meet the deadline. Habitat had barely made the FY 1992–93 expenditure deadline, and the development of its Heritage Gardens subdivision, awarded FY 1993–94 funds, was just beginning.<sup>18</sup> In

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<sup>17</sup> In the past two years, only two households have moved out of these SHIP units. When asked why she chose to renew her lease, a resident at ONIC's Grove Park Courtyard noted the neighborhood improvements under way and her satisfaction with her new home; she also had grown up in the area (Gary 1997). A resident of a Habitat house expressed similar perceptions about neighborhood improvement but was quick to note that she chose the location based on its proximity to other Habitat houses (Stuart 1997).

<sup>18</sup> In response to these concerns, Paul Wolfe, then president of Habitat for Humanity of Greater Orlando, stated: "We will build these houses regardless of whether we get SHIP funds. It won't make us or break us. We'll just have to raise more per unit [from other sources]" (Orlando Planning and Development Department 1995b).

the end, Habitat was able to complete only three of the nine units awarded FY 1994–95 funds.

With so much of the previously committed funding recaptured and a fast approaching deadline for expenditure of SHIP funds, the city chose to commit the majority of FY 1994–95 funds to the proven programs of owner-occupied rehabilitation (\$157,812) and down payment assistance (\$43,561). Of the total committed to these two activities, only \$20,927 went to Parramore to fund the rehabilitation of one very low income owner-occupied home.

Due to a change in city direction during this period, owner-occupied rehabilitation activities ground to a halt in the community. The city now requires that total rehabilitation costs above \$25,000 trigger consideration of replacement housing.<sup>19</sup> Thus, those homes in the worst condition, often occupied by very low income residents, now usually qualify for replacement housing rather than a significant amount of rehabilitation. At the same time, the very low income residents who live in these homes cannot afford to repay a loan, even one with minimal or no interest.

### *A new direction: SHIP goes citywide*

Beginning in FY 1995–96, Florida fully funded the SHIP program. In that year, Orlando received just over \$1 million in SHIP funds, an amount roughly equal to the allocation from the federal HOME program. For the first time, the city made SHIP available citywide. The Citizen Advisory Committee (CAC), composed of residents from throughout Orlando, became responsible for reviewing and making recommendations on all LHAPs.<sup>20</sup>

The FY 1995–96 LHAP no longer gave preference to Parramore, although it did include a policy maintaining ongoing support and participation in the project. The selection criteria for award of SHIP assistance continued to favor the area. The FY 1996–97, 1997–98, and 1998–99 LHAPs went further, proposing to set aside at least 50 per-

<sup>19</sup> According to current city policy, “If Staff determines that an eligible unit requires more than \$25,000 worth of work, Staff may also determine that it would be more cost effective to replace the existing unit with new construction rather than rehabilitate it” (Allen 1998). The historic preservation officer reviews all demolition permits.

<sup>20</sup> The CAC is a citizens’ group with the responsibility for recommending how federal and state housing program funds should be spent in Orlando. At the initial meetings, some members expressed interest in seeing the funds spent exclusively in their neighborhoods, and most supported assistance only for owner-occupied housing.

cent of the funding for housing activities in Parramore. With over \$1 million available in SHIP funds annually, this preference may be somewhat optimistic, particularly given the previous record of the program.<sup>21</sup>

Initially, the LHAPs directed assistance entirely to homeownership activities, including new construction, down payment assistance, and owner-occupied rehabilitation (Orlando LHAP for FY 1995–96; Orlando LHAP for FY 1996–97, 1997–98, and 1998–99). The city later amended the plans to add rental activities, specifically special-needs housing and land and building acquisition for rental housing. The amendment also added land and building acquisition for owner-occupied housing. By this time, the city had increased the maximum SHIP awards available for each housing activity.<sup>22</sup>

The majority of funds (at least 80 percent) is to assist very low and low-income housing units. City planners included a statement in the FY 1995–96 and FY 1996–97, 1997–98, and 1998–99 LHAPs encouraging the development of moderate-income units *only* in areas with a concentration of low- and very low income households. In addition, the policy discourages development of low- and very low income units in low-income neighborhoods unless the construction implements another policy such as increasing homeownership in areas with a concentration of rental units.<sup>23</sup>

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<sup>21</sup> That the city continues to support revitalization efforts in Parramore is evident from other planning documents. On January 7, 1997, the Florida Department of Community Affairs designated Orlando one of five Sustainable Communities in the state recognized for their efforts to create desirable places to live through responsible growth. In its successful application for designation as a Sustainable Communities Demonstration Project dated August 12, 1996, Orlando listed among its reasons for applying: “To accomplish its goals in relation to the further revitalization of the Parramore Heritage Renovation area” (Orlando 1996, 2).

<sup>22</sup> The maximum SHIP award per unit for new construction is now \$45,000, for land and building acquisition \$80,000 (ownership) and \$15,000 (rental), for down payment assistance \$7,500, for owner-occupied rehabilitation \$35,000, and for special-needs new construction \$10,000 (Orlando LHAP for FY 1996–97, 1997–98, and 1998–99).

<sup>23</sup> The Orlando LHAP for FY 1996–97, 1997–98, and 1998–99 includes targets for expenditure of FY 1997–98 and 1998–99 funds; however, it is still in the early stages of the award process for these years. Thus, this article considers only SHIP activity during the first two funding cycles (FY 1995–96 and FY 1996–97) of this period. Subsequent LHAPs continue these policies and the commitment of at least 50 percent of SHIP funding to the Parramore community.

*Plans for the future: A recommitment to Parramore?*

The city's award of FY 1996–97 funds was more consistent with the policy direction in Parramore than the FY 1995–96 award decisions. The first cycle of funds contributed to the development of only two owner-occupied units in Parramore, whereas the following cycle will assist at least five owner-occupied units in addition to property the city will make available for development (Orlando State Housing Initiatives Partnership Monitoring Report for FY 1994–95, 1995–96, and 1996–97 Funds). Furthermore, only about 29 percent of FY 1995–96 funds awarded to projects in Parramore will assist owner-occupied housing compared with over 40 percent of FY 1996–97 SHIP assistance committed to the area (Orlando State Housing Initiatives Partnership Monitoring Report for FY 1994–95, 1995–96, and 1996–97 Funds). In addition, a higher percentage of total SHIP funding will go into Parramore during the second cycle.

However, a significant amount of this FY 1996–97 money will contribute to the development of a 15-story building containing 125 rental units for very low income elderly persons. This is the first SHIP project in Parramore creating new rental units. The proposed building conforms with adjacent development patterns in the north-eastern portion of the neighborhood, which includes the Centroplex, an elevated limited-access highway (Interstate 4), two high-density hotels, and an existing 15-story apartment building. Thus, at issue may be not whether the proposed project is consistent with the Parramore Strategic Plan but whether the city should continue to include this section in the Parramore area given how significantly it has changed in recent years.

Departing from its past focus on rental housing, ONIC plans to use FY 1996–97 funds to construct five low-income single-family owner-occupied units. Four units will be located in a Parramore model project area. The city also awarded ONIC assistance to rehabilitate Suncharm Apartments, a 27-unit multifamily development in a Parramore model project area. Although ONIC had already received a HOME award, the additional SHIP funding was necessary to make the project viable. The nonprofit was not able to commit to the project and initiate the purchase of the site until it received SHIP funding.

During the second period, developers continued to withdraw from projects awarded SHIP funding in Parramore. For example, the Central Florida Community Reinvestment Corporation (CFCRC), a nonprofit consortium of banks, received \$250,000 for the acquisition of at least 16 lots/homes in Parramore. But when the consortium did not receive an additional grant, the project was not viable, and CFCRC never entered into the necessary agreements with the city.

The FY 1995–96 and FY 1996–97 awards do not include any owner-occupied rehabilitation in Parramore because of the continuing problem of homeowners who are eligible to receive replacement housing being unable to enter into a loan obligation for the assistance. The lack of requests for down payment assistance attests to the area's depressed housing market. Thus, many difficulties experienced in the previous period continue.

### **Lessons learned in Parramore**

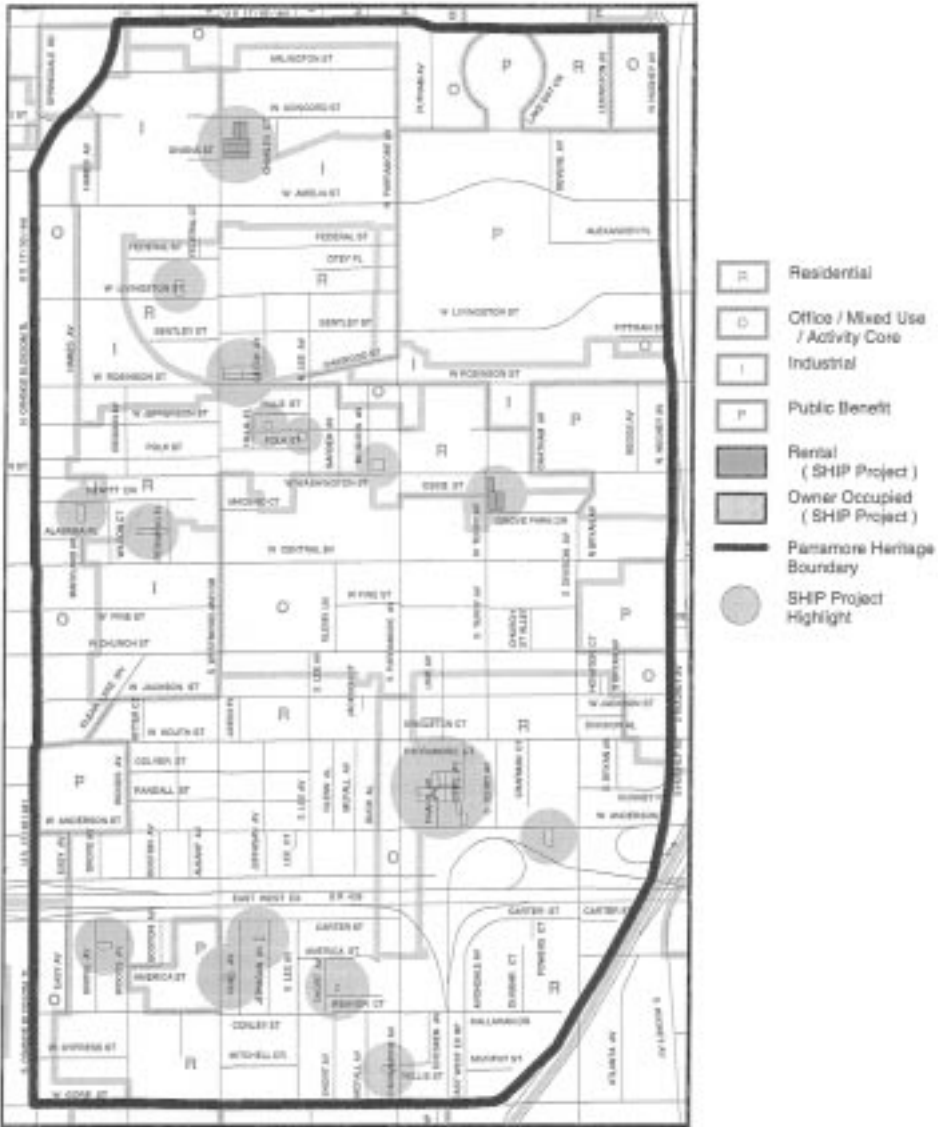
Orlando has achieved mixed results using SHIP in Parramore. The program certainly contributed to the production and rehabilitation of housing units in the community (see figure 2), yet the city was unable to implement SHIP fully to realize the housing goals of the revitalization effort. As set forth in the Parramore Strategic Plan, these goals include facilitating public-private partnerships, increasing homeownership through infill development and rehabilitation, reducing density, and focusing revitalization in the model project areas.

#### *Encourage public-private partnerships*

Habitat, ONIC, HANDS, and CRA had already formed a variety of partnerships to produce and preserve housing in Parramore prior to 1992 when the Florida legislature enacted SHIP and the city initiated the Parramore revitalization project. Currently, Orlando has several project-specific local housing partnerships undertaking the revitalization effort. The number of public-private partnerships in the city, however, has not yet increased as a result of SHIP. The housing developers that were already active in Parramore—namely, Habitat and ONIC—have been able to broaden their housing development efforts to a certain degree with this additional source of assistance.

Although they were named as an important partner in the legislation and the strategic plan, for-profit developers have not yet participated to any great degree in the revitalization effort. The current market in the community and the scattered infill sites do not appeal to larger developers. Although interested in building in Parramore, smaller developers tend to have SHIP awards recaptured due to insufficient capacity to complete their projects. The primary difficulty is the lack of interested qualified buyers necessary for these developers to secure financing. One of the few for-profit developers who has been successful in the area identified the lack of buyers as a major drawback. Although the developer was able to finance construction and hold the buildings until sale, the profit on these homes was negligible due to the length of the holding period

Figure 2. Completed SHIP Projects in the Parramore Heritage Area



Source: City of Orlando Planning and Development Department, City Planning Bureau, March 1998.

Note: Residential and Office/Mixed Use/Activity Core land use designations represent combinations of several future land use categories shown on the official future land use map.

(Hodges 1997).<sup>24</sup> Under the January 1998 amendment to the rules, this project would not have met the expenditure deadline, which

<sup>24</sup> The developer held both properties for approximately one year before selling to qualified buyers. Obviously, there is a need for improved linkages between home buyer counseling services and developers in the community.

now requires not only construction but sale of the unit within the two-year period.

Due to the increased SHIP funding available and the continuing housing need in Parramore, the number and capacity, particularly technical expertise and access to resources, of nonprofit and for-profit developers active in the community must increase. Community leaders formed the Parramore Heritage Renovation Foundation, Inc., to function in part as a social service referral facility, community events and economic development coordinator, and home buyer training center. The agency appears to be the most logical choice to coordinate housing activities between the city and the neighborhood and to partner with developers to identify interested and qualified home buyers. Currently, the foundation is not able to implement fully the variety of activities originally envisioned for it,<sup>25</sup> however, it has the potential to be an integral participant in the revitalization effort. To assist the Parramore Heritage Renovation Foundation and other housing nonprofits, the city anticipates that within the next few months, the Enterprise Foundation will make a four-year commitment to provide technical training in the Orlando area.

### *Emphasize homeownership*

Producing and preserving housing with an emphasis on homeownership is the second major goal SHIP shares with the Parramore project. SHIP funded the construction of 21 units of housing for homeownership, 19 of them Habitat homes, and the rehabilitation of 29 units of rental housing, 26 of them in one multifamily project (see table 4). Adding rehabilitation and down payment assistance activities, the total number of owner-occupied units assisted in Parramore with SHIP funds equals the number of rental units assisted. The majority of the owner-occupied units are new, whereas the assisted rental units already existed. Therefore, based on an assessment of completed units, Orlando's implementation of the SHIP program met the legislative intent of encouraging homeownership.

The tougher measurement is that contained in the Orlando Growth Management Plan, which called for the percentage of owner-occupied units in Parramore to rise from 12 to 20 percent by the end of 1996. Based on the 1990 census total of 2,852 occupied housing units in Parramore, 228 additional units would need to be

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<sup>25</sup> For example, the Home Buyers Club, intended to increase homeownership opportunities by conducting seminars and workshops for first-time home buyers, has only resulted in two purchases in Parramore.

Table 4. Summary of Completed SHIP Units in PHR

Activity	Fiscal Year 1992–93 Units	Fiscal Year 1993–94 Units	Fiscal Year 1994–95 Units	Fiscal Year 1995–96 Units	Total Units Completed	% of Total Units
Homeownership:						
SF new construction	7	11	3	0	21	36.2
Rehabilitation	0	5	1	1	7	12.1
Down payment assistance	1	0	0	0	1	1.7
Subtotal	8	16	4	1	29	50.0
Rental:						
Rehabilitation	3	26	0	0	29	50.0
Subtotal	3	26	0	0	29	50.0
Total	11	42	4	1	58	
Fiscal year percentage of total	19.0	70.7	6.9	1.7		100

*Sources:* Orlando State Housing Initiatives Partnership Monitoring Report for FY 1992–93, 1993–94, and 1994–95, 1995–96, and 1996–97 Funds; Orlando SHIP Project Files for FY 1992–93, 1993–94, 1994–95, and 1995–96.

*Note:* PHR = Parramore Heritage Renovation; SF = single-family. Some percentages may not add to 100% due to rounding. The table indicates activity through March 31, 1998.

owner-occupied to meet this goal, an increase that seems unlikely.<sup>26</sup> Still, the creation of the new units, even if they amount to just the 21 new SHIP homes, moves the community closer to this goal.

Unfortunately, the rehabilitation of existing owner-occupied units has ground to a halt even though the city estimates that over 60 percent of the single-family homes are substandard (Orlando 1991). The cost of rehabilitation in Parramore often exceeds \$25,000, triggering consideration of replacement housing. From the city's perspective, it is providing a new home essentially free of charge if it offers the assistance in the form of a deferred loan. The city maintains that by paying back a low-interest loan the owner will buy into the neighborhood, instilling a "pride of ownership" in the community (Bernhardt 1998). Yet these are already owners in Parramore, in some cases long-term residents who have maintained their commitment to the area during the years of neighborhood decline. Without assistance, homes requiring the most significant amount of rehabilitation will continue to deteriorate, as will an opportunity to strengthen owner-occupancy in the community.

### *Increase moderate-income households*

Unlike federal programs, SHIP provides assistance for moderate-income housing. The Parramore Steering Committee raised concerns at various stages in the development of the LHAPs about the utilization of SHIP money to concentrate further very low and low-income residents in the community. Members and citizens who appeared at the committee meetings made it clear that increasing the number of moderate-income households should be a primary goal of the revitalization effort.

Examining the income levels of the households in the 58 SHIP units reveals that 81 percent of the units house very low income persons, 17.2 percent house low-income persons, and only 1.7 percent house moderate-income persons. The SHIP program allowed the city to target housing for moderate-income households, but the current market in the neighborhood did not permit the city or the developers to implement this strategy. Even targeting low-income persons

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<sup>26</sup> A rough analysis demonstrates whether the city met this goal over the seven-year period (January 1, 1990, through December 31, 1996). The city's collated building permit information for Parramore runs from July 1, 1991, through June 1997. During the six-year period, the city issued a total of 40 building permits in Parramore for single-family homes not receiving SHIP assistance. Extrapolating this information into a seven-year period yields roughly 47 permits. Assuming that all units are built and that all are owner-occupied, the 47 units do not even begin to meet the rough goal of 228 homes.

has been difficult. ONIC developed Grove Park Courtyard, a rental project of single-family and duplex homes, for low-income households. Currently, however, all the residents are very low income households. Studio Concord Apartments, intended for 5 very low and 21 low-income households, now rents to 18 very low and only 8 low-income households.

Part of the problem with income targeting is that household income in the Orlando MSA is high compared with that in the city of Orlando. In 1990 the median household income in the Orlando MSA was \$37,500; in Orlando it was \$26,119, and in Parramore it was \$10,291.<sup>27</sup> The definition of *moderate income* applied to the 1990 Orlando MSA median translates to \$45,000, approximately 172 percent of the city median household income and 437 percent of the Parramore median household income. Thus, the moderate-income targets in Parramore are unrealistic for the short term. In fact, some of the new low- and very low income units have introduced household incomes on the higher end of the income range. As Nap Ford, the city commissioner for the area, recently stated: "It [Parramore] took a hundred some years to get in this condition. It's not going to change in two or three years" ("Parramore Rejuvenation" 1997).

In the meantime, the Orlando CRA achieved some success in encouraging moderate-income households to move into the northern part of Parramore. The "Showcase of Homes" hosted by CRA on January 23, 1993, advertised the availability of nine recently rehabilitated homes in Parramore. The event attracted hundreds of people from outside the community who came to see the historic bungalow, Spanish revival, and Florida vernacular homes located on brick streets with a mature oak canopy. Evett Francis, then executive director of HANDS, pointed out, "It was very important to us to maintain the architectural integrity of these houses because we think that's going to be one of the biggest features that draws people back to these neighborhoods" ("Nine Steps" 1993). A year later, eight of the properties had been sold to singles or single-parent households with incomes ranging from very low to moderate (Orlando CRA 1994).

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<sup>27</sup> The median household income for the Orlando MSA comes from the U.S. Department of Housing and Urban Development (HUD) Circular Letter dated March 8, 1990 (HUD 1990). In 1990 the Orlando MSA included Orange, Seminole, and Osceola counties. Lake County was later added. Orlando is located in Orange County. The information on Orlando and Parramore comes from the City of Orlando Planning and Development Department. The current Orlando MSA median household income is \$43,100 (HUD 1997), whereas the median household income for the city of Orlando is \$33,539 (Orlando Planning and Development Department 1997b).

*Provide flexibility*

The Sadowski Act states specifically that local governments have “maximum flexibility” when directing the use of SHIP funds (F.S. 420.9072[1]b). Yet it includes certain requirements designed to “ensure accountability” that limit, and in some cases prohibit, local governments from meeting their most critical housing needs. In Orlando the program deadlines created constraints forcing the city to recapture funds awarded to several projects in Parramore that may have been viable given time. Recently, to ease compliance with the expenditure deadline, the city assisted projects outside Parramore where development cycles are faster.

Having financial resources already committed to the project and owning the proposed project site prior to applying for SHIP funding were two factors that appeared to contribute to the success of a project in Parramore. For instance, for both of the unsuccessful projects shown in table 5 the developers had to secure more than 76 percent of the project funding after getting SHIP assistance. Their inability to secure loans due to a lack of eligible buyers or to assemble additional funding within the required period resulted in recapture of funds. By comparison, Habitat and Hodges Brothers, Inc., had all of their funding in place.

Due to a thriving housing rehabilitation and repair business, Hodges Brothers was able to obtain a loan commitment and then hold the completed units for over a year until sale. As mentioned previously, the project would not have met the current tightened SHIP deadlines, which now require occupancy in addition to construction completion within the two-year period. Thus, the lack of a market in Parramore means the developer must also have an eligible buyer at or near the project’s inception to prevent recapture of funds.

*Reduce density*

As noted previously in the discussion of increased owner occupancy, the completed SHIP projects have moved the city closer to its goal of reduced density, though not at the targeted rate. The intent is to reach an overall mixture of housing types of 50 percent single family and 50 percent multifamily within 20 years. The completed SHIP units have all been new single-family units or rehabilitated duplex or low-rise multifamily units, a mixture that is consistent with the existing patterns in the neighborhood.<sup>28</sup>

<sup>28</sup> The Orlando Planning and Development Department (1997a) indicates that in 1990 35.3 percent of the structures in the neighborhood were single-family dwell-

Table 5. Costs and Funding Sources Associated with Successful and Unsuccessful SHIP Projects in PHR

	Unsuccessful SHIP Projects		Successful SHIP Projects	
	MBCC, Inc. Six single-family	R. L. Burns, Inc. Seven single-family	Habitat Four single-family	Hodges Bros., Inc. Two single-family
Developer	For-profit	For-profit	Nonprofit	For-profit
Costs				
Land	\$54,000	\$39,728	\$38,000	\$16,888
Building	\$280,000	\$263,634	\$135,888	\$76,230
Site development	\$40,194	\$64,993	\$55,996	\$15,398
Surveys and permits	\$5,100	\$6,650	\$13,200	\$1,430
Other	\$0	\$42,950	\$0	\$0
Soft costs	\$13,200	\$52,166	\$1,620	\$13,840
Total costs	\$392,494	\$470,121	\$244,704	\$123,786
Project funding				
SHIP	\$54,000	\$67,200	\$44,000	\$14,000
Land donation	\$0	\$39,728	\$0	\$16,888
Impact fee grant	\$37,728	\$45,485	\$4,228	\$12,694
Orlando CRA	\$0	\$0	\$75,000	\$0
Private donations	\$0	\$0	\$120,000	\$0
Loan commitment	\$0	\$0	\$0	\$71,500
Developer	\$300,766	\$317,708	\$1,476	\$8,704
Total project funding	\$392,494	\$470,121	\$244,704	\$123,786
Per unit selling price				
	two at \$48,200	three at \$49,950	four at \$43,472	one at \$55,700
	two at \$56,451	two at \$55,800		one at \$68,850
	two at \$64,720	two at \$57,700		

Source: Orlando SHIP Project Files.

Note: PHR = Parramore Heritage Renovation; CRA = Community Redevelopment Agency; MBCC = Minority Business Consultants and Contractors.

All of the projects were new construction of single-family homes for owner-occupancy. Each for-profit developer proposed using down payment assistance. The successful for-profit project did sell to households qualified for down payment assistance; one household received down payment assistance from SHIP, the other from HOME funds.

*Focus revitalization in the model project areas*

Some SHIP developers constructed or rehabilitated units in the model project areas. These developments were consistent with the intent of the Parramore Design Plan; however, the lack of funding barred them from being part of a comprehensive redevelopment effort as envisioned in the plan. The majority of Parramore model project areas are large and include nonresidential uses as part of the proposed redevelopment, requiring the infusion of additional funds from other sources. Also, the city did not own most properties in the model project areas, making a comprehensive redevelopment effort that much more difficult to undertake or control. SHIP funding, then, along with other sources such as HOME and capital improvement funds, can be said to have provided a beginning from which to work toward achieving the city's long-term goals for the model project areas.

To summarize, a variety of circumstances have made it difficult to use the state housing program to implement fully the housing goals, objectives, and policies of the Parramore Strategic Plan and the Orlando Growth Management Plan: insufficient nonprofit capacity to produce/preserve the targeted number of units; inability of smaller, for-profit developers to undertake the projects and the general lack of for-profit interest; difficulties in identifying qualified buyers; a local directive that hampers the owner-occupied rehabilitation program; and the time constraints of the SHIP program.

With the first SHIP units completed in summer 1995 and the revitalization effort now in its sixth year, conclusions about the success of SHIP in implementing the housing policies of Parramore would be premature. Further study of other local governments is also necessary to determine the extent to which SHIP requirements impact community revitalization efforts. Based on this analysis, however, some initial findings regarding problem areas and opportunities can be made. In addition, broader issues associated with community revitalization are also apparent, including trade-offs between place-based redevelopment and people-based housing strategies; the critical role of experienced CDCs with the capacity necessary to undertake such projects; and issues associated with emphasizing owner-occupied housing solutions, especially for very low income households.

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ings. Assuming that this percentage held steady until 1994, when the city adopted the goal of reduced density in Parramore, the rate of 21 single-family units in three years is inadequate to meet the target. Factoring in the proposed 125 additional multifamily units, high-density development in the area increases.

## Initial findings

Overall, SHIP has contributed to the Parramore project by creating new housing, assisting in the retention and rehabilitation of existing units, and providing a match for the HOME program—another significant resource in the revitalization effort. Yet several critical problems keep the city from realizing the full potential of this funding source. The time constraints that accompany the funding limit the city's ability to develop and implement new ideas, to involve the community in drafting the LHAP, and to find qualified developers willing to build in such an economically depressed area.

Other limitations include constraints on funding targets (tenure and maximum income of eligible households) and on the housing activities permitted to achieve those targets (i.e., emphasizing new construction and rehabilitation rather than housing vouchers and down payment assistance). The program cannot fund housing vouchers, and only a limited amount of assistance is available for down payment on existing units that do not require rehabilitation. In Parramore, lease-purchase could offer a more effective way to move people into homeownership, but SHIP limits the use of this strategy. Currently, SHIP is able to assist the housing activities that the community recommended the city pursue in Parramore; however, these goals are likely to change as the revitalization effort matures.

The experiences of four other local Florida governments exemplify the variety of difficulties associated with the SHIP program requirements. Orange County, Tampa, and Hillsborough County each have described a different problem associated with implementation. These range from the constraints on program activities, such as down payment assistance for existing units and lease-purchase, to the amount set for the maximum selling price and the requirement now to use dollars instead of units when measuring assistance to very low and low-income households. Thus, while each local government noted the significant assistance SHIP provided to housing, administrators also acknowledged some frustration with program requirements that hampered the ability of the local government to spend the funding where they felt it was most needed.

Meanwhile, another Florida municipality, Gainesville, directs a portion of its SHIP funds to assist in the redevelopment of the Pleasant Street District, which like Parramore is a historic African-American community adjacent to the downtown. However, the majority of SHIP funding used in the Pleasant Street District is for down payment assistance and owner-occupied rehabilitation (Herkalo

1998).<sup>29</sup> These activities tend to be much more easily achieved than new construction given the constraints of the program.<sup>30</sup> Clearly, SHIP would benefit from a broader study concerning the impact of program requirements on implementing local housing plans.

Orlando's implementation of the SHIP program in Parramore also highlights potential conflicts between housing strategies and community revitalization. These bear consideration as the city continues its work in the neighborhood. Like housing rehabilitation and construction, economic development is an important goal noted in the strategic plan. While SHIP and other housing programs work to improve and increase housing opportunities in the neighborhood, other goals focus on increasing business opportunities in the area without necessarily considering the impacts on housing, particularly for very low and low-income persons.

Among the objectives listed in the strategic plan is the extension of the Church Street tourist district into the Parramore area. Recently, a development company has begun assembling commercial property along Church Street in the Parramore renovation area and residential property in the surrounding blocks. Demolition is under way in these areas, and many of the remaining units are boarded up. At the time of the writing of this article, the development company has not yet submitted a formal proposal for redevelopment to the city. Thus, not only is housing disappearing, but no agreement as to the amount or type of housing that will replace these units has been made, nor has a plan been formulated to address impacts on the adjacent residential areas remaining after redevelopment. Housing opportunities for a mixture of incomes is an important goal of the strategic plan. The recent demolition of these residences, the potential demolition of more, and the very real prospect of an increase in property values highlights the need to address gentrification and other threats to the retention of housing for very low and low-income households in the neighborhood.

The demolition in the Church Street area certainly does not consider the heritage of the existing structures. Even prior to this, the city's decision to require replacement housing for homes needing a

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<sup>29</sup> According to Herkalo, the Neighborhood Housing Development Corporation is developing the majority of projects in the Pleasant Street District. Although the nonprofit is undertaking new construction, the city is not funding its development with SHIP.

<sup>30</sup> The East Central Florida Regional Planning Council's 1995 study indicates that many central Florida governments used SHIP funding primarily for down payment assistance and owner-occupied rehabilitation. Usually, local governments undertake both activities, which allows them to maintain better control. Also, many areas keep waiting lists to help them quickly award and expend funds.

significant infusion of rehabilitation assistance runs counter to the concept of preserving heritage. Replacement housing is not necessarily the answer in an area where a significant asset is the neighborhoods' architectural heritage as demonstrated by the successful 1993 Showcase of Homes.

The Parramore Design Plan is an important document developed with a significant amount of community input that outlines block by block a vision for the physical development of Parramore. Yet a detailed consideration of how these areas will function does not accompany the plan. For whom will they be designed? How will the partners in the revitalization effort meet the needs of the very low and low-income residents given the costs associated with these design proposals?

All of these conflicts reflect an emphasis on place-based redevelopment to the detriment of people-based housing strategies. Economic development is a key component in revitalization efforts. Bratt and Keyes (1997) note that CDCs use economic development in community revitalization efforts as a way to move residents toward self-sufficiency. Yet economic development that focuses on the residents and on "enhancing local autonomy" (Bratt and Keyes 1997) will better support people-based housing strategies.

In addition, community empowerment has played an integral role in successful revitalization efforts such as the Dudley Street Neighborhood Initiative in Boston, the Cleveland Housing Network's efforts throughout that city, and Community Building in Partnership's work with the Sandtown-Winchester area of Baltimore (Van Vliet 1997). In all these communities, the focus has been on achieving the appropriate balance between place-based redevelopment and people-based housing strategies as part of a comprehensive approach to neighborhood revitalization (Van Vliet 1997).

Studies of successful neighborhood-building efforts (Van Vliet 1997), as well as broader considerations of the progress of CDCs (Vidal 1997), indicate the significant contribution these nonprofit organizations have made not only to housing but to community revitalization as a whole. Tampa provides an example of how critical CDCs are to redevelopment efforts. Currently, the city targets the majority of its SHIP assistance to infill development and rehabilitation in Tampa Heights, a historic, though economically depressed, area (Belsom 1998). The assistant division manager of Tampa's Community Redevelopment Division notes that five strong housing nonprofits are involved in the revitalization effort (Belsom 1998).<sup>31</sup>

<sup>31</sup> One of these nonprofits is over 100 years old. Out of the four communities interviewed, the city of Tampa was the only government targeting SHIP assistance to infill development in an economically depressed neighborhood.

Their activity in the area has ensured that Tampa has had no problem meeting the SHIP expenditure deadlines.

Finally, both the SHIP program and the Parramore community emphasize homeownership as a significant strategy in Parramore's revitalization. To assure passage of the Sadowski Act, proponents of SHIP sought the support of the powerful home-building industry. Moreover, the program goals, as well as the Parramore Steering Committee's recommendations, clearly embrace the "ideology of property ownership"—that is, the concept that owners have a greater commitment to maintaining their property and neighborhood than renters who are transient (Krumholz 1997). The truth is that a variety of housing types and tenures need to be available to address housing needs in Parramore. Thus, the building and rehabilitation efforts should maintain and extend the existing pattern of low-rise multifamily, duplex, and single-family units while providing a combination of lease-purchase, rental, and ownership housing choices.

As in the ongoing efforts in Boston, Baltimore, and Cleveland, Orlando has a tremendous opportunity to revitalize the Parramore neighborhood. But to do this correctly, it needs to adopt a comprehensive approach that seeks a balance between product-based redevelopment and people-based housing strategies, works to expand the role of CDCs and for-profit housing developers, and creates housing choice. Housing trust funds and other resources at the state and local level will play an important role in achieving these goals. It is not sufficient simply to make the money available. These programs must be able to accommodate the variety of housing initiatives local governments will increasingly undertake as part of broader community revitalization efforts.

### *Author*

Kristin Larsen, AICP, is a Doctoral Candidate in the Department of City and Regional Planning at Cornell University.

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