



Vision ▪ Strategy ▪ Implementation

July 13, 2016

Mr. Robert Dearduff
Florida Housing Finance Corporation
227 S. Bronough St. Ste. 5000
Tallahassee, FL 32301

Re: Approval Letter for Palms at University PLP 2016-009P-09

Dear Mr. Dearduff:

This letter provides notice that the above referenced PLP application has my approval to go forward for consideration of FHFC approval of the loan amount of \$500,000 and execution of the loan documents. The applicant has expressed a desire to have the FHFC Board consider this request at their August 5, 2016 meeting.

The Melbourne Housing Authority (MHA) is proposing to develop 60 units of elderly housing on a site that it owns. There are no liens on the property, nor is there a Declaration of Trust. The MHA will provide project based rental assistance vouchers for all 60 units.

I have provided a Development Plan which provides information on the project, the project timeline, and a budget which details how the PLP funds will be spent. After reviewing all documents pertaining to this project, and meeting with the applicant to discuss the project specifics, I believe that the proposed PLP loan amount is sufficient to complete the proposed predevelopment activities.

Should you need anything further, or have any other questions, please do not hesitate to contact me.

Sincerely,

Stan Fitterman
Senior Consultant



Predevelopment Loan Program Development Plan

Development Name: Palms at University

Development Number: 2016-009P-09

A.

General Information	
Applicant Name	Melbourne Housing Authority
Development Name	Palms at University
Development Address	558 E. University Blvd Melbourne, FL
Developer Entity Name	Palms at University, LLC
Development Team	Melbourne Housing Authority
Contact Person	Michael L. Bean
Development Type	Rental
Total Number of Buildings	1
Total Number of Units	60
Target Population	Elderly and Persons with Disabilities
Construction Type	New
Applicant comments and/or explanation:	
The target market for the development is elderly and disabled.	
TAP comments:	

B.

Loan Information	
TAP Recommended Amount	\$500,000
Total Predevelopment Costs	\$500,000
Amount of Loan Requested for	\$0
Total Development Costs	\$7,921,928
Applicant comments and/or explanation:	
TAP comments:	

C.

Development Team		
Team Member	Name	Status
Developer	Melbourne Housing Authority	Applicant
Contractor	MH Williams Construction Group	Procured
Architect	Bessolo Design Group	Procured
Engineer	MEC Engineering Group	Procured
Consultant		
Other		
Applicant comments and/or explanation:		
TAP comments:		
The Melbourne Housing Authority has a licensed commercial General Contractor on staff who will serve as construction manager.		

D.

Market and Feasibility		
Type of Study	Name	Status
Formal (required by HUD for 221)	Will be ordered by Berkeley Point Capital	To be ordered
Applicant comments and/or explanation:		
TAP comments:		
The Melbourne Housing Authority will provide project based rental assistance vouchers for all 60 units. The PHA's waiting list was open in November 2015 for 3 days during which time they received 5,000 applications. They kept 1,500 names through a random drawing. As of the date of this submission, 168 applicants have been initially identified as eligible residents for the subject project, the PHA anticipates that number to increase. Prior to C.O. the PHA will send a letter to all eligible applicants on the waiting list notifying them they are eligible to live there, if they wish to apply. The first 60 eligible applicants that return a completed application will be the initial tenants.		

E.

Site Control	
Type of Evidence	Warranty Deed
Is the deed or will the deed be	Deed is in the name of Melbourne Housing Authority
Are there current liens on the	No
Applicant comments and/or explanation:	
The site was acquired in 2009.	
TAP comments:	

F.

Zoning	
	Status
Zoning on Property	Mixed Use/Commercial 1
Current Use	Vacant
Future Land Use Plan	Mixed Use/Commercial 1
No Zoning Evidence	
Location map	In application
Site Plan Approval	Process not started. Anticipated in February 2017
Applicant comments and/or explanation:	
The subject property can be developed as proposed without variance or public hearing.	
TAP comments:	

G.

Development Elements		
Item	Status	Date
Survey	ALTA Survey Completed - RM Packard	8/14/2015
Soil Test	To be Completed	
Building Permit	To be pulled	
Other Permits	Water Management District Permit to be pulled	
Availability of Utilities	To the site	
Availability of Water and Sewer	To the site	
Availability of Roads	To the site	
Environmental Assessment	To be ordered	
Appraisal	To be ordered	
Financial Statements	Audited Annually	
Drawings, Plans and/or Specs	To be developed	
Applicant comments and/or explanation:		
TAP comments:		
Gopher tortoises likely on site and will need to be relocated.		

H.

Marketing and Sales/Lease Up
Please Provide Narrative Describing Marketing and Sales/ Lease Up:
The development will have project based rental assistance. There are currently 1,500 households on the PHA's public housing waiting list. As of the date of this submission, 168 applicants have been initially identified as eligible residents for the subject Project, the PHA anticipates that number to increase. Approximately 40%, or 600 households are elderly and therefore eligible to live in the development. As the development nears completion, these eligible applicants will be sent an application for the property. The first 60 eligible applicants that return the completed application will be offered a unit.
TAP comments:

I.

Sources		
Funding Source	Amount	Status
HUD 221 (d) (4) - Berkeley Point Capital	\$7,021,928	To be applied for
Melbourne PHA Acquired Site	\$900,000	Expended
TOTAL	\$7,921,928	
TAP comments:		
Berkeley Point Capital has approved the deal in concept.		

J.

Narrative
<i>Please describe facts regarding this development that are not covered previously in this report</i>
As noted above, the Melbourne Housing Authority (MHA) will provide project based rental assistance vouchers for all 60 units. The MHA currently has 2000 vouchers, of which, by HUD rule, 25% could be project based. Currently, only 4% of Melbourne's vouchers are project based. The MHA's average turnover is 20-25 rental assistance vouchers per month. The 221 (d) (4) lender requires building permits in hand prior to closing. The applicant must pay for the building permits fees prior to closing on the construction loan.

K.

Overall Uses	
Item	Amount
Acquisition	\$900,000
Construction	\$5,425,144
Appraisal	\$12,000
Architect	\$300,000
Permit Fees	\$16,000
Engineering	\$40,500
Environmental	\$17,500
Insurance	\$9,800
Legal	\$50,000
Market study	\$9,000
Surveys	\$3,800
Title Insurance	\$10,000
Soft cost contingency	\$24,000
Soil Borings	\$4,500
Signage	\$1,500
Interest expense	\$9,918
Closing costs	\$226,620
Construction interest	\$138,000
Construction Bond Fees	\$39,000
Developer fee	\$684,646
TOTAL	\$7,921,928

L.

PLP Budget	
Item	Amount From PLP Loan
Appraisal	\$12,000
Architect	\$245,000
Building Permits & Fees	\$16,000
Engineering	\$40,500
Environmental	\$17,500
Legal	\$50,000
Market study	\$9,000
Signage	\$1,500
Soil Borings	\$4,500
Surveys	\$4,200
Good Faith Deposit for 221 (d)	\$31,500
Application and Processing Fees	\$14,655
Commitment Fees to Secure	\$9,645
Plan and Cost Review for 221 (d)	\$20,000
Contingency	\$24,000
TOTAL	\$500,000

M.

Timeline		
Timetable	Comments	Date
Site Plan Approval	Estimated to occur 90-120 days from application	Feb-17
HUD 221(d)(4) Concept Meeting	Scheduled upon Site Plan Approval	Feb-17
HUD 221(d)(4) 3rd Party	Lender orders 3rd Party Reports	Feb-17
Completion of Architectural/Eng.	Estimated to occur 90-120 days from Site Plan	May-17
HUD 221(d)(4) 3rd Party Report Updates	Lender orders 3rd Party Report Updates if necessary	Apr-17
HUD 221(d)(4) Invitation	Submitted upon substantial completion of construction drawings	Jul-17
HUD 221(d)(4) Firm Commitment	Subsequent to HUD Invitation Acceptance	Nov-17
HUD 221(d)(4) Loan Closing	30-60 days from Approval	Jan-18
Construction Permit	To be obtained prior to Closing	Jan-18
Construction Begins		Jan-18
Construction Completed	12-14 months	Mar-19
Lease -up	Lease up process initiated 60 days prior to c/o with occupancy anticipated 30-90 days from c/o.	Jun-19