**December 15, 2023**

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# I. HOME RENTAL

## A. Request Approval of the Credit Underwriting Report for Wauchula Place (RFA 2022-206 / 2023-163H)

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|---|---|
| **Development Name:** Wauchula Place | **Location:** Hardee County |
| **Applicant/Borrower:** NDA Wauchula, LLC. | **Set Asides:** 20% @ 50% AMI 80% @ 60% AMI |
| **Developer/Principal:** NDA Developer, LLC./Eric C. Miller | **Demographic/Number of Units:** Family/22 Units |
| **Requested Amounts:** HOME: $5,7**00**,000 | **Development Category/Type:** New Construction/Garden Apartments |

1. **Background:**

   a) On December 15, 2022, Florida Housing Finance Corporation issued a Request for Applications (RFA) 2022-206 for HOME Financing to be Used for Rental Developments in Certain Hurricane Ian Impacted Counties.

   b) On March 10, 2023, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

   c) On March 15, 2023, a Notice of Protest was filed delaying the issuance of the invitation to enter credit underwriting.

   d) On May 24, 2023, the Applicant was invited to enter credit underwriting activities which was accepted on May 25, 2023. The one-year deadline to complete credit underwriting is May 25, 2024.

2. **Present Situation:**

   a) On December 4, 2023, staff received a final credit underwriting report with a positive recommendation for the requested funding (Exhibit A). Staff has reviewed this report and finds that the Development meets all requirements of the RFA.

3. **Recommendation:**

   a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities, subject to further approvals and verifications by the Credit Underwriter, Counsels, and appropriate Florida Housing Staff.

# II. LEGAL

## A. In Re: Homestead Portfolio LP

**FHFC Case No. 2023-088VW**

| | |
|---|---|
| **Development Name: ("Development"):** | **Gardens of Homestead** |
| **Developer/Principal: ("Developer"):** | **MRK Partners, Inc./Sydne Garchick** |
| **Number of Units: 233 units** | **Location: Miami-Dade County** |
| **Type: Garden Apartments** | **Set-Asides: 27% @ 80% AMI**<br>**73% @ 50% AMI** |
| **Demographics: Family** | **Funding: 4% HC: $3,070,481** |

### 1. Background:

a) Homestead Portfolio LP ("Petitioner") successfully applied for funding to assist in the rehabilitation of the Gardens of Homestead, a 233-unit development located in Miami Dade County, Florida (the "Development"). On November 13, 2023, Florida Housing received a Petition for Waiver of Florida Administrative Rule 67-21.026(13)(e) (the "Petition") to allow the Petitioner's General Contractor to self-perform work valued over $350,000. A copy of the Petition is attached as Exhibit A.

### 2. Present Situation

a) Rule 67-21.026(13)(e), Fla. Admin. Code (2022), states in relevant part:

> (e). Ensure that no construction or inspection work is performed by the General Contractor, with the following exceptions:
>
> ***
>
> 2. The General Contractor may self-perform work of a de minimis amount, defined for purposes of this subparagraph as the lesser of $350,000 or 5 percent of the construction contract.

b) Petitioner requests a waiver of the above rule to allow Petitioner's General Contractor ("GC") to self-perform work valued in excess of $350,000. As justification for its request, Petitioner notes that its scattered site project consists of 23 residential buildings on 18 separate, scattered site properties. As such, the multi-phased approach that Petitioner must use to construct the project drives up the costs of smaller scopes of work. Petitioner states that it is necessary for its GC to self-perform the drywall, finish carpentry, rough carpentry, carpet demolition, cleaning, labor, material handling, safety inspection, wire shelving installation, and bathroom accessories scopes of work to maintain the current project budget. Petitioner also states that, although it has used industry best practices to estimate the cost of the project, neither Petitioner nor its GC can be fully aware of all the work that must be performed on each of the units until the units are vacated, making bidding the work in advance impractical and creating schedule inefficiencies that would drive up the costs. Petitioner offers within its petition a detailed breakdown of each scope of work and the difficulties imposed by subcontracting that work under the rule rather than allowing self-performance by its GC.

c) Petitioner further notes that, although this project was combined for funding purposes, this project could reasonably be subdivided into six separate projects that, if considered individually, would comply with the above rule. As further evidence as to why the projects should be considered from that vantage within this waiver, Petitioner notes that its general contractor will obtain 18 separate building permits to accomplish this project rather than a single permit as would be typical on a single-site project.

d) On November 14, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 221. To date, Florida Housing has received no comments concerning the Petition.

e) Section 120.542(2), Florida Statutes provides in pertinent part:

> Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when the application of a rule would create a substantial hardship or would violate principles of fairness.

f) Granting the requested waiver does not impact any other participants in funding programs administered by Florida Housing, nor does it detrimentally impact Florida Housing or the Development. Petitioner has demonstrated that strict application of the above Rules under these circumstances would constitute a substantial hardship. Petitioner has also demonstrated that the purpose of the underlying statute, which is to "encourage development of low-income housing in the state" (§420.5099, Fla. Stat.), would still be achieved if the waiver is granted.

**3. <u>Recommendation:</u>**

a) Staff recommends the Board GRANT the requested waiver of 67-21.026(13)(e), Fla. Admin. Code, to allow the Development's general contractor to self-perform work exceeding the de minimis amount. This waiver is conditioned upon the Petitioner's compliance with the following:

(1) The general contractor has included no profit or admin fee in the cost of the self-performed work.

(2) The General Contractor's fee for the self-performed work is limited to 14% of the cost of work for the first $350,000 and 10% for any self-performed work in excess of $350,000.

(3) In addition to verifying the amount paid to the general contractor for the self-performed work based on the steps prescribed in the General Contractor Cost Certification instructions, an independent CPA will also confirm/audit all labor and equipment hours and rates and material invoices for the self-performed work. And,

(4) As part of the cost certification process, in addition to confirming/auditing all self-performed work as noted above, an independent CPA will confirm and/or verify an additional 40% of the development's costs per the Final Cost Certification Application Package.

(5) Upon FHFC receipt of the Final Cost Certification Application Package, FHFC will engage the credit underwriter to provide a recommendation that the costs incurred by the General Contractor for the self-performed work are reasonable.

**B. In Re: Cherry Village, L.P.**

**FHFC Case No. 2023-097VW**

| | |
|---|---|
| **Development Name: ("Development"):** | **Cherry Village Apartments** |
| **Developer Principal: ("Developer"):** | **Cherry Village Developer, LLC/Robert Trent** |
| **Number of Units: 147** | **Location: Miami-Dade County** |
| **Type: Garden Apartments; Acquisition/Preservation** | **Set Asides: 20% at or below 25% AMI<br>80% at or below 60% AMI** |
| **Demographics:** Elderly, Non-ALF | **Funding:** 9% HC: $1,719,208.00 |

1. **<u>Background:</u>**

a) Petitioner successfully applied for competitive housing credits in RFA 2020-204 (the "RFA") to assist in the rehabilitation of a 147-unit elderly, non-ALF, housing development named Cherry Village Apartments in Miami-Dade County, Florida (the "Development"). On November 17, 2023, Florida Housing Finance Corporation ("Florida Housing") received a Petition for Waiver of Rule 67-48.002(96) and the 2020 Qualified Allocation Plan's Requirement for Returning Housing Credit Allocations (the "Petition"). A copy of the Petition is attached as Exhibit B.

2. **<u>Present Situation:</u>**

a) Petitioner requests a waiver of Rule 67-48.002(96), Florida Administrative Code (2020), which adopts and incorporates the 2020 Qualified Allocation Plan (QAP).

b) Subsection II.K of the 2020 QAP states:

> Notwithstanding any other provision of this QAP, where a Development has not been placed in service by the date required pursuant to Section 42 of the IRC, or it is apparent that a Development will not be placed in service by the date required pursuant to Section 42 of the IRC, and the Applicant has returned its Housing Credit Allocation after the end of the second calendar quarter of the year in which it was otherwise required to be placed in service pursuant to Section 42 of the IRC, the Corporation will reserve allocation in an amount not to exceed the amount of Housing Credits returned, and will issue a Carryover Allocation Agreement allocating such Housing Credits to the Applicant for either the current year or the year after the year in which the Development was otherwise required to be placed in service pursuant to Section 42 of the IRC, provided the following conditions have been met: (I) The sponsor must have provided written notice to the Corporation, describing the circumstances, all remedial measures attempted by the Applicant to mitigate the delay, and any other pertinent information, prior to returning the allocation; and (ii) A site inspection reflecting the percentage of Development completion must be completed. If the Development is at least fifty (50) percent completed, as reflected in the site inspection, the approval may be made by Corporation staff. If the Development is less than fifty (50) percent completed, as reflected in the site inspection, the approval must be made by the Board. In making such determination, the Board must find and determine that the delay was caused by circumstances beyond the Applicant's control, and that the sponsor

exercised due diligence in seeking to resolve the circumstances causing delay; and (iii) The Corporation or Board, as applicable, must find that the Development in all respects, except time placed in service, still meets the conditions upon which the Housing Credits were originally allocated, and that the Development is still desirable in terms of meeting affordable housing needs.

c) Petitioner successfully applied for an allocation of 2021 housing credits through RFA 2020-204 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments and was invited into credit underwriting on February 3, 2021. Florida Housing staff executed a 2021 Carryover Allocation Agreement ("CAA") on June 8, 2021, which gave Petitioner until the end of the second year in which the carryover allocation was issued to place the Development in service. Petitioner's CAA required the Development to be placed-in-service by December 31, 2023.

d) Petitioner states that the Development has been delayed so that it is unable to meet the placed-in-service deadline. The delays are set forth below:

(1) The work is being performed on a fully occupied residential complex and the logistics of resident relocation resulted in a slow start.

(2) The Development experienced and continues to experience supply chain issues, currently impacting elevator modernization and emergency generators.

(3) Petitioner states skilled labor shortages and consistency of work issues has resulted in slow progress.

(4) The City of Homestead initially requested the work for the 40-year building recertification be completed at the same time; however, the City has now required the building recertification be performed independently of the primary contract, causing issues with the sequence of work, leading to delays.

(5) Additionally, the discovery of additional water damage has caused a change to the scope of work. The additional damage has increased framing, drywall, insulation, and plumbing. The City Inspector has also required changes to the roof exhaust system for the bathrooms.

e) The November 3, 2023, construction monitoring reported prepared by ICG estimated the work in place at 41.54%. As a result of the above delays, Petitioner states it will not be possible to meet the in-service date of December 31, 2023.

f) Petitioner requests a waiver of the QAP so that it may exchange its 2021 Housing Credits for an allocation of 2023 Housing Credits, effectively extending the placed-in-service deadline of the Development to December 31, 2024. Petitioner states that failure to receive a waiver would create a substantial hardship for the Development and the Development cannot be completed.

g) On November 20, 2023, the Notice of Petition was published in Volume 49, Number 225, of the Florida Administrative Register. To date, Florida Housing has received no comments concerning the Petition.

h) Section 120. 542(2), Florida Statutes provides in pertinent part:

Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

i) Granting the requested waiver would not impact other participants in funding programs administered by Florida Housing, nor would it detrimentally impact Florida Housing. Petitioner has demonstrated that it would suffer a substantial hardship if the waiver is not granted. Petitioner has also demonstrated that the purpose of the underlying statute, which is to "encourage development of low-income housing in the state" (§420.5099, Fla. Stat.), would still be achieved if the waiver is granted.

**3. Recommendation:**

a) Staff recommends the Board **GRANT** Petitioner's request for a waiver of Rule 67-48.002(96), Florida Administrative Code (2020), and the timing provisions of subsection II.K of the 2020 QAP to allow Petitioner to exchange its 2021 Housing Credits for an immediate allocation of 2023 Housing Credits, thereby extending the placed-in-service date to December 31, 2024.

**C. In Re: Miami Beach Housing Initiatives, Inc.**

**FHFC Case No. 2023-098VW**

| | |
|---|---|
| **Development Name: ("Development"):** | **The Heron** |
| **Developer/Principal: ("Developer"):** | **Housing Authority of the City of Miami Beach/Miguell Del Campillo** |
| **Number of Units: 20** | **Location: Miami-Dade County** |
| **Type: Mid-Rise** | **Set-Asides: 20% @ 28% AMI<br>40% @ 30% AMI<br>40% @ 60% AMI** |
| **Demographics: Persons with Special Needs / Homeless** | **Funding: SAIL: $3,999,980<br>SAIL-ELI: $389,200<br>HOME-ARP CHIRP: $2,520,000** |

1. **<u>Background:</u>**

   a) Petitioner successfully applied for funding to assist in the construction of The Heron, a 20-unit development located in Miami-Dade County, Florida (the "Development"). On November 28, 2023, Florida Housing received a Petition for Waiver of Rule 67-48.0072(26), F.A.C. (07/11/2019) (the "Petition") to extend its SAIL and ELI loan closing deadline from December 15, 2023 to February 2, 2024. A copy of the Petition is attached as Exhibit C.

2. **<u>Present Situation</u>**

   a) Rule 67-48.0072(26), Fla. Admin. Code (2019), provides in relevant part:

      (1) (26) For SAIL, EHCL, and HOME, unless stated otherwise in a competitive solicitation, these Corporation loans and other mortgage loans related to the Development must close by the date of the Board of Directors meeting immediately following 180 Calendar Days of the firm Loan commitment(s). Unless an extension is approved by the Board, failure to close the loan(s) by the specified deadline outlined above shall result in the firm loan commitment(s) being deemed void and the funds shall be de-obligated. Applicants may request one (1) extension of the loan closing deadline outlined above for a term of up to 90 Calendar Days. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The Board shall consider the facts and circumstances of each Applicant's request, inclusive of the Applicant's ability to close within the extension term and any credit underwriting report, prior to determining whether to grant the requested extension. The Corporation shall charge an extension fee of one (1) percent of each Corporation loan amount if the Board approves the request to extend the loan closing deadline beyond the applicable period outlined above. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after the Board approves the request to extend the original loan closing deadline. In the event the Corporation loan(s) does not close by the end of the extension period, the firm loan commitment(s) shall be deemed void and the funds shall be de-obligated.

   b) Petitioner accepted an invitation to enter credit underwriting on July 9, 2020, with an initial firm loan commitment issuance deadline of July 9, 2021. On June 18, 2021, the Board granted a six-month extension of the firm loan commitment issuance deadline from July 9, 2021 to January 9, 2022. On December 10, 2021, the Board granted Petitioner's Rule waiver extension request for a six-month extension of the firm loan commitment issuance deadline from January 9, 2022 to July 9, 2022. On June 17, 2022, the Board granted Petitioner's Rule waiver request for a second six-month extension of the firm loan commitment issuance deadline from July 9, 2022 to January 9, 2023. On June 17, 2022, the Board approved an additional Rule waiver request to extend the firm loan commitment issuance deadline from July 9, 2022, to January 9, 2023. Due to the referenced delays, Petitioner does not believe that it will be able to satisfy the current closing deadline. On January 27, 2023, the Board approved the final credit underwriting report with a positive recommendation for funding. On January 30, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of May 30, 2023. On June 9, 2023, the Board approved a request for a SAIL/ELI loan closing deadline from May 30, 2023 to September 8, 2023. On September 8, 2023, the Board approved a Rule waiver request for a SAIL/ELI loan closing deadline from September 8, 2023 to December 15, 2023. The Development sources include substantial funding from the City of Miami Beach and Miami-Dade County. Petitioner has requested draft closing documents from the City and County for legal counsel review in preparation for closing, however they have not yet been provided. The lack of all closing documents has caused a considerable delay in preparing for the loan closing. Additionally, Petitioner has been working diligently to obtain building permits for the Development. The delay in obtaining permit approvals has slowed Petitioner's progress in complying with the terms of the loan closings. Petitioner anticipates that the building permits will be issued within the next ninety days. Due to the referenced delays, Petitioner does not believe that it will be able to satisfy the current closing deadline.

c) On November 30, 2023, the Notice of Petition was published in the Florida Administrative Register in Volume 49, Number 231. To date, Florida Housing has received no comments concerning the Petition.

d) Section 120.542(2), Florida Statutes provides in pertinent part:

> Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when the application of a rule would create a substantial hardship or would violate principles of fairness.

e) Granting the requested waiver would not have any impact on other participants in funding programs administered by Florida Housing, nor would it have a detrimental impact on Florida Housing or the Development. Petitioner has demonstrated that strict application of the above Rules under these circumstances would constitute a substantial hardship. Petitioner has also demonstrated that the purpose of the underlying statute, which is to "encourage development of low-income housing in the state" (§420.5099, Fla. Stat.), would still be achieved if the waiver is granted.

3. **Recommendation:**

a) Staff recommends that the Board GRANT Petitioner's request for a waiver of 67-48.0072(26), Fla. Admin. Code (7/11/19), to extend Petitioner's SAIL and ELI loan closing deadline from December 15, 2023 to February 2, 2024.

# III. MULTIFAMILY BONDS

## A. Request Approval of the Credit Underwriting Report and Authorizing Resolutions for College Arms Apartments (RFA 2021-205 / 2022-195BS / 2021-522C)

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|---|---|
| **Development Name: College Arms Apartments** | **Location: Putnam County** |
| **Applicant/Borrower: College Preservation, LP** | **Set-Asides:**<br>**40% @ 60% AMI (MMRN)**<br>**10% @ 40% AMI (SAIL, ELI, & 4% HC)**<br>**90% @ 60% AMI (SAIL & 4% HC)** |
| **Developers/Principals: Royal American Properties, LLC / Jeannette B. Chapman** | **Demographic/Number of Units:**<br>**Family / 108 units** |
| **Requested Amounts:**<br>**$13,000,000 Multifamily Mortgage Revenue Notes (MMRN)**<br>**$4,999,860 State Apartment Incentive Loan (SAIL)**<br>**$522,100 Extremely Low Income (ELI)**<br>**$992,746 Housing Credits (4% HC)** | **Development Category/Type:**<br>**Acquisition and Preservation / Garden Apartments** |

**1.** Background/Present Situation:

a) On August 17, 2021 Florida Housing issued a Request for Applications (RFA) 2021-205 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits.

b) On December 10, 2021, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On March 1, 2022, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on March 7, 2022, giving them a firm loan commitment issuance deadline of March 7, 2023. Per the RFA, Applicants may request one (1) extension of up to 6 months to secure a firm loan commitment.

d) On March 10, 2023, the Board approved a request to extend the firm loan commitment issuance deadline from March 7, 2023 to September 7, 2023. Additionally, on September 8, 2023, the Board granted a waiver request to extend the firm loan commitment issuance deadline from September 7, 2023 to March 7, 2024.

e) On December 1, 2023, staff received a final credit underwriting report with a positive recommendation for funding (Exhibit A). Staff has reviewed this report and finds that the development meets all requirements of the RFA.

f) Staff reviewed the authorizing resolutions (Exhibit B) authorizing the sale and issuance of Multifamily Mortgage Revenue Notes to finance this affordable housing Development within the State of Florida. Staff requests approval for the execution of the resolutions.

**2. Recommendation:**

a) Approve the final credit underwriting report, authorizing resolutions, and direct staff to proceed with issuance of a firm commitment and closing activities, subject to further approvals and verifications by the Credit Underwriter, Note Counsel, Special Counsel, and the appropriate Florida Housing staff.

**B. Request Approval of the Method of Bond/Note Sale Recommendation from Florida Housing's Independent Registered Municipal Advisor and Assignment of Recommended Professional**

1. **Background**

   a) Pursuant to staff's request for approval to issue bonds/notes to finance the construction, and acquisition/rehabilitation of the proposed Development referenced below, the final credit underwriting report is being presented to the Board for approval simultaneously with this request to assign the appropriate professional for the transaction and approval of the recommended method of sale. A brief description of the Development is detailed below, along with staff's recommendation.

   b) Pursuant to Rule 67-21.0045, F.A.C., staff has requested a review of the proposed financing structure by the Independent Registered Municipal Advisor (IRMA) in order to make a recommendation to the Board for the method of bond/note sale for the development. Caine Mitter and Associates Incorporated has prepared an analysis and recommendation for the method of bond/note sale for the Development. The recommendation letter is attached as Exhibit C.

2. **Present Situation**

   a) Florida Housing staff, the Credit Underwriter, and the IRMA have reviewed the financial structure for the proposed Development.

3. **Recommendation**

   a) Approve the assignment of the recommended professional and the Independent Registered Municipal Advisor's recommendation for the method of bond/note sale, as shown in the chart below, for the proposed Development.

| Development Name | Location of Development | Number of Units | Method of Bond Sale | Recommended Professional | Exhibit |
|---|---|---|---|---|---|
| College Arms Apartments | Putnam County | 108 | Private Placement | RBC Capital Markets, LLC | Exhibit C |

## C. Request Approval to Execute Acknowledgment Resolutions

### 1. Background/Present Situation

a) Pursuant to Rule 67-21, F.A.C., the Acknowledgement Resolution is the official action taken by the Corporation to reflect its intent to finance a Development provided that the requirements of the Corporation, the terms of the MMRB Loan Commitment, and the terms of the Credit Underwriting Report are met. The resolution designates the period within which the Borrower is able to be reimbursed for allowable project costs incurred with MMRB proceeds (with such period starting 60 days prior to the adoption of the resolution).

b) Staff requests the execution of an Acknowledgement Resolution for the proposed Developments referenced below intending to finance the acquisition, construction and/or rehabilitation of the Development. Brief descriptions of the Developments are detailed below. The resolutions being presented to the Board for approval are attached as Exhibits D and E.

### 2. Recommendation

a) Approve the execution of the Acknowledgment Resolutions for the proposed Developments, as shown in the chart below.

| Development Name | Name of Applicant | County | Number of Units | RFA / Applicable Application | Exhibit |
|---|---|---|---|---|---|
| **Princeton Oaks** | **Archway Princeton Oaks, LLC** | **Orange County** | **90** | **RFA 2023-304 / 2023-197BR** | **Exhibit D** |
| **Oak Park** | **CORE Oak Park LLLP** | **Lee County** | **144** | **RFA 2023-304 / 2023-202BR** | **Exhibit E** |

# IV. MULTIFAMILY PROGRAMS

## A. Request Approval of Loan Closing Extension for Coleman Park Renaissance (RFA 2020-205 / 2021-219SN / 2020-536C & RFA 2023-211 / 2023-242V)

| Development Name: Coleman Park Renaissance | Location: Palm Beach County |
|---|---|
| Applicant/Borrower: CP Renaissance, LLC | Set-Asides:<br>7 Units @ 30% AMI (SAIL, ELI & 4% HC)<br>15 Units @ 60% AMI (SAIL & 4% HC)<br>21 Units @ 70% AMI (SAIL & 4% HC)<br>5 Units @ 22% AMI (NHTF) |
| Developers/Principals:<br>Neighborhood Renaissance, Inc./Terri Murray,<br>Stone Soup Development, Inc./Douglas Mayer | Demographic/Number of Units:<br>Family/43 units |
| Requested Amounts:<br>$2,940,000 State Apartment Incentive Loan (SAIL)<br>$571,300 Extremely Low Income (ELI)<br>$1,087,049 Viability Loan<br>$1,196,493 National Housing Trust Fund (NHTF)<br>$913,162 Housing Credits (4% HC) | Development Category/Type:<br>New Construction/Garden Apartments |

1. **Background/Present Situation:**

a) On October 15, 2020, Florida Housing Finance Corporation issued Request for Applications (RFA) 2020-205 for SAIL Financing of Affordable Multifamily Housing Developments to be used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits.

b) On January 22, 2021, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On June 18, 2021, the Board approved the Final Order resolving all pending litigation pertaining to the RFA, allowing staff to proceed with all necessary credit underwriting activities. On June 24, 2021, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on June 30, 2021, giving them a firm loan commitment issuance deadline of June 30, 2022.

c) On June 17, 2022, the Board approved the request for a firm loan commitment issuance deadline extension from June 30, 2022 to December 30, 2022. Subsequently, on December 9, 2022, the Board approved a Rule waiver for an additional firm loan commitment issuance deadline extension from December 30, 2022 to June 30, 2023.

d) On April 28, 2023, the Board approved the final credit underwriting report and directed staff to proceed with issuance of a firm commitment and closing activities. On May 1, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of October 30, 2023.

e) On May 1, 2023, Florida Housing Finance Corporation issued Request for Applications (RFA) 2023-211 for Construction Inflation Response Viability Funding (Viability Loan) to assist competitive projects in the development pipeline experiencing cost increases related to market inflation. Viability Loan funding is intended to fill the funding gap experienced due to increased construction costs. On May 16, 2023, the Applicant applied for Viability Loan funding.

f) On June 9, 2023, the Board approved the final scores and recommendations for RFA 2023-211 and directed staff to proceed with all necessary credit underwriting activities. Staff issued a notice of preliminary award to the Applicant on June 14, 2023. **The acceptance was acknowledged on June 19, 2023.**

g) On July 21, 2023, the Board approved the final credit underwriting report update letter to include Viability Loan funding and directed staff to proceed with issuance of an updated firm commitment and closing activities. On July 25, 2023, staff issued an updated firm commitment to the Applicant.

h) On November 14, staff received a request from the Applicant for a loan closing deadline extension from October 30, 2023 to January 29, 2024 (Exhibit A). The extension is needed due to unforeseen delays experienced as a result of escalating and volatile property insurance premiums. Furthermore, the City of West Palm Beach launched a new software system for licensing and permitting that delayed permitting review. Staff has reviewed this request and finds that the Development meets all requirements of the RFAs.

**2.** **<u>Recommendation:</u>**

a) Approve the request for a loan closing deadline extension from October 30, 2023 to January 29, 2024, subject to payment of the required non-refundable extension fee of one percent of the loan amounts, pursuant to the requirements of the RFA.

**B. Request Approval of Credit Underwriting Report for Vincentian Village (RFA 2022-103 / 2022-255CSN & RFA 2023-211 / 2023-253V)**

| **Development Name: Vincentian Village** | **Location: Pinellas County** |
|---|---|
| **Applicant/Borrower: Ability SVdP, LLC** | **Set-Asides:**<br>**15% @ 33% AMI (SAIL, ELI & 9% HC)**<br>**85% @ 60% AMI (SAIL & 9% HC)**<br>**5.48% @ 22% AMI (NHTF)** |
| **Developer/Principal: Ability Housing, Inc./Shannon L. Nazworth, Society of St. Vincent de Paul South Pinellas, Inc./Michael J. Raposa** | **Demographic/Number of Units: Homeless/Persons with Special Needs/73 units** |
| **Requested Amounts:**<br>**$4,895,500 State Apartment Incentive Loan (SAIL)**<br>**$2,245,000 Viability Loan**<br>**$214,500 Extremely Low Income (ELI)**<br>**$1,340,000 National Housing Trust Fund (NHTF)**<br>**$2,375,000 Housing Credits (9% HC)** | **Development Category/Type:**<br>**New Construction/Mid-Rise (5-6 Stories)** |

**1. <u>Background/Present Situation:</u>**

a) On November 2, 2021, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-103 for Housing Credit and SAIL Financing for Homeless Housing Developments Located in Medium and Large Counties.

b) On April 29, 2022, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On May 23, 2022, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on May 23, 2022, giving them a firm loan commitment issuance deadline of May 23, 2023.

c) On July 17, 2022, FHFC staff approved the Applicant's request for a Development Type change from High-Rise to Mid-Rise. On March 10, 2023, the Board approved Applicant and Developer Entity Structure changes and adding a new co-developer, Society of St. Vincent de Paul South Pinellas, Inc.

d) On May 1, 2023, Florida Housing Finance Corporation issued Request for Applications (RFA) 2023-211 for Construction Inflation Response Viability Funding (Viability Loan) to assist competitive projects in the development pipeline experiencing cost increases related to market inflation. Viability Loan funding is intended to fill the funding gap experienced due to increased construction costs. On May 17, 2023, the Applicant applied for Viability Loan funding.

e) On June 9, 2023, the Board approved extending the firm loan issuance commitment deadline for the SAIL, ELI and NHTF loans from May 23, 2023, to November 23, 2023. The Board also approved the final scores and recommendations for RFA 2023-211 and directed staff to proceed with all necessary credit underwriting activities. Staff issued a notice of preliminary award to the Applicant on June 14, 2023.

f) On December 1, 2023, staff received a final credit underwriting report with a positive recommendation for funding (Exhibit B). Staff has reviewed this report and finds that the Development meets all requirements of the RFAs.

**2. Recommendation:**

a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities.

**C. Request Approval of Credit Underwriting Report for Southwick Commons (RFA 2020-205 / 2021-269SN / 2020-543C & RFA 2023-211 / 2023-248V)**

| | |
|---|---|
| **Development Name: Southwick Commons** | **Location: Orange County** |
| **Applicant/Borrower: Southwick Commons, Ltd.** | **Set-Asides:**<br>**29 Units @ 30% AMI (SAIL, ELI & 4% HC)**<br>**120 Units @ 60% AMI (SAIL & 4% HC)**<br>**43 Units @ 80% AMI (SAIL & 4% HC)**<br>**5 Units @ 22% AMI (NHTF)** |
| **Developer/Principal: Southwick Commons Property Developer, LLC/Jonathan L. Wolf** | **Demographic/Number of Units: Family/192 units** |
| **Requested Amounts:**<br>**$7,000,000 State Apartment Incentive Loan (SAIL)**<br>**$6,310,452 Viability Loan**<br>**$600,000 Extremely Low Income (ELI)**<br>**$1,089,548 National Housing Trust Fund (NHTF)**<br>**$2,839,230 Housing Credits (4% HC)** | **Development Category/Type: New Construction/Garden Apartments** |

1. **Background/Present Situation:**

a) On October 15, 2020, Florida Housing Finance Corporation issued Request for Applications (RFA) 2020-205 for SAIL Financing of Affordable Multifamily Housing Developments to be used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits.

b) On January 22, 2021, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On June 18, 2021, the Board approved the Final Order resolving all pending litigation pertaining to the RFA, allowing staff to proceed with all necessary credit underwriting activities. Staff issued an invitation to enter credit underwriting to the Applicant on June 23, 2021, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on June 29, 2021, giving them a firm loan commitment issuance deadline of June 29, 2022.

d) On June 17, 2022, the Board approved extending the firm loan issuance commitment deadline from June 29, 2022 to December 29, 2022. On December 9, 2022, the Board approved a Rule Waiver to extend firm loan issuance commitment deadline from December 29, 2022 to June 29, 2023. On April 28, 2023, the Board approved a Rule Waiver decreasing the number of units from 195 to 192.

e) On May 1, 2023, Florida Housing Finance Corporation issued Request for Applications (RFA) 2023-211 for Construction Inflation Response Viability Funding (Viability Loan) to assist competitive projects in the development pipeline experiencing cost increases related to market inflation. Viability Loan funding is intended to fill the funding gap experienced due to increased construction costs. On May 17, 2023, the Applicant applied for Viability Loan funding.

f) On June 9, 2023, the Board approved the final scores and recommendations for RFA 2023-211 and directed staff to proceed with all necessary credit underwriting activities. Staff issued a notice of preliminary award to the Applicant on June 14, 2023. The acceptance was acknowledged on June 19, 2023.

g) On July 21, 2023. the Board approved an additional Rule Waiver extending the firm loan issuance commitment deadline from June 29, 2023 to December 29, 2023.

h) On December 1, 2023, staff received final credit underwriting report with a positive recommendation for funding (Exhibit C). Staff has reviewed this report and finds that the Development meets all requirements of the RFAs.

2. **Recommendation:**

a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities.

**D. Request Approval of Credit Underwriting Report for Founders Point (RFA 2022-102 / 2022-262S & RFA 2023-211 / 2023-239V)**

| | |
|---|---|
| **Development Name: Founders Point** | **Location: Pinellas County** |
| **Applicant/Borrower: Pinellas Affordable Living, Inc.** | **Set-Asides:**<br>**20% @ 33% AMI (SAIL & ELI)**<br>**80% @ 60% AMI (SAIL)** |
| **Developers/Principals: Pinellas Affordable Living, Inc./Jack D. Humburg; Boley Centers, Inc.** | **Demographic/Number of Units: Persons with Special Needs/Homeless/15** |
| **Requested Amounts:**<br>**$3,750,000 State Apartment Incentive Loan (SAIL)**<br>**$1,124,691 Viability Loan** | **Development Category/Type: New Construction/Garden Apartments** |

**1. Background/Present Situation:**

a) On December 2, 2021, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-102 for SAIL Financing for Smaller Developments for Persons with Special Needs.

b) On April 29, 2022, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On June 30, 2022, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on June 30, 2022, giving them a firm loan commitment issuance deadline of June 30, 2023.

d) On May 1, 2023, Florida Housing Finance Corporation issued Request for Applications (RFA) 2023-211 for Construction Inflation Response Viability Funding (Viability Loan) to assist competitive projects in the development pipeline experiencing cost increases related to market inflation. Viability Loan funding is intended to fill the funding gap experienced due to increased construction costs. On May 15, 2023, the Applicant applied for Viability Loan funding.

e) On June 9, 2023, the Board approved the final scores and recommendations for RFA 2023-211 and directed staff to proceed with all necessary credit underwriting activities. Staff issued a notice of preliminary award to the Applicant on June 14, 2023.

f) On July 21, 2023, the Board approved extending the firm loan issuance commitment deadline from June 30, 2023, to December 30, 2023.

g) On December 1, 2023, staff received final credit underwriting report with a positive recommendation for funding (Exhibit D). Staff has reviewed this request and finds that it meets all requirements of the RFAs.

**2. Recommendation:**

a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities.

**E. Request Approval of Credit Underwriting Report for The Canopy at West River Towers 3 & 4 f/k/a WRDG T4 Phase Two (RFA 2022-205 / 2023-161SN / 2022-541C)**

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|---|---|
| **Development Name: The Canopy at West River Towers 3&4 f/k/a WRDG T4 Phase Two** | **Location: Hillsborough County** |
| **Applicant/Borrower: WRDG T4 Phase Two, LP** | **Set-Aside(s):**<br>**31 Units @ 30% AMI (SAIL, ELI, & 4% HC)**<br>**55 Units% @ 40% AMI (SAIL & 4% HC)**<br>**5 Units @ 60% AMI (SAIL & 4% HC)**<br>**97 Units @ 80% AMI (SAIL & 4% HC)**<br>**5 Units @ 22% AMI (NHTF)** |
| **Developer/Principal: WRDG T4 Phase Two Developer, LLC / Alberto Milo** | **Demographic/Number of Units: Family/188** |
| **Requested Amounts:**<br>**$2,000,000 State Apartment Incentive Loan (SAIL)**<br>**$750,000 Extremely Low Income (ELI)**<br>**$1,450,000 National Housing Trust Fund (NHTF)**<br>**$3,270,909 Housing Credits (4% HC)** | **Development Category/Type:**<br>**New Construction/Mid-Rise (5-6 Stories) & Garden Apartments** |

1. **Background/Present Situation**

   a) On November 14, 2022, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-205 for SAIL Financing of Affordable Multifamily Housing Developments To Be Used In Conjunction With Tax-Exempt Bond Financing And Non-Competitive Housing Credits.

   b) On January 27, 2023, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

   c) On July 6, 2023, staff issued an at-risk invitation to enter credit underwriting to the Applicant. The acceptance was acknowledged on July 12, 2023, giving them a firm loan commitment deadline of July 12, 2024. All pending litigation pertaining to RFA 2022-205 has been resolved and the Final Order was issued at the July 21, 2023 Board meeting.

   d) On December 4, 2023, staff received final credit underwriting report with a positive recommendation for funding (Exhibit E). Staff has reviewed this report and finds that the Development meets all requirements of the RFA.

2. **Recommendation**

   a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities.

**F. Request Approval of Credit Underwriting Report and RFA Waiver for Total Number of Units Increase for Space Coast Commons (RFA 2022-109 / 2022-273SAN)**

| | |
|---|---|
| **Development Name: Space Coast Commons** | **Location: Brevard County** |
| **Applicant/Borrower: Volunteers of America of Florida, Inc.** | **Set-Asides:**<br>**100% @ 60% AMI (SAIL)**<br>**70% @ 50% AMI (HOME-ARP)**<br>**25% @ 30% AMI (NHTF)** |
| **Developer/Principal: Volunteers of America of Florida Inc./Janet M. Stringfellow** | **Demographic/Number of Units:**<br>**Persons with Special Needs/30 units** |
| **Requested Amounts:**<br>**$2,950,000 State Apartment Incentive Loan (SAIL)**<br>**$2,950,000 Home Investment Partnerships Program from The American Rescue Plan Act (HOME-ARP)**<br>**$2,240,000 National Housing Trust Fund (NHTF)** | **Development Category/Type:**<br>**New Construction/Garden Apartments** |

**1. Background/Present Situation:**

a) On September 6, 2022, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-109 for SAIL and HOME-ARP Financing for Smaller Developments for Persons with Special Needs.

b) On October 28, 2022, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On November 7, 2022, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on November 14, 2022, giving them a firm loan commitment issuance deadline of November 14, 2023.

d) On November 1, 2023, staff received a request from the Applicant to increase the total number of units from 30 to 31 (Exhibit F). Per the RFA, for medium and large county developments, the minimum is 10 units and the maximum is 30 units. Since the proposed Development will consist of 31 units, an RFA waiver is required to increase the total units above 30 units. The extra unit is intended for a resident manager to assist residents. However, per the RFA, the total units include the Set-Aside Units and Manager units. Therefore, the manager unit will be included in the LURA with 31 total set-aside units as required in the RFA.

e) On December 1, 2023, staff received final credit underwriting report with a positive recommendation for funding (Exhibit G). Staff has reviewed this report and finds that the Development meets all requirements of the RFA.

**2. Recommendation:**

a) Approve the final credit underwriting report and RFA waiver for total number of units increase, and direct staff to proceed with issuance of a firm commitment and closing activities.

**G. Request Approval of CHIRP ITP Waiver for Loan Closing Deadline and LPA Closing Deadline for The Village of Casa Familia (RFA 2019-107 / 2019-422CGN / 2021-325CGN / 2022-279CGN & RFA 2021-211 / 2022-230V & 2022 CHIRP ITP)**

| Development Name: The Village of Casa Familia | Location: Miami-Dade County |
|---|---|
| Applicant/Borrower: The Village of Casa Familia, Ltd. | Set-Asides:<br>15% @ 28% AMI (Grant & 9% HC)<br>71% @ 60% AMI (Grant & 9% HC)<br>10 Units @ 30% AMI (NHTF) |
| Developer/Principal: Casa Familia Developer, LLC /Howard D. Cohen | Demographic/Number of Units: Persons with Developmental Disabilities/59 units |
| Requested Amounts:<br>$4,000,000 Grant<br>$2,000,000 Viability Loan<br>$2,950,000 Construction Housing Inflation Response Program (CHIRP) National Housing Trust Fund (NHTF)<br>$1,500,000 Housing Credits (9% HC) | Development Category/Type: New Construction/Garden Apartments |

1. <u>**Background/Present Situation**</u>

a) On February 26, 2019, Florida Housing Finance Corporation issued Request for Applications (RFA) 2019-107 for Financing for the Development of Housing for Persons with A Disabling Condition or Developmental Disabilities. On May 10, 2019, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On May 20, 2019, staff issued an invitation to the Applicant to enter credit underwriting which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting.

b) Subsequently Florida Housing executed a Carryover Allocation Agreement on December 26, 2019, giving the Applicant a credit underwriting deadline of September 30, 2020. On October 13, 2020, staff extended the HC 10% test which also extended the credit underwriting deadline to March 31, 2021. On March 29, 2021, staff extended the deadlines again which extended the credit underwriting deadline to September 30, 2021. At the June 18, 2021 Board meeting the Board approved a Rule waiver for a credit exchange for The Village of Casa Familia. Florida Housing executed a 2021 Carryover Allocation Agreement on June 25, 2021, which reset the credit underwriting deadline to March 31, 2022. Subsequently staff granted an extension to the credit underwriting deadline to September 30, 2022.

c) On October 12, 2021, Florida Housing Finance Corporation issued a Request for Applications (RFA) for Development Viability Loan Funding (Viability Loan) to assist Applicants that have received a recent award since 2017 but have not yet started construction or rehabilitation of their proposed Development and are experiencing a financing gap for their Active Award. On December 10, 2021, the Board approved the final scores and recommendations for RFA 2021-211 and directed staff to proceed with all necessary credit underwriting activities. On December 15, 2021, a Notice of Preliminary Award was issued to the Applicant. The acceptance was acknowledged on December 16, 2021.

d) On May 9, 2022, Florida Housing issued the 2022 Construction Housing Inflation Response Program (CHIRP) Invitation to Participate (ITP). Staff received a CHIRP ITP Application from the Applicant on June 18, 2022 requesting NHTF funds. The CHIRP amount was sized and approved during the credit underwriting process.

e) On December 9, 2022, the Board approved a second Petition for Variance from Florida Administrative Code Rule 67-48.002(96) and the 2018 QAP (the "Petition") to waive the timing requirements found in the 2018 QAP and allow a credit exchange to be approved before the fourth calendar quarter of 2023 which also extended the credit underwriting deadline to September 30, 2023. On January 27, 2023, the Board approved the final credit underwriting report with a positive recommendation for funding. On January 30, 2023, staff issued a firm commitment to the Applicant.

f) On November 6, 2023, staff received a request from the Borrower requesting a waiver of the CHIRP deadline to close on the loan and Limited Partnership Agreement (LPA) from December 15, 2023 to February 2, 2024 (Exhibit H). After substantial delays caused by concerns raised by HUD, the Borrower received guidance from HUD that allows all parties to proceed towards a closing. Since the previous extension, the Development team has been actively engaging with several funding parties to complete the underwriting process. Moreover, additional time is needed to receive HUD approval on the project-based voucher subsidy layering review. Staff has reviewed this request and finds that the Development meets all other applicable requirements of the RFAs and the CHIRP ITP.

g) Per the CHIRP ITP, Applicants must close on the limited partnership agreement and, if applicable, Corporation funding and construction funding by the earlier of the existing closing deadlines for the Active Award (excluding Rule extension requests that require Board approval) or January 31, 2023. On August 5, 2022, the Board approved a Modification of the ITP, whereby the LPA closing deadline would be January 31, 2023; the "earlier of the existing closing deadline" would not be enforced. Additionally, the requirement for closing the loan by the "earlier of the existing closing deadline" will not be enforced, and the closing deadline requirement will be January 31, 2023 or March 10, 2023, as applicable. On January 27, 2023, the Board approved a Modification of the ITP, whereby the deadline for closing the LPA was extended to March 10, 2023. On March 10, 2023, the Board approved a Modification of the ITP, whereby the deadline for loan closing and the LPA was extended to April 28, 2023. On April 28, 2023, the Board approved waiving the CHIRP ITP loan closing deadline and the LPA closing deadline from April 28, 2023 to September 8, 2023. On September 8, 2023, the Board approved waiving the CHIRP ITP loan closing deadline and the LPA closing deadline from September 8, 2023 to October 27, 2023. On October 27, 2023, the Board approved RFA waiver for applicant entity/developer entity change and waiver of CHIRP ITP loan closing deadline and the LPA closing deadline from October 27, 2023 to December 15, 2023. Therefore, a waiver is required.

2. **Recommendation**

a) Approve a waiver of the CHIRP ITP to waive the loan closing deadline and LPA deadline from December 15, 2023 to February 2, 2024.

**H. Request Approval of Credit Underwriting Report for St. Mary Towers (RFA 2022-101 / 2023-019S / 2022-519C)**

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|---|---|
| **Development Name: St. Mary Towers** | **Location: Miami-Dade County** |
| **Applicant/Borrower: St. Mary Towers Apartments, LLLP** | **Set-Asides:**<br>**10% @ 28% AMI (SAIL, ELI & 4% HC)**<br>**90% @ 60% AMI (SAIL & 4% HC)** |
| **Developer/Principal: SHAG St. Mary Towers Developer, LLC/ Darren Smith;**<br>**CHS St. Mary Towers Development, LLC/Aristides Pallin** | **Demographic/Number of Units:**<br>**Elderly/100 units** |
| **Requested Amounts:**<br>**$1,770,746 State Apartment Incentive Loan (SAIL)**<br>**$750,000 Extremely Low Income (ELI)**<br>**$1,677,250 Housing Credits (4% HC)** | **Development Category/Type:**<br>**Acquisition/Preservation/**<br>**Mid-Rise (4 Stories)** |

1. **Background/Present Situation:**

   a) On November 14, 2022, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-101 for SAIL Financing for the Preservation of Elderly Developments.

   b) On January 27, 2023, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

   c) On February 2, 2023, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on February 7, 2023, giving them a firm loan commitment issuance deadline of February 7, 2024.

   d) On December 4, 2023, staff received final credit underwriting report with a positive recommendation for funding (Exhibit I). Staff has reviewed this report and finds that the Development meets all requirements of the RFA.

2. **Recommendation:**

   a) Approve the final credit underwriting report and direct staff to proceed with issuance of a firm commitment and closing activities.

**I. Request Approval of Credit Underwriting Update Letter for Coco Vista (RFA 2021-208 / 2021-320CS & 2022 CHIRP ITP & RFA 2023-212 / 2024-065C)**

| | |
|---|---|
| **Development Name: Coco Vista** | **Location: Monroe County** |
| **Applicant/Borrower: Coco Vista Community, Ltd.** | **Set-Asides:**<br>**17 Units @ 30% AMI (SAIL & 9% HC)**<br>**37 Units @ 60% AMI (SAIL & 9% HC)**<br>**20 Units @70% AMI (SAIL & 9% HC)**<br>**5 Units @ 80% AMI (Workforce & 9% HC)**<br>**30 Units @ 120% AMI (Workforce)** |
| **Developers/Principals:**<br>**TVC Development, Inc./John D. Rood** | **Demographic/Number of Residents:**<br>**Workforce/109 Units** |
| **Requested Amounts:**<br>**$2,250,000 State Apartment Incentive Loan (SAIL)**<br>**$3,000,000 Construction Housing Inflation Response Program (CHIRP)**<br>**$3,000,000 Housing Credits (9% HC)** | **Development Category/Type:**<br>**New Construction/Garden Apartments** |

**1. Background/Present Situation**

a) On March 15, 2021, Florida Housing Finance Corporation issued Request for Applications (RFA) 2021-208 SAIL and Housing Credit Financing for the Construction of Workforce Housing. On June 18, 2021, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On April 29, 2022, the Board approved the final credit underwriting report with a positive recommendation for funding and directed staff to proceed with the closing activities. On May 2, 2022, staff issued a firm commitment to the Applicant giving them a loan closing deadline of August 30, 2022.

b) On May 9, 2022, Florida Housing issued the 2022 Construction Housing Inflation Response Program (CHIRP) Invitation to Participate (ITP). Staff received a CHIRP ITP Application from the Applicant on May 11, 2022. On June 13, 2022, staff issued a firm commitment for SAIL CHIRP funds to the Applicant. Closing of the SAIL, SAIL CHIRP and Housing Credits occurred on July 1, 2022.

c) On July 19, 2023, Florida Housing Finance Corporation issued Request for Applications RFA 2023-212 Housing Credit Viability Funding for Developments located in Monroe County that have an Active Award of SAIL Financing and 9 Percent Housing Credits. On September 8, 2023, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On September 26, 2023, staff issued an invitation to enter credit underwriting to the Applicant for additional Housing Credits.

d) On November 11, 2023, staff received a credit underwriting report update letter with a positive recommendation for the Borrower to return the Active Award of Housing Credits under RFA 2021-208 in exchange for Housing Credits under RFA 2023-212 (Exhibit J). Staff has reviewed this update letter and finds that the Development meets all requirements of the RFAs and the CHIRP ITP.

**2.** **Recommendation**

a) Approve the credit underwriting report update letter and direct staff to proceed with closing activities.

**J. Request Approval of CHIRP ITP Waiver for Loan Closing Deadline Extension for The Heron (RFA 2020-102 / 2020-483SA & 2022 CHIRP ITP)**

| **Development Name: The Heron** | **Location: Miami-Dade County** |
|---|---|
| **Applicant/Borrower: Miami Beach Housing Initiatives, Inc.** | **Set-Asides:**<br>**20% @ 28% AMI (SAIL & ELI)**<br>**80% @ 60% AMI (SAIL)**<br>**40% @ 30% AMI (HOME-ARP)** |
| **Developers/Principals: Housing Authority of the City of Miami Beach; Miami Beach Housing Initiatives, Inc./Miguell Del Campillo** | **Demographic/Number of Units: Persons with Special Needs/20 units** |
| **Requested Amounts:**<br>**$3,999,980 State Apartment Incentive Loan (SAIL)**<br>**$389,200 Extremely Low Income (ELI)**<br>**$2,520,000 Construction Housing Inflation Response Program (CHIRP) Home Investment Partnerships Program (HOME) from The American Rescue Plan Act (ARP) ("HOME-ARP")** | **Development Category/Type: New Construction/Mid-Rise (4 Stories)** |

**1. <u>Background/Present Situation</u>**

a) On March 4, 2020, Florida Housing issued Request for Applications (RFA) 2020-102 for SAIL Financing of Smaller Developments for Persons with Special Needs. On June 11, 2020, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities. On July 8, 2020, staff issued an invitation to enter credit underwriting to the Applicant, which states that the firm loan commitment must be issued within 12 months of the acceptance to enter credit underwriting. The acceptance was acknowledged on July 9, 2020, giving them a firm loan commitment issuance deadline of July 9, 2021.

b) On June 18, 2021, the Board approved the request for a firm loan commitment issuance deadline extension from July 9, 2021, to January 9, 2022. On December 10, 2021, the Board approved the Rule waiver request for a firm loan commitment issuance deadline extension from January 9, 2022, to July 9, 2022.

c) On May 9, 2022, Florida Housing issued the 2022 Construction Housing Inflation Response Program (CHIRP) Invitation to Participate (ITP). Staff received a CHIRP ITP Application from the Applicant on July 1, 2022, requesting HOME-ARP funds. The CHIRP amount was sized and approved during the credit underwriting process.

d) On June 17, 2022, the Board approved an additional Rule waiver request to extend the firm loan commitment issuance deadline from July 9, 2022, to January 9, 2023.

e) On January 27, 2023, the Board approved the final credit underwriting report with a positive recommendation for funding. On January 30, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of May 30, 2023.

f) On November 16, 2023, staff received a request from the Borrower requesting a waiver of the CHIRP deadline to close on the loan from December 15, 2023 to February 2, 2024 (Exhibit K). In order to qualify for CHIRP funding, the Development needed to convert some of the 60% AMI units to 30% AMI units, resulting in a loss of revenue. This required the addition of eight (8) project-based vouchers (PBV) to have sufficient income to support the increased debt, resulting in a Subsidy Layering Review (SLR) to be completed by HUD. The extension request will allow time for HUD to complete its review and approval process for the SLR and it will also allow the HACMB additional time for the approval of the building permit, and for the review and preparation of closing documents from the City of Miami Beach and Miami-Dade County. Staff has reviewed this request and finds that the Development meets all applicable requirements of the RFA and the CHIRP ITP.

g) Per the CHIRP ITP, Applicants must close on Corporation loan funding by the earlier of the existing closing deadlines for the Active Award (excluding Rule extension requests that require Board approval) or January 31, 2023. On August 5, 2022, the Board approved a Modification of the ITP, whereby the requirement for closing the loan by the "earlier of the existing closing deadline" will not be enforced, and the closing deadline requirement will be March 10, 2023. On March 10, 2023, the Board approved an additional Modification of the ITP, whereby the deadline for loan closing was extended to April 28, 2023. Subsequently, on April 28, 2023, the Board approved the Borrower's request for a waiver of the CHIRP ITP to waive the loan closing deadline from April 28, 2023 to June 9, 2023. On June 9, 2023, the Board approved waiving the CHIRP ITP loan closing deadline and the SAIL/ELI loan closing deadline extension from June 9, 2023 to September 8, 2023. On September 8, 2023, the Board approved waiving the CHIRP ITP loan closing deadline from September 8, 2023 to December 15, 2023. Therefore, a waiver is required.

**2. <u>Recommendation</u>**

a) Approve a waiver of the CHIRP ITP to waive the loan closing deadline from December 15, 2023 to February 2, 2024.

**K. Request Approval of RFA Waiver for Applicant Entity Change and Approval of Developer Entity Change for Skyway Lofts II (RFA 2022-205 / 2023-118SN / 2022-526C)**

| | |
|---|---|
| **Development Name: Skyway Lofts II** | **Location: Pinellas County** |
| **Applicant/Borrower: Blue Pinellas 2, LLC** | **Set-Aside(s):**<br>**10 Units @ 30% AMI (SAIL & 4% HC)**<br>**44 Units @ 60% AMI (SAIL & 4% HC)**<br>**12 Units @ 80% AMI (SAIL & 4% HC)**<br>**5 Units @ 22% (NHTF)** |
| **Developer/Principal:**<br>**Blue SWL2 Developer, LLC / Shawn Wilson** | **Demographic/Number of Units:**<br>**Family/66** |
| **Requested Amounts:**<br>**$750,000 State Apartment Incentive Loan (SAIL)**<br>**$1,375,000 National Housing Trust Fund (NHTF)**<br>**$1,179,529 Housing Credits (4% HC)** | **Development Category/Type:**<br>**New Construction/Mid-Rise (4 Stories)** |

1. **Background/Present Situation**

a) On November 14, 2022, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-205 for SAIL Financing Of Affordable Multifamily Housing Developments To Be Used In Conjunction With Tax-Exempt Bond Financing And Non-Competitive Housing Credits.

b) On January 27, 2023, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On July 21, 2023, the Board approved the Final Order resolving all pending litigation pertaining to the RFA, allowing staff to proceed with all necessary credit underwriting activities. Staff issued an invitation to enter credit underwriting to the Applicant on July 27, 2023. The acceptance was acknowledged on July 28, 2023, giving them a firm loan commitment issuance deadline of July 24, 2024.

d) On October 27, 2023, the Board approved the final credit underwriting report and directed staff to proceed with issuance of a firm commitment and closing activities. On October 30, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of April 29, 2024. A request for an extension of the closing deadline may be considered by the Board for an extension term of up to 90 Calendar days.

e) On November 6, 2023, staff received a request from the Applicant to change the organizational structure of the Applicant and Developer for estate planning purposes (Exhibit L).

(1) Regarding the Applicant Entity change, Scott Macdonald (20%) is withdrawing as a member of Blue Pinellas 2 M, LLC and adding Scott Macdonald Revocable Trust Agreement of 2022 (20%). Additionally, Weedon Enterprises, LLC member ownership percentages are changing as follows: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%) and Sembler Provision Fund Generation-Skipping Trust Number Five (50%) will change to Harry R. Chadwick and Laurel J. Chadwick Family Trust (45%), Sembler Provision Fund Generation-Skipping Trust Number Five (45%) and Scott Macdonald Revocable Trust Agreement of 2022 (10%). Per the RFA, the Applicant entity shall be the borrowing entity and cannot be changed in any way (materially or

non-materially) until after loan closing. Therefore, the change to the Applicant entity requires an RFA Waiver.

(2) Regarding the Developer Entity change, Scott Macdonald (20%) is withdrawing as a member of Blue Sky Communities LLC and adding Scott Macdonald Revocable Trust Agreement of 2022 (20%). Additionally, Weedon Enterprises, LLC member ownership percentages are changing as follows: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%) and Sembler Provision Fund Generation-Skipping Trust Number Five (50%) will change to Harry R. Chadwick and Laurel J. Chadwick Family Trust (45%), Sembler Provision Fund Generation-Skipping Trust Number Five (45%) and Scott Macdonald Revocable Trust Agreement of 2022 (10%). Per the RFA, the Principals of each Developer identified in the Application, including all co-Developers, may be changed only by written request of an Applicant to Corporation staff and approval of the Board after the Applicant has been invited to enter credit underwriting. In addition, any allowable replacement of an experienced Principal of a Developer entity must meet the experience requirements that were met by the original Principal.

(3) Staff has reviewed these requests and finds that the Development meets all other requirements of the RFA.

**2. <u>Recommendation</u>**

a) Approve an RFA waiver for Applicant Entity change and approve a Developer Entity change as described above.

**L. Request Approval of RFA Waiver for Applicant Entity Change and Approval of Developer Entity Change for Jersey Commons (RFA 2022-210 / 2022-269CAN)**

| | |
|---|---|
| **Development Name: Jersey Commons** | **Location: Polk County** |
| **Applicant/Borrower: Blue Tri CASL Polk, LLC** | **Set-Aside(s):**<br>**22 Units @ 50% AMI (HOME)**<br>**9 Units @ 60% AMI (HOME)**<br>**61 Units @ 80% AMI (9% HC)**<br>**7 Units @ 22% AMI (9% HC)** |
| **Developer/Principal:**<br>**Blue JC Developer, LLC / Shawn Wilson**<br>**Tri-CASL, LLC / Julian Eller** | **Demographic/Number of Units:**<br>**Homeless/68** |
| **Requested Amounts:**<br>**$7,200,000, HOME-ARP**<br>**$1,176,000 National Housing Trust Fund (NHTF)**<br>**$1,496,000 Housing Credits (9% HC)** | **Development Category/Type:**<br>**New Construction/Garden** |

**1. <u>Background/Present Situation</u>**

a) On June 7, 2022, Florida Housing Finance Corporation issued Request for Applications (RFA) 2022-210 for Permanent Supportive Housing Focusing on Best Practices and Funding for Tenancy Supports and Resident Services Coordination for High Utilizers of Public Behavioral Health Systems.

b) On August 5, 2022, the Board approved the final scores and recommendations for the RFA and directed staff to proceed with all necessary credit underwriting activities.

c) On August 16, 2022, the Applicant was invited to enter credit underwriting. The acceptance was acknowledged on August 16, 2022, giving them a firm loan commitment issuance deadline of August 16, 2023.

d) On September 8, 2023, the Board approved the final credit underwriting report and directed staff to proceed with issuance of a firm commitment and closing activities. On September 15, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of January 15, 2024. A request for an extension of the closing deadline may be considered by the Board for an extension term of up to 90 Calendar days.

e) On November 6, 2023, staff received a request from the Applicant to change the organizational structure of the Applicant and Developer for estate planning purposes (Exhibit M).

(1) Regarding the Applicant Entity change, Scott Macdonald (20%) is withdrawing as a member of Blue Polk M, LLC and adding Scott Macdonald Revocable Trust Agreement of 2022 (20%). Additionally, Weedon Enterprises, LLC member ownership percentages are changing as follows: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%) and Sembler Provision Fund Generation-Skipping Trust Number Five (50%) will change to Harry R. Chadwick and Laurel J. Chadwick Family Trust (45%), Sembler Provision Fund Generation-Skipping Trust Number Five (45%) and the Scott Macdonald Revocable Trust Agreement of 2022 (10%) will be added.

(2) Per the RFA, the Applicant entity shall be the recipient of the Housing Credits, and the borrowing entity for the loan(s) and cannot be changed in any way (materially or non-materially) until after loan closing. Therefore, the change to the Applicant entity requires an RFA Waiver.

(3) Regarding the Developer Entity change, Scott Macdonald is withdrawing as a member of Blue Sky Communities LLC and will be replaced with Scott Macdonald Revocable Trust Agreement of 2022. Additionally, co-Developer Tri-County Human Services, Inc., is removing officers and directors David Scoynes, Arlene Venezia May, Tom Barrett, Vance Monroe, and Susan Benton and adding officers and directors Andrew James and Barbara Cook.

(4) Per the RFA, the Principals of each Developer identified in the Application, including all co-Developers, may be changed only by written request of an Applicant to Corporation staff and approval of the Board after the Applicant has been invited to enter credit underwriting. In addition, any allowable replacement of an experienced Principal of a Developer entity must meet the experience requirements that were met by the original Principal.

(5) Staff has reviewed these requests and finds that the Development meets all other requirements of the RFA.

**2. <u>Recommendation</u>**

a) Approve an RFA waiver for Applicant Entity change and approve a Developer Entity change as described above.

# V. PREDEVELOPMENT LOAN PROGRAM (PLP)

## A. Request Approval of PLP Loan Budget Revision for Village of Valor LTD a not-for-profit entity, for Village of Valor (PLP 2022--008P-09).

| | |
|---|---|
| DEVELOPMENT NAME ("Development"): | Village of Valor |
| APPLICANT/DEVELOPER ("Developer"): | Village of Valor LTD |
| CO-DEVELOPER: | N/A |
| NUMBER OF UNITS: | 54 Rental units |
| LOCATION ("County"): | Palm Beach |
| TYPE: | Veterans |
| MINIMUM SET ASIDE: | 20% @ 50% AMI |
| PLP LOAN AMOUNT: | $500,000 |
| ADDITIONAL COMMENTS: N/A | |

1. **Background:**

   a) On January 27, 2023, the Board approved a PLP loan for Village of Valor in the amount of $500,000.

   b) On April 20, 2023, the Applicant closed on the PLP loan. The maturity date is April 20, 2026.

2. **Present Situation:**

   a) On November 20, 2023, staff received a revised PLP loan budget (Exhibit A) from the assigned technical assistance provider recommending adjustments to the PLP loan. The revisions do not increase the overall loan amount.

   b) Staff has reviewed the development plan and recommendation and believe that the budget revision is necessary.

3. **Recommendation:**

   a) Approve the PLP loan budget revision for Village of Valor to Village of Valor LTD to and allow staff to commence with the loan document amendment process.

**PREDEVELOPMENT LOAN PROGRAM (PLP)**

***Consent***

**B. Request Approval of PLP Loan Modifications for Greater Lake City CDC, a not-for-profit entity, for Sweetwater Apartments (PLP 2017--001P-09).**

| | |
|---|---|
| DEVELOPMENT NAME ("Development"): | Sweetwater Apartments |
| APPLICANT/DEVELOPER ("Developer"): | Greater Lake City CDC |
| CO-DEVELOPER: | ReVital Development Group and DDER Development |
| NUMBER OF UNITS: | 48 rental units |
| LOCATION ("County"): | Columbia |
| TYPE: | Family |
| MINIMUM SET ASIDE: | 20% @ 50% AMI |
| PLP LOAN AMOUNT: | $500,000 |
| ADDITIONAL COMMENTS: Originally 56 units. | |

1. **Background:**

    a) On May 10, 2019, the Board approved a PLP loan for Sweetwater Apartments in the amount of $500,000.

    b) On February 11, 2020, the Applicant closed on the PLP loan. The maturity date is February 11, 2024.

2. **Present Situation:**

    a) On November 20, 2023, staff received a revised development plan and a letter (Exhibit B) from the assigned technical assistance provider recommending a second one-year extension to the maturity date.

    b) In addition to the maturity extension, the recommendation includes a reduction in the number of units due to the funding award from RFA 2023-201 which limits the units to 48.

    c) The request also includes a requested revision to the PLP budget to address priority needs in the predevelopment process. This budget revision does not increase the overall loan amount.

    d) Staff has reviewed the development plan and recommendation and believe that all budget items included in the loan request are PLP eligible.

3. **Recommendation:**

    a) Approve the one-year maturity extension and loan modifications for the PLP loan for Sweetwater Apartments to Greater Lake City CDC and allow staff to commence with the loan closing process.

**C. Request Approval of PLP Loan Maturity Extension and Lien Position Reassignment for Hannibal Square CLT, Inc., a not-for-profit entity, for Townhomes at West Lakes (PLP 2019--007P-09).**

| | |
|---|---|
| DEVELOPMENT NAME (“Development”): | Townhomes at West Lakes |
| APPLICANT/DEVELOPER (“Developer”): | Hannibal Square CLT, Inc. |
| CO-DEVELOPER: | N/A |
| NUMBER OF UNITS: | 30 Homeownership units |
| LOCATION (“County”): | Orange |
| TYPE: | Family |
| MINIMUM SET ASIDE: | 50% @ 80% AMI and 50% @ 120% AMI |
| PLP LOAN AMOUNT: | $750,000 |
| ADDITIONAL COMMENTS: N/A | |

1. **Background:**

   a) On December 13, 2019, the Board approved a PLP loan for Townhomes at West Lakes in the amount of $750,000.

   b) On March 31, 2020, the Applicant closed on the PLP loan. The original maturity date was March 31, 2023. The current maturity date as extended by the Board is March 31, 2024.

2. **Present Situation:**

   a) On November 20, 2023, staff received a revised development plan and a letter (Exhibit C) from the assigned technical assistance provider recommending a second one-year extension to the maturity date.

   b) In addition to the maturity extension, the borrower has requested and the TAP is supporting a reassignment of the PLP loan from second to third lien position. This is necessary to allow the developer to access a bridge loan from SELF CDFI. This bridge loan will allow for the completion of the development and the repayment of the PLP loan to Florida Housing.

   c) Staff has reviewed the development plan and recommendation and believe that the maturity extension and reassignment of lien position are necessary to complete this development.

3. **Recommendation:**

   a) Approve the one-year maturity extension and lien position reassignment of the PLP loan for Townhomes at West Lakes to Hannibal Square CLT, Inc. and allow staff to commence with the loan closing process.

# VI. SPECIAL ASSETS

## A. Request Approval of the Transfer of Ownership for Meridian Place, LLC, a Florida limited liability company, for Meridian Place (DEMO 2001/08-006HL)

| | |
|---|---|
| **Development Name: Meridian Place f/k/a Sunsouth Place ("Development")** | **Location: Miami-Dade County** |
| **Developer/Principal: Carrfour ("Developer") Meridian Place, LLC ("Borrower")** | **Set-Aside: Demonstration 100%@50% AMI.**<br>**LURA: 15 years** |
| **Number of Units: 34** | **Allocated Amount: Demonstration $1,000,000.00** |
| **Demographics: Homeless** | **Servicer: First Housing Development Corporation** |

1. **Background:**

   a) On September 21, 2001, the Board approved a Demonstration Loan (2001/08-006HL) to Carrfour Corporation in the amount of $1,000,000 for Sunsouth Place for the rehabilitation of a 71-unit single room occupancy building under Request for Proposals (RFP) for the Development and Rehabilitation of Housing for the Extremely Low Income and/or Homeless. At the December 15, 2006 Board Meeting the Board approved a transfer of ownership from the Carrfour Corporation to the Miami Beach Community Development Corporation, a name change to Meridian Place Apartments, and a reduction in the set aside units from 55 to 34. At the January 26, 2007, Board Meeting the Board approved the developer's request to take ownership of Meridian Place Apartments in the name of MBCDC Meridian Place, LLC. On April 14, 2020, the Board approved a one-year extension. At the March 10, 2023 Board meeting a five-year extension was approved with a maturity date of April 4, 2026.

2. **Present Situation:**

   a) The Borrower has requested FHFC approve for the transfer of ownership for Meridian Place to Miami Dade County Public Housing and Community Development. Miami Dade will assume the loan and affordability covenants set forth in the mortgage documents.

   b) Florida Housing received a positive recommendation from the credit underwriter First Housing (Exhibit A).

3. **Recommendation:**

   a) Staff recommends that the Board approve the transfer of ownership and assumption of the DEMO loan documents subject to the conditions provided in the credit underwriting report, further approvals and verifications by the credit underwriter, counsel and appropriate FHFC staff, and direct staff to proceed with loan document modification activities, as needed.

**B. Request Approval of the Transfer of Ownership for The Allen LLC, a Florida Limited Liability Company, for Allen Apartments (2008-002E)**

| | |
|---|---|
| **Development Name: Allen** | **Location: Miami-Dade County** |
| **Developer/Principal: Miami Beach Community Development Corporation ("Developer" and "Owner")** | **Set-Aside(s): EHCL 25% @ 33%; 75% @ 50% AMI**<br>**LURA: 30 years** |
| **Number of Units: 39** | **Allocated Amount: $750,000.00** |
| **Demographics: Elderly** | **Servicer: First Housing Development Corporation** |

**1. <u>Background:</u>**

a) During the 2008 funding cycle, Florida Housing Finance Corporation (“Florida Housing”) awarded an Elderly Housing Community Loan (“EHCL”) in the amount of $750,000, to The Allen LLC (“Borrower”), a Florida limited liability company, for the development of a 39-unit property in Miami-Dade County, Florida. The loan closed on November 10, 2009, and matures on November 10, 2039.

**2. <u>Present Situation:</u>**

a) The Borrower has requested FHFC approve the transfer of ownership for The Allen Apartments to Miami Dade County Public Housing and Community Development. Miami Dade will assume the loans and affordability covenants set forth in the mortgage documents.

b) Florida Housing received a positive recommendation from the credit underwriter First Housing (Exhibit A).

**3. <u>Recommendation:</u>**

a) Approve the request for transfer of the ownership and assumption of the EHCL loan documents subject to the conditions outlined in the credit underwriter’s report, further approvals and verifications by the credit underwriter, counsel and appropriate FHFC staff, and direct staff to proceed with loan document modification activities, as needed.

**C. Request Approval of the Partial Release of Land for Heritage Park at Crane Creek (2018-344CS/RFA 2018-103)**

| | |
|---|---|
| **Development Name: Heritage Park at Crane Creek ("Development")** | **Location: Brevard County** |
| **Developer/Principal: Carrfour Supportive Housing, Inc. ("Developer") Rosemary Village Apartments, LLLP ("Owner")** | **Set-Aside: HC 15.7% @ 35%; 58.4% @ 60% SAIL 15.7% @ 35%; 58.4% @ 60% LURA: 50 years EUA: 50 years** |
| **Number of Units: 108** | **Allocated Amount: HC $1,510,000 SAIL $4,228,900 ELI $240,600** |
| **Demographics: Special Needs-Homeless** | **Servicer: First Housing Development Corporation** |

**1. Background:**

a) During the 2018 funding cycle, Florida Housing Finance Corporation ("Florida Housing") awarded a State Apartment Incentive Loan ("SAIL") in the amount of $4,228,900 and an ELI loan in the amount of $240,600 to Rosemary Village Apartments, LLLP ("Borrower"), a Florida limited liability partnership, for the development of a 108-unit property in Brevard County, Florida. The SAIL and ELI loans closed on November 26, 2019, and mature on May 26, 2037. The Development also received a 2018 allocation of low-income housing tax credits of $1,510,000.

**2. Present Situation:**

a) The Borrower has requested FHFC approve the release of approximately 6.82 acres of vacant land currently encumbered by the SAIL and ELI loans. The site to be released for the development of Phase II.

b) The sale of the site will provide for a partial paydown of the SAIL loan in the amount of the purchase price.

c) Staff received a credit underwriting report (Exhibit B) from First Housing Development Corporation providing a positive recommendation for approval of the release.

**3. Recommendation:**

a) Approve the release of the land from the SAIL and ELI loan documents, subject to the conditions outlined in the credit underwriter's report, further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities, as needed.

**D. Request Approval of the Extension of the HOME Loan for Joseph L Lee Gardens Apartments, Indiantown HOMES RRH, LTD and Rural Neighborhoods, Inc., both Florida not-for-profit corporations, for Joseph L Lee Gardens (99HR-009)**

| | |
|---|---|
| **Development Name: Joseph L Lee Gardens ("Development")** | **Location: Martin County** |
| **Developer/Principal: Indiantown Nonprofit Housing, Incorporated ("INPH", "Developer"); Indiantown Homes, RRH, Ltd. ("Borrower")** | **Set-Aside: HOME 44% @ 50%, 56%@60% AMI<br>LURA: 54 years** |
| **Number of Units: 33** | **Allocated Amount: HOME $926,827** |
| **Demographics: Family** | **Servicer: First Housing Development Corporation** |

1. **<u>Background:</u>**

   a) During the 1999 funding cycle, Florida Housing Finance Corporation ("Florida Housing") awarded a Home Investment Partnership Program Loan ("HOME") in the amount of $926,827, to Indiantown Homes RRH, Ltd. ("Borrower"), a Florida limited partnership, not-for-profit for the development of a 33-unit property in Martin County, Florida. The loan closed on February 16, 2000 and matured on February 1, 2020. At the January 27, 2023 meeting the Board approved an extension to February 1, 2024, along with an extension of the affordability period under the Land Use Restriction Agreement ("LURA"). The FHFC HOME loan is subordinate to a USDA Rural Development mortgage.

   b) On December 15, 2022, INPH merged with Rural Neighborhoods, Incorporated to strengthen the non-profit corporation and their financial capacity.

2. **<u>Present Situation:</u>**

   a) The Borrower has requested approval to extend the HOME loan for 10-years to February 1, 2034. They have also proposed to paydown the balance by $360,518; this will result in a 39% reduction of the HOME principal.

   b) The Borrower has agreed to pay the loan extension fee, and to an extension of the affordability period under the Land Use Restriction Agreement ("LURA") to be equal to the loan extension. The extension of the HOME loan will be beneficial to the Development to retain affordable housing for the target population benefiting the community.

   c) Florida Housing received a positive recommendation from the credit underwriter First Housing (Exhibit C).

3. **<u>Recommendation:</u>**

   a) Approve the extension of the HOME Loan at its current terms to February 1, 2034, extension of the LURA for additional years, and direct staff to proceed with loan document modification activities, as needed.

**E. Request Approval of the Extension of the HOME Loan for Indiantown Non-Profit Housing, Incorporated and Rural Neighborhood, Incorporated, both Florida not-for-profit corporations, for New Hope Community, Phase II (95HR-011)**

| | |
|---|---|
| **Development Name: New Hope Community, Phase II ("Development")** | **Location: Martin County** |
| **Developer/Principal: Indiantown Non-Profit Housing, Inc. ("INPH", "Developer", Borrower")** | **Set-Aside: HOME 10% @ 40%, 60% @ 50%, 30% @ 60%**<br>**LURA: 54 years** |
| **Number of Units: 57** | **Allocated Amount: HOME $1,910,814** |
| **Demographics: Family** | **Servicer: AmeriNat, LLC** |

**1. <u>Background:</u>**

a) During the 1995 funding cycle, Florida Housing Finance Corporation ("Florida Housing") awarded a Home Investment Partnership Program Loan ("HOME") in the amount of $1,910,814 to Indiantown Non-Profit Housing, Inc. ("Borrower"), a Florida not-for-profit corporation for the development of a 57-unit property in Martin County, Florida. The HOME loan closed on January 26, 1996 and matured on January 26, 2016. At the January 27, 2023, meeting the Board approved an extension to January 26, 2024, along with the extension of the affordability period under the Land Use Restriction Agreement ("LURA").

b) As of December 15, 2022, INPH underwent certain corporate changes in a merger with Rural Neighborhoods, Incorporated. The intention of the merger was to strengthen the non-profit corporation and their financial capacity.

**2. <u>Present Situation:</u>**

a) The Borrower has requested approval for a ten-year extension of the HOME loan, at its current terms, along with paying down the principal amount by $243,375. This results in a 13% reduction in the HOME principle. By extending the HOME loan an additional ten-years, the Borrower will be able to extend or retain the availability of housing for the target population.

b) The Borrower has agreed to pay the loan extension fee, and to an extension of the affordability period under the Land Use Restriction Agreement ("LURA") to be equal to the loan term extension.

c) Florida Housing received a positive recommendation from the credit underwriter AmeriNat (Exhibit D).

**3. <u>Recommendation:</u>**

a) Approve the extension of the HOME loan at its current terms to January 26, 2034, extension of the LURA for 10 additional years, and direct staff to proceed with loan document modification activities, as needed.

**F. Request Approval to Refinance the First Mortgage of Nassau Bay I f/k/a Brittany of Rosemont I Apartments (MR1995C1&2/GUAR#31/HUD Risk/SMI#05/RFP 2010-16-12/96L-506)**

| | |
|---|---|
| **Development Name: Nassau Bay I f/k/a Brittany of Rosemont I Apartments ("Development")** | **Location: Orange County** |
| **Developer/Principal: Alliant Holdings of Florida, LLC ("Developer"); TPI Communities LLC ("Borrower");** | **Set-Aside: SAIL ELI 20%@33%, 80%@60% HC 100%@60% AMI<br>SAIL ELI: 30 years<br>EUA: 30 years** |
| **Number of Units: 252** | **Allocated Amount: SAIL ELI $3,825,000; HC $93,778** |
| **Demographics: Family** | **Servicer: First Housing Development Corporation** |

1. **Background:**

   a) During the 1995 funding cycle, Florida Housing Finance Corporation ("FHFC") awarded a first mortgage of FHFC issued tax-exempt bonds in the original amount of $13,090,000, and FHFC issued taxable bonds in the original amount of $425,000 to Brittany of Rosemont, Ltd., a Florida limited partnership ("Borrower"), for the development of a 252-unit apartment complex in Orange County, Florida. The Multifamily Mortgage Revenue Bonds were paid off in 2013. The Development also received a 1996 allocation of low-income housing tax credits of $93,778.

   b) The Borrower received a Subordinate Mortgage Initiative ("SMI") loan of $741,485.25 in 2009 which was paid off in 2013 and a State Apartment Incentive Loan Extremely Low Income ("SAIL ELI") loan of $3,825,000. The SAIL ELI loan closed on March 28, 2011, and will mature on March 28, 2026.

2. **Present Situation:**

   a) The Borrower requests consent from the Board to refinance the existing first mortgage and subordinate the SAIL ELI loan and SAIL ELI loan documents to the new first mortgage.

   b) Staff received a credit underwriting report (Exhibit E) from First Housing Development Corporation providing a positive recommendation for the new financing, and subordination of the SAIL ELI loan and SAIL ELI loan documents to the new first mortgage.

3. **Recommendation:**

   a) Approve the refinancing of the first mortgage, subordination of the SAIL ELI loan and SAIL ELI loan documents to the new first mortgage, subject to the conditions outlined in the credit underwriter's report, further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities, as needed.

**G. Request Approval to Refinance the First Mortgage of Nassau Bay II f/k/a Brittany of Rosemont II Apartments (MR1995G1&2/GUAR#32/HUD Risk/SMI#06/RFP 2010-16-11/97L-518)**

| | |
|---|---|
| **Development Name: Nassau Bay II f/k/a Brittany of Rosemont II Apartments** | **Location: Orange County** |
| **Developer/Principal: Alliant Holdings of Florida, LLC ("Developer"); TPI Communities LLC ("Borrower")** | **Set-Aside SAIL ELI 20%@33%, 80% @ 60%; HC 100%@60% AMI**<br>**SAIL ELI: 30 years**<br>**EUA: 30 years** |
| **Number of Units: 240** | **Allocated Amount: SAIL ELI $3,600,000; HC $103,127** |
| **Demographics: Family** | **Servicer: First Housing Development Corporation** |

1. **Background:**

   a) During the 1995 funding cycle, Florida Housing Finance Corporation (“FHFC”) awarded a first mortgage of FHFC issued tax-exempt bonds in the original amount of $12,920,000, and FHFC issued taxable bonds in the original amount of $480,000 to Brittany of Rosemont II, Ltd., a Florida limited partnership (“Borrower”), for the development of a 240-unit apartment complex in Orange County, Florida. The Multifamily Mortgage Revenue Bonds (“MMRB”) loan closed on January 31, 1997. The Multifamily Mortgage Revenue Bonds were paid off in 2013. The Development also received a 1997 allocation of low-income housing tax credits of $103,127.

   b) The Borrower received a Subordinate Mortgage Initiative (“SMI”) loan of $677,456 and a State Apartment Incentive Loan Extremely Low Income (“SAIL ELI”) loan of $3,600,000. The SMI loan closed on August 21, 2009, and paid off in 2013. The SAIL ELI loan closed on March 28, 2011, and will mature on March 28, 2026.

2. **Present Situation:**

   a) The Borrower requests consent from the Board to refinance the existing first mortgage and subordinate the SAIL ELI loan and SAIL ELI loan documents to the new first mortgage.

   b) Staff received a credit underwriting report (Exhibit E) from First Housing Development Corporation providing a positive recommendation for the new financing and subordination of the SAIL ELI loan and SAIL ELI loan documents to the new first mortgage.

3. **Recommendation:**

   a) Approve the refinancing of the first mortgage, subordination of the SAIL ELI loan and SAIL ELI loan documents to the new first mortgage, subject to the conditions outlined in the credit underwriter’s report, further approvals and verifications by the credit underwriter, counsel and appropriate Florida Housing staff and direct staff to proceed with loan document modification activities, as needed.

# Florida Housing Finance Corporation

**Credit Underwriting Report**

## Wauchula Place

**RFA 2022-206 (2023-163H)**
**HOME Financing to be Used for Rental Developments in Certain Hurricane Ian Impacted Counties**

**Section A: Report Summary**

**Section B: HOME Loan Special and General Closing Conditions**

**Section C: Supporting Information and Schedules**

**Prepared by**

**First Housing Development Corporation of Florida**

**Final REPORT**

**December 4, 2023**

# Wauchula Place

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# Section A

# Report Summary

# Recommendation

First Housing Development Corporation of Florida ("First Housing", "Servicer" or "FHDC") recommends a $5,700,000 HOME Loan be awarded to Wauchula Place ("Development") for the construction and permanent financing of the Development.

**DEVELOPMENT & SET-ASIDES**

Development Name: Wauchula Place

RFA/Program Numbers: RFA 2022-206 / 2023-163H

Address: Diana Ave., NE of the intersection of Diana Ave. and E. Oak St.

City: Wauchula Zip Code: 33873 County: Hardee County Size: Small

Development Category: New Construction Development Type: Garden Apts (1-3 Stories)

Construction Type: Wood Frame on Concrete Podium

Demographic Commitment:
Primary: Family for 100% of the Units

Unit Composition:
# of ELI Units: 0 ELI Units Are Restricted to ____ AMI, or less. Total # of units with PBRA? 0
# of Link Units: 0 Are the Link Units Demographically Restricted? ____ # of NHTF Units: 0

Hardee County

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 3 | 2.0 | 5 | 1,083 | | $ 835 | | | $191 | $ 644 | | $ 644 | $ 644 | $ 644 | $ 38,640 |
| 3 | 2.0 | 17 | 1,083 | | | $ 1,052 | | $191 | $ 861 | | $ 861 | $ 861 | $ 861 | $ 175,644 |
| | | 22 | 23,826 | | | | | | | | | | | $ 214,284 |

<u>2023 HOME Subsidy Limits for all Counties:</u>

Twenty-two (22) Three-Bedroom units at $259,284 = $5,704,248

The Applicant submitted a Tenant Selection Plan that was approved by FHFC on October 17, 2023.

| | | | |
|---|---|---|---|
| Buildings: Residential - | 1 | Non-Residential - | 0 |
| Parking: Parking Spaces - | 43 | Accessible Spaces - | 2 |

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| HOME Assisted Units | 20% | 5 | 50% | 50 |
| HOME Assisted Units | 80% | 17 | 60% | 50 |

Absorption Rate 15 units per month for 1.5 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 93.00%
Occupancy Comments N/A New Construction

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| DDA: | Yes | QCT: | No | Multi-Phase Boost: | No | QAP Boost: | No |
| Site Acreage: | 2.93 | Density: | 7.5085 | | | Flood Zone Designation: | X |
| Zoning: | R-3 (Multi-Family Residential) | | | | | Flood Insurance Required?: | No |

| DEVELOPMENT TEAM | | % Ownership |
|---|---|---|
| Applicant/Borrower: | NDA Wauchula, LLC | |
| Manager | NDA Hardee County, LLC ("NDA Hardee") | 75% |
| Member | Fuller Center for Housing of Hardee County, Inc. ("Fuller Center") | 25% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | NDA Wauchula, LLC | |
| CC Guarantor 2: | NDA Hardee | |
| CC Guarantor 3: | NDA Developer, LLC ("NDA Developer") | |
| CC Guarantor 4: | National Development of America, Inc. ("NDA Inc.") | |
| CC Guarantor 5: | Eric C. Miller | |
| CC Guarantor 6: | Fuller Center | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | NDA Wauchula, LLC | |
| OD Guarantor 2: | NDA Hardee | |
| OD Guarantor 3: | NDA Developer | |
| OD Guarantor 4: | NDA Inc. | |
| OD Guarantor 5: | Eric C. Miller | |
| OD Guarantor 6: | Fuller Center | |
| Developer: | NDA Developer | |
| Co-Developer: | Fuller Center | |

| DEVELOPMENT TEAM (cont) | |
|---|---|
| General Contractor 1: | Marmer Construction, Inc. |
| Management Company: | NDC Asset Management, LLC |
| Architect: | PDS Architecture Inc. |
| Market Study Provider: | Novogradac & Company LLP ("Novogradac") |
| Appraiser: | Novogradac |

| PERMANENT FINANCING INFORMATION | | |
|---|---|---|
| | 1st Source | 2nd Source |
| Lien Position | First | Second |
| Lender/Grantor | Florida Community Loan Fund ("FCLF") | FHFC - HOME |
| Amount | $670,000 | $5,700,000 |
| Underwritten Interest Rate | 6.125% | 0.00% |
| All In Interest Rate | 6.125% | 0.00% |
| Loan Term | 8.5 | 20 |
| Amortization | 35 | 0 |
| Market Rate/Market Financing LTV | 18% | 172% |
| Restricted Market Financing LTV | 44% | 416% |
| Loan to Cost - Cumulative | 9% | 87% |
| Debt Service Coverage | 1.33 | 1.01 |
| Operating Deficit & Debt Service Reserves | $54,997 | |
| # of Months covered by the Reserves | 5.4 | |

The Debt Service Coverage ("DSC") ratio for the first mortgage and HOME Loan reflects a ratio lower than 1.10 to 1.00. Per Rule 67-48 the minimum DSC ratio shall be 1.10x for the HOME Loan, including all superior mortgages. However, per Rule 67-48, if the applicant defers 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the HOME Loan, including all superior mortgages. The Applicant will be required to defer at least 35% of its Developer Fee as the HOME Loan DSC is 1.01x.

| | |
|---|---|
| Deferred Developer Fee | $929,662 |
| As-Is Land Value | $170,000 |
| Market Rent/Market Financing Stabilized Value | $3,700,000 |
| Rent Restricted Market Financing Stabilized Value | $1,530,000 |
| Projected Net Operating Income (NOI) - Year 1 | $61,697 |
| Projected Net Operating Income (NOI) - 15 Year | $58,726 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |

**CONSTRUCTION/PERMANENT SOURCES:**

| Source | Lender | Construction | Permanent | Perm Loan/Unit |
|---|---|---|---|---|
| Regulated Mortgage | FCLF | $670,000 | $670,000 | $30,455 |
| FHFC - HOME | FHFC | $5,700,000 | $5,700,000 | $259,091 |
| Deferred Developer Fee | NDA Developer | $929,662 | $929,662 | $42,257 |
| **TOTAL** | | $7,299,662 | $7,299,662 | $331,803 |

Credit Underwriter: First Housing
Date of Final CUR:
TDC PU Limitation at Application: $377,500 TDC PU Limitation at Credit Underwriting: $392,200
Minimum 1st Mortgage per Rule: N/A Amount Dev. Fee Reduced for TDC Limit: $0

Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the Application? | 1. | |
| Are all funding sources the same as shown in the Application? | | 2. |
| Are all local government recommendations/contributions still in place at the level described in the Application? | N/A | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | | 3. |
| Does the applicant have site control at or above the level indicated in the Application? | X | |
| Does the applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 4. |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the Development and operating plans contain specific provisions for implementation? | N/A | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | N/A | |
| Is the Development in all other material respects the same as presented in the Application? | | 5. |

The following are explanations of each item checked "No" in the table above:

1. Since the Application, the Applicant submitted a Petition for Waiver of Rule 67-48.004(3)(d), dated November 29, 2023, to add Fuller Center for Housing of Hardee County, Inc., as a non-profit member/manager of the Applicant with 25% ownership interest, and as a Co-Developer receiving 25% of the Developer Fee. This change is being

requested as a Rule waiver as part of the Credit Underwriting Report (see RFA/Rule/Waiver Requests section).

2. At Application, it was anticipated that Centennial Bank would provide a construction to permanent loan in the amount of $530,000. FCLF is now providing a construction to permanent loan in an amount not to exceed $790,000.

3. Moran Construction Consultants ("Moran") was not provided with the Exhibit B: Description of Features and Amenities. Satisfactory receipt and review by Moran is a condition to closing.

4. The Total Development Costs ("TDC") increased by $603,237 from $6,696,425 to $7,299,662 or 9.01% since the Application. This increase is due primarily to an increase in construction costs.

5. Since the Application, the Applicant submitted a request on November 29, 2023, to allow a change in the number of residential buildings from two residential buildings to one residential building. FHFC approval of this change is a condition to closing.

The above changes have no substantial material impact to the HOME recommendation for this Development.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?</u>

According to the FHFC Asset Management Noncompliance Report, dated October 18, 2023, the Development Team has the following noncompliance item(s) not in the correction period:

- None

According to the FHFC Past Due Report, dated October 18, 2023, the Development Team has the following items listed on the Past Due report.

- None

Closing of the loan is conditioned upon verification that any outstanding past due, and/or noncompliance items noted at the time closing, have been satisfied.

Strengths:

1. The Principals, Co-Developers, General Contractor, and the Management Company are experienced in affordable multifamily housing.

2. The Principals have sufficient experience and substantial financial resources to construct and operate the proposed Development.

Other Considerations:

None

Mitigating Factors:

None

RFA/Rule/Waiver Requests:

1. Since the Application, the Applicant submitted a Petition for Waiver of Rule 67-48.004(3)(d), dated November 29, 2023, to add Fuller Center for Housing of Hardee County, Inc., as a non-profit member/manager of the Applicant with 25% ownership interest, and as a Co-Developer receiving 25% of the Developer Fee. Approval of this Rule waiver is a condition to closing and the request is being considered as part of the approval of this Credit Underwriting Report.

Additional Information:

1. Based on the TDC per unit limitations in effect as of the 4/1/22 FHFC Telephonic Board meeting, Florida Housing has set the TDC for RFA 2022-206, exclusive of land costs and Operating Deficit Reserves ("ODR"), to no more than $392,200 per unit for a new construction garden style Enhanced Structural Systems Construction ("ESSC") structure in Hardee County. The Development TDC per unit before land and ODR reserves is $322,485, which meets the requirements.

2. The Applicant is required to provide evidence demonstrating that the Development is consistent with the applicable Consolidated Plan. Receipt of this certification is a condition to closing.

3. The Applicant is required to provide a certification executed by the contractor for compliance with debarment and suspension regulations. Receipt of this certification is a condition to closing.

4. The Applicant is required to comply with the HUD environmental requirements as provided in 24 CFR Part 92 and 24 CFR Part 58. Receipt of the environmental review confirming compliance is a condition to closing.

<u>Recommendation</u>:

First Housing recommends HOME Funds in the amount of $5,700,000 be awarded to the Development for its new construction and permanent financing.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the HOME Loan Special and General Closing Conditions (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

| Prepared by: | Reviewed by: |
| --- | --- |
| Thomas Wright | Ed Busansky |
| Thomas Wright | Ed Busansky |
| Credit Underwriter | Senior Vice President |

## Overview

### Construction Financing Sources:

| Construction Sources | Lender | Application | Revised Applicant | Underwriter | Construction Interest Rate | Annual Construction Debt Service |
|---|---|---|---|---|---|---|
| Regulated Mortgage Lender | FCLF | $530,000 | $790,000 | $670,000 | 5.00% | $33,500 |
| FHFC - HOME | FHFC | $5,700,000 | $5,700,000 | $5,700,000 | 0.00% | $0 |
| Deferred Developer Fee | NDA Developer | $870,000 | $887,331 | $929,662 | N/A | N/A |
| Total | | $7,100,000 | $7,377,331 | $7,299,662 | | $33,500 |

First Mortgage:

First Housing reviewed a Term Sheet from FCLF, dated September 25, 2023, to provide first mortgage construction to permanent financing in an amount of $790,000, or a maximum of 80% of the current market value of the Development real estate. The construction loan term will be 18 months. During construction, interest only payments will be required monthly. The current construction indicative rate, based on the Term Sheet, is 5.00%. First Housing based the interest rate on the construction indicative rate of 5.00%. First Housing has reduced the first mortgage to maintain a 1.00x DSC on the HOME loan.

Florida Housing HOME Loan:

First Housing reviewed an invitation to enter credit underwriting, dated May 24, 2023 from FHFC with a preliminary HOME Loan in the amount of $5,700,000.

The HOME Loan is non-amortizing with an interest rate of 0% per annum over the life of the loan for a total term of 20 years, of which 1.5 years is for the construction/stabilization period and 18.5 years is for the permanent period. The principal will be due at maturity. Annual payments of all applicable fees will be required.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer $929,662 or approximately 95.00% of the total Developer Fee of $978,574.

**Permanent Financing Sources:**

| Permanent Sources | Lender | Application | Revised Applicant | Underwriter | Term Yrs. | Amort. Yrs. | Interest Rate | Annual Debt Service |
|---|---|---|---|---|---|---|---|---|
| Regulated Mortgage Lender | FCLF | $530,000 | $790,000 | $670,000 | 8.5 | 35 | 6.125% | $46,520 |
| FHFC - HOME | FHFC | $5,700,000 | $5,700,000 | $5,700,000 | 20 | 0 | 0.00% | $0 |
| Deferred Developer Fee | NDA Developer | $870,000 | $887,331 | $929,662 | N/A | N/A | N/A | N/A |
| Total | | $7,100,000 | $7,377,331 | $7,299,662 | | | | $46,520 |

First Mortgage:

First Housing reviewed a Term Sheet from FCLF, dated September 25, 2023, to provide a first mortgage construction to permanent financing in an amount of $790,000, or a maximum of 80% of the current market value of the Development real estate. The permanent loan term will be for 8.5 years. During the permanent period, principal and interest payments based on a 35-year amortization will be required. The current permanent indicative rate, based on the Term Sheet, is 6.125% First Housing based the interest rate on the permanent indicative rate of 6.125%. First Housing has reduced the first mortgage to $670,000 to maintain a 1.00x DSC on the HOME Loan.

FHFC HOME Loan:

First Housing reviewed an invitation to enter credit underwriting, dated May 24, 2023 from FHFC with a preliminary HOME Loan in the amount of $5,700,000.

The HOME Loan is non-amortizing with an interest rate of 0% per annum over the life of the loan for a total term of 20 years, of which 1.5 years is for the construction/stabilization period and 18.5 years is for the permanent period. The principal will be due at maturity. Annual payments of all applicable fees will be required.

The HOME Loan will have an annual compliance monitoring fee comprised of a base fee of $183 per month plus an additional fee per set-aside unit of $11.24 per year, subject to a minimum of $286 per month, and subject to a maximum annual increase of 3% of the prior year's fee. Additionally, an annual permanent loan servicing fee, based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $236 and a maximum monthly fee of $936 will apply.

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent period, the Developer is required to defer $929,662 or approximately 95.00% of the total Developer Fee of $978,574.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| New Rental Units | $4,160,000 | $4,305,040 | $4,305,040 | $195,684 | $0 |
| Site Work | $0 | $220,022 | $220,022 | $10,001 | $0 |
| Constr. Contr. Costs subject to GC Fee | $4,160,000 | $4,525,062 | $4,525,062 | $205,685 | $0 |
| General Conditions | $0 | $271,503 | $271,503 | $12,341 | $0 |
| Overhead | $0 | $90,501 | $90,501 | $4,114 | $0 |
| Profit | $582,000 | $271,503 | $271,503 | $12,341 | $0 |
| General Liability Insurance | $0 | $20,362 | $20,362 | $926 | $0 |
| Payment and Performance Bonds | $0 | $51,789 | $51,789 | $2,354 | $0 |
| Total Construction Contract/Costs | $4,742,000 | $5,230,720 | $5,230,720 | $237,760 | $0 |
| Hard Cost Contingency | $236,000 | $260,286 | $261,536 | $11,888 | $261,536 |
| **Total Construction Costs:** | **$4,978,000** | **$5,491,006** | **$5,492,256** | **$249,648** | **$261,536** |

Notes to the Construction Costs:

1. The Applicant has provided an executed construction contract, dated September 30, 2023, in the amount of $5,230,720. This is a Guaranteed Maximum Price (“GMP”) Agreement between NDA Wauchula, LLC (“Owner”) and Marmer Construction, Inc. (“Contractor”). A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete. At the time Contractor achieves 50% completion of the Work, and only if Owner’s lender(s) approve(s), the retainage shall be reduced to 0%. No retainage is to be held for General Liability Insurance Premium or Payment and Performance Bonds (“P&P Bonds”). The construction contract includes a substantial completion date 400 calendar days from commencement. The contract provides for compliance with the Federal Labor Standards and Wage Determination requirements pursuant to the Davis-Bacon Act as well as the Section 3 Clause requirements of the Housing and Urban Development Act of 1968 and is a condition to closing.

2. The GC Fees are within the maximum 14% of hard costs allowed by the RFA and Rule Chapter 67-48, excluding Payment and Performance Bonds (“P&P Bond”) and GC Insurance as these are typically outside of the contract.

3. The GC has budgeted for a P&P Bond and General Liability Insurance to secure the construction contract.

4. The GC Contract includes the following allowances, which account for 0.73% of the GMP. Moran believes that the allowances are reasonable for this Development.

| | |
|---|---|
| Entrance Signage | $10,000 |
| Building Signage | $3,000 |
| Mailboxes | $10,000 |
| Site Electrical Conduits | $15,000 |
| **Total** | **$38,000** |

5. The Hard Cost Contingency has been calculated at 5% of total construction contract, per the RFA and Rule Chapter 67-48.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $15,000 | $15,000 | $15,000 | $682 | $0 |
| Appraisal | $10,000 | $10,000 | $4,750 | $216 | $0 |
| Architect's Fee - Site/Building Design | $46,000 | $33,000 | $33,000 | $1,500 | $0 |
| Architect's Fee - Supervision | $23,000 | $22,000 | $22,000 | $1,000 | $0 |
| Building Permits | $57,500 | $55,000 | $55,000 | $2,500 | $0 |
| Builder's Risk Insurance | $22,000 | $22,000 | $22,000 | $1,000 | $0 |
| Engineering Fees | $90,000 | $90,000 | $90,000 | $4,091 | $0 |
| Environmental Report | $15,000 | $15,000 | $15,000 | $682 | $0 |
| FHFC Administrative Fees | $5,000 | $5,000 | $0 | $0 | $0 |
| FHFC Application Fee | $3,000 | $3,000 | $3,000 | $136 | $3,000 |
| FHFC Credit Underwriting Fee | $15,000 | $15,000 | $15,360 | $698 | $15,360 |
| FHFC Compliance Fee | $30,000 | $30,000 | $0 | $0 | $0 |
| Lender Inspection Fees / Const Admin | $25,000 | $25,000 | $25,000 | $1,136 | $0 |
| Green Building Cert. (LEED, FGBC, NAHB) | $25,000 | $25,000 | $25,000 | $1,136 | $0 |
| Insurance | $23,000 | $22,000 | $22,000 | $1,000 | $0 |
| Legal Fees - Organizational Costs | $75,000 | $75,000 | $75,000 | $3,409 | $0 |
| Market Study | $10,000 | $10,000 | $4,750 | $216 | $0 |
| Marketing and Advertising | $5,000 | $5,000 | $5,000 | $227 | $5,000 |
| Plan and Cost Review Analysis | $0 | $0 | $5,850 | $266 | $0 |
| Soil Test | $10,000 | $10,000 | $10,000 | $455 | $0 |
| Survey | $20,000 | $20,000 | $20,000 | $909 | $0 |
| Title Insurance and Recording Fees | $45,000 | $45,000 | $45,000 | $2,045 | $0 |
| Utility Connection Fees | $23,000 | $44,000 | $44,000 | $2,000 | $0 |
| Soft Cost Contingency | $29,000 | $15,000 | $27,835 | $1,265 | $27,835 |
| **Total General Development Costs:** | **$621,500** | **$611,000** | **$584,545** | **$26,570** | **$51,195** |

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. The Credit Underwriter has utilized actual costs for: Appraisal, Market Study, Plan and Cost Analysis (“PCA”), and the appropriate FHFC fees.

3. FHFC compliance fees are not included in the above chart as they are paid annually by the Applicant.

4. A NGBS Professional Services Proposal from Community Development Reimagined, LLC, dated June 27, 2023, was received for NGBS certification.

5. The Soft Cost Contingency line item has been revised to equal 5% of the General Development Costs less the contingency, which is the maximum allowed for new construction developments per the RFA and Rule Chapter 67-48.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Application Fee | $0 | $0 | $300 | $14 | $0 |
| Construction Loan Origination Fee | $6,625 | $7,900 | $3,350 | $152 | $0 |
| Construction Loan Interest | $65,000 | $65,175 | $28,140 | $1,279 | $0 |
| Permanent Loan Origination Fee | $5,300 | $7,900 | $0 | $0 | $0 |
| HOME Closing Costs | $0 | $0 | $7,500 | $341 | $0 |
| **Total Financial Costs:** | **$76,925** | **$80,975** | **$39,290** | **$1,786** | **$0** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$5,676,425** | **$6,182,981** | **$6,116,091** | **$278,004** | **$312,731** |

Notes to the Financial Costs:

1. The Construction Loan Application Fee is based on the Term Sheet from FCLF, dated September 25, 2023.

2. Construction Loan Interest is based on an 18-month term, including 13 months for substantial completion, five months for absorption, an interest rate of 5.00%, and an average outstanding balance of 56%.

3. The Construction Loan Origination Fee is based on the Term Sheet from FCLF, dated September 25, 2023, at 0.50% of the construction/permanent loan amount of $670,000.

4. HOME Closing Costs are for FHFC legal fees.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Total Non-Land Acquisition Costs: | $0 | $0 | $0 | $0 | $0 |

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $870,000 | $989,277 | $978,574 | $44,481 | $0 |
| Total Other Development Costs: | $870,000 | $989,277 | $978,574 | $44,481 | $0 |

Notes to the Developer Fee on Non-Acquisition Costs:

1. The Developer Fee is 16% of the Total Development Cost before Developer Fee, and Operating Deficit Reserves, which is allowed by the RFA and Rule Chapter 67-48.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Land | $150,000 | $150,000 | $150,000 | $6,818 | $0 |
| Total Acquisition Costs: | $150,000 | $150,000 | $150,000 | $6,818 | $0 |

Notes to Acquisition Costs:

1. First Housing reviewed a Contract for Sale of Real Estate, dated January 23, 2023, between 4G Farms, LLC ("Seller") and NDA Wauchula, LLC ("Buyer"). The purchase price is $150,000 with a closing date of July 31, 2024.

2. First Housing reviewed an Appraisal, dated August 17, 2023, prepared by Novogradac which indicates the as is value of the underlying land in the fee simple interest of the Development, as of July 10, 2023, is $170,000, which supports the purchase price.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Reserves - Working Capital | $0 | $54,997 | $54,997 | $2,500 | $0 |
| Total Reserve Accounts: | $0 | $54,997 | $54,997 | $2,500 | $0 |

Notes to Reserve Accounts:

1. First Housing has estimated a Reserve – Working Capital of $54,997 in accordance with Developer projections.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $6,696,425 | $7,377,331 | $7,299,662 | $331,803 | $312,731 |

Notes to Total Development Costs:

1. The Total Development Costs increased by $603,237 from $6,696,425 to $7,299,662 or 9.01% since the Application. This increase is due primarily to an increase in construction costs.

## Operating Pro Forma – Wauchula Place

| FINANCIAL COSTS: | | | Year 1 | Year 1 Per Unit |
|---|---|---|---|---|
| OPERATING PRO FORMA | | | | |
| INCOME: | Gross Potential Rental Income | | $214,284 | $9,740 |
| | Rent Subsidy (ODR) | | $0 | $0 |
| | Other Income | | | |
| | Ancillary Income | | $3,300 | $150 |
| | Gross Potential Income | | $217,584 | $9,890 |
| | Less: | | | |
| | Physical Vac. Loss | Percentage: 5.00% | $10,879 | $495 |
| | Collection Loss | Percentage: 2.00% | $4,352 | $198 |
| Total Effective Gross Income | | | $202,353 | $9,198 |
| EXPENSES: | Fixed: | | | |
| | Real Estate Taxes | | $21,247 | $966 |
| | Insurance | | $27,500 | $1,250 |
| | Variable: | | | |
| | Management Fee | Percentage: 5.50% | $11,129 | $506 |
| | General and Administrative | | $11,550 | $525 |
| | Payroll Expenses | | $29,080 | $1,322 |
| | Utilities | | $3,850 | $175 |
| | Marketing and Advertising | | $550 | $25 |
| | Maintenance and Repairs/Pest Control | | $15,950 | $725 |
| | Grounds Maintenance and Landscaping | | $13,200 | $600 |
| | Reserve for Replacements | | $6,600 | $300 |
| Total Expenses | | | $140,656 | $6,393 |
| Net Operating Income | | | $61,697 | $2,804 |
| Debt Service Payments | | | | |
| | First Mortgage - | | $46,520 | $2,115 |
| | Second Mortgage - | | $0 | $0 |
| | First Mortgage Fees - | | $0 | $0 |
| | Second Mortgage Fees - | | $14,664 | $667 |
| | All Other Mortgages Fees - | | | $0 |
| Total Debt Service Payments | | | $61,184 | $2,781 |
| Cash Flow after Debt Service | | | $513 | $23 |
| | | | | |
| Debt Service Coverage Ratios | | | | |
| | DSC - First Mortgage plus Fees | | 1.33x | |
| | DSC - Second Mortgage plus Fees | | 1.01x | |
| | DSC - All Mortgages and Fees | | 1.01x | |
| Financial Ratios | | | | |
| | Operating Expense Ratio | | 69.51% | |
| | Break-even Economic Occupancy Ratio (all debt) | | 93.15% | |

Notes to the Operating Pro Forma and Ratios:

1. This Development will be utilizing HOME funds that will impose rent restrictions. The Applicant committed to set aside 20% of the HOME-Assisted Units (5 units) at or below 50% Area Median Income ("AMI") and 80% of the HOME-Assisted Units (17 units) at or below 60% AMI. The Low HOME and High HOME rents are based on the

2023 rents published on Florida Housing's website for Hardee County less utility allowances. Below is the rent roll for the Development:

Hardee County

| Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2.0 | 5 | 1,083 | | $ 835 | | | $191 | $ 644 | | $ 644 | $ 644 | $ 644 | $ 38,640 |
| 2.0 | 17 | 1,083 | | | $ 1,052 | | $191 | $ 861 | | $ 861 | $ 861 | $ 861 | $ 175,644 |
| | 22 | 23,826 | | | | | | | | | | | $ 214,284 |

2. The utility allowances are based on a Utility Allowance schedule from the Matern Professional Engineering, Inc., dated July 23, 2023. The Utility Allowance Study was approved by FHFC on November 10, 2023, for credit underwriting purposes only.

3. The Appraisal uses a vacancy and collection loss rate of 5%. First Housing has used a vacancy and collection loss rate of 7.00%, to be more conservative.

4. First Housing has adjusted expenses from the Appraisal, to be more conservative.

5. Ancillary Income is comprised of revenue from late rent fees, damages and cleaning fees.

6. Based upon operating data from comparable properties, third-party reports (Appraisal and Market Study) and the Credit Underwriter's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

7. The Applicant has submitted a draft management agreement which reflects a monthly management fee of 5.50% of total gross monthly collections received during the month. First Housing has included a management fee of 5.50%.

8. The landlord will be responsible for common area utility expenses. The residents will be responsible for water/sewer and electricity expenses. The Appraisal estimated utilities at $175 per unit.

9. Replacement Reserves are $300 per unit per year, as required by Rule Chapter 67-48.

10. Refer to Exhibit 1, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

11. The DSC ratio for the first mortgage and HOME Loan reflects a ratio lower than 1.10 to 1.00. Per Rule 67-48 the minimum DSC ratio shall be 1.10x for the HOME Loan, including all superior mortgages. However, per Rule 67-48, if the applicant defers 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the HOME Loan, including all superior mortgages. The Applicant will be required to defer at least 35% of its Developer Fee as the HOME Loan DSC is 1.01x.

# Section B

# HOME Loan Special and General Closing Conditions

## Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to loan closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the HOME Loan closing date:

1. The permanent loan amount approved at closing cannot be increased without approval from FHFC.

2. Receipt and satisfactory review of executed Management Agreement and Management Plan.

3. Receipt and satisfactory review of updated financial statements for Guarantors dated within 90 days of closing.

4. Receipt of a certification executed by the contractor for compliance with debarment and suspension regulations.

5. Receipt of a certification evidencing that the Development is consistent with the applicable Consolidated Plan.

6. Receipt of the environmental review confirming compliance with the HUD environmental requirements as provided in 24 CFR Part 92 and 24 CFR Part 58.

7. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C 1701u and 24CFR Part 135).

8. Receipt and satisfactory review of the Final signed, sealed "approved for construction" plans and specifications by the Construction Consultant and the Servicer, including confirmation that there are no utility connection issues and that there is enough cost implemented into the budget for all utility impact fees, and confirmation that the overall design meets the accessibility provisions.

9. Firm loan commitment from FCLF which indicates first mortgage loan terms that are consistent with this report.

10. Receipt of a Reliance Letter for the Phase I report prepared by Universal Engineering Sciences ("UES"), dated June 7, 2023.

11. Receipt and satisfactory review of verification that the Applicant has considered UES's recommendation of soil management for the Business Environmental Risk ("BER") contained in the Phase I report prepared by UES, dated June 7, 2023.

12. Receipt and satisfactory review of verification letter by a Geotechnical Engineer, confirming all recommendations contained in the Report of a Geotechnical Exploration prepared by UES, dated July 12, 2023, are followed.

13. Receipt and satisfactory review of a final PCA.

14. Addendum to, or updated GC Contract either including or removing references to "Exhibit B".

15. FHFC Waiver of Rule 67-48.004(3)(d) to allow for the inclusion of Fuller Center for Housing of Hardee County, Inc. as a member and manager of the Applicant and as a Co-Developer.

16. FHFC Staff approval of the change in the number of residential buildings.

17. Executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126 and 128.

18. The DSC ratio for the first mortgage and HOME Loan reflects a ratio lower than 1.10 to 1.00. Per Rule 67-48 the minimum DSC ratio shall be 1.10x for the HOME Loan, including all superior mortgages. However, per Rule 67-48, if the applicant defers 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the HOME Loan, including all superior mortgages. The Applicant will be required to defer at least 35% of its Developer Fee as the HOME Loan DSC is 1.01x.

19. Satisfactory completion of a Davis-Bacon Federal Labor Standards and Section 3 pre-construction conference.

20. Receipt and satisfactory review of Development Services Agreement.

21. Receipt and satisfactory review of single-purpose entity statement, Articles of Incorporation, Bylaws, Certificate of Loan History, Statement of Financial Affairs, Credit Authorization, Resume/Experience for Fuller Center for Housing of Hardee County, Inc.

22. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

## General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to loan closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Borrower is to comply with any recommendations noted in the PCA, as prepared by Moran.

2. Moran, or other construction inspector acceptable to FHFC, is to act as construction inspector during the construction phase.

3. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

   Once the Developer has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

4. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

5. All building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of

100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

6. The final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.

7. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.

8. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. HOME loan proceeds shall be disbursed during the construction phase in an amount per draw on a pro-rata basis with other financing, unless approved by the Credit Underwriter. The closing draw must include appropriate backup and ACH wiring instructions.

9. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

10. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-"by AMBest & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit at least "Baa3" by Moody's, or at least "BBB-"by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

11. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

12. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee, and reimbursements for authorized member/partner and guarantor loan (s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining

balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.

13. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary as described in 67-48.0075(5) F.A.C., of an Applicant or a Developer).

14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with Florida Housing which is sufficient (in Florid Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

This recommendation is contingent upon the review and approval by Florida Housing, and its legal counsel **at least two weeks prior to loan closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.

2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

4. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loan(s) naming FHFC as the insured. All endorsements required by FHFC shall be provided.

5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.

6. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

7. Evidence of Flood Insurance coverage as applicable to the FHFC Insurance Guide.

8. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:

    a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager.;

    b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;

    c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

    d. The Borrower's and the guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership or Operating Agreement and;

   e. Such other matters as Florida Housing or its Legal Counsel may require.

9. Evidence of compliance with the local concurrency laws, if applicable.

10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida housing or its Legal Counsel, in connection with the Loan(s).

11. UCC Searches for the Borrower, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

## Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5089, Florida Statutes, Rule 67-48 F.A.C. (HOME), Rule Chapter 67-53 F.A.C., Rule Chapter 67-60 F.A.C., RFA 2022-206, HUD Rule 24 CFR Part 92, and any other State and federal requirements.

2. Closing of all the funding sources prior to, or simultaneously with, the HOME Loan.

3. Acceptance by the Borrower and execution of all documents evidencing and securing the HOME Loan in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s).

4. Guarantors to provide the standard FHFC Construction Completion Guaranty, to be released upon lien-free completion, as approved by the Servicer.

5. For the HOME Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage on the combined permanent first mortgage, and HOME Loan as determined by FHFC, or the Servicer, and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above,

the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

6. Guarantors to provide the Standard FHFC Environmental Indemnity.

7. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.

8. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. The form of the title policy must be approved prior to closing.

9. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release funds shall be at Florida Housing's sole discretion.

10. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule Chapter 67-48 F.A.C., in the amount of $6,600 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for years 1 and 2, followed by $300 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The reserve shall be adjusted based on a capital needs assessment beginning no later than the 10th year after the first residential building receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier (“Initial Replacement Reserve Date”). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequent assessments are required every five years thereafter.

11. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete. The construction contract requires, at the time Contractor achieves 50% completion of the Work, and only if Applicant’s lender(s) approve(s), the retainage shall be reduced to 0%. No retainage is to be held on premiums paid for insurance or payment

and performance bonds. The construction contract satisfies the RFA 2022-206 and Rule 67-48 minimum requirements.

12. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.

13. Satisfactory resolution of any outstanding past due and/or noncompliance items.

14. Satisfactory evidence of compliance with the Davis Bacon Act and other applicable Federal Labor Standards during the construction of this Development. Evidence of compliance must be through satisfactory completion of a compliance audit by HUD and its authorized subcontractor.

15. HOME funds are subject to the National Environmental Policy Act ("NEPA") of 1969 and related federal environmental authorities and regulations at 24 CFR Part 58 "Environmental Review Procedures." No HOME funds may be committed to a development before completion of the environmental review process and HUD approval of the environmental review and Request for Release of Funds.

16. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

# Section C

# Supporting Information & Schedules

# 15-Year Proforma

| | FINANCIAL COSTS: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | |
| INCOME: | Gross Potential Rental Income | **$214,284** | **$218,570** | **$222,941** | **$227,400** | **$231,948** | **$236,587** | **$241,319** | **$246,145** | **$251,068** | **$256,089** | **$261,211** | **$266,435** | **$271,764** | **$277,199** | **$282,743** |
| | Other Income | | | | | | | | | | | | | | | |
| | Ancillary Income | $3,300 | $3,366 | $3,433 | $3,502 | $3,572 | $3,643 | $3,716 | $3,791 | $3,866 | $3,944 | $4,023 | $4,103 | $4,185 | $4,269 | $4,354 |
| | Gross Potential Income | **$217,584** | **$221,936** | **$226,374** | **$230,902** | **$235,520** | **$240,230** | **$245,035** | **$249,936** | **$254,934** | **$260,033** | **$265,234** | **$270,538** | **$275,949** | **$281,468** | **$287,097** |
| | Less: | | | | | | | | | | | | | | | |
| | Physical Vac. Loss Percentage: 5.00% | $10,879 | $11,097 | $11,319 | $11,545 | $11,776 | $12,012 | $12,252 | $12,497 | $12,747 | $13,002 | $13,262 | $13,527 | $13,797 | $14,073 | $14,355 |
| | Collection Loss Percentage: 2.00% | $4,352 | $4,439 | $4,527 | $4,618 | $4,710 | $4,805 | $4,901 | $4,999 | $5,099 | $5,201 | $5,305 | $5,411 | $5,519 | $5,629 | $5,742 |
| | **Total Effective Gross Income** | **$202,353** | **$206,400** | **$210,528** | **$214,739** | **$219,034** | **$223,414** | **$227,882** | **$232,440** | **$237,089** | **$241,831** | **$246,667** | **$251,601** | **$256,633** | **$261,765** | **$267,001** |
| EXPENSES: | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | $21,247 | $21,884 | $22,541 | $23,217 | $23,914 | $24,631 | $25,370 | $26,131 | $26,915 | $27,723 | $28,554 | $29,411 | $30,293 | $31,202 | $32,138 |
| | Insurance | $27,500 | $28,325 | $29,175 | $30,050 | $30,951 | $31,880 | $32,836 | $33,822 | $34,836 | $35,881 | $36,958 | $38,066 | $39,208 | $40,385 | $41,596 |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee Percentage: 5.50% | $11,129 | $11,352 | $11,579 | $11,811 | $12,047 | $12,288 | $12,534 | $12,784 | $13,040 | $13,301 | $13,567 | $13,838 | $14,115 | $14,397 | $14,685 |
| | General and Administrative | $11,550 | $11,897 | $12,253 | $12,621 | $13,000 | $13,390 | $13,791 | $14,205 | $14,631 | $15,070 | $15,522 | $15,988 | $16,468 | $16,962 | $17,470 |
| | Payroll Expenses | $29,080 | $29,952 | $30,851 | $31,777 | $32,730 | $33,712 | $34,723 | $35,765 | $36,838 | $37,943 | $39,081 | $40,254 | $41,461 | $42,705 | $43,986 |
| | Utilities | $3,850 | $3,966 | $4,084 | $4,207 | $4,333 | $4,463 | $4,597 | $4,735 | $4,877 | $5,023 | $5,174 | $5,329 | $5,489 | $5,654 | $5,823 |
| | Marketing and Advertising | $550 | $567 | $583 | $601 | $619 | $638 | $657 | $676 | $697 | $718 | $739 | $761 | $784 | $808 | $832 |
| | Maintenance and Repairs/Pest Control | $15,950 | $16,429 | $16,921 | $17,429 | $17,952 | $18,490 | $19,045 | $19,616 | $20,205 | $20,811 | $21,435 | $22,079 | $22,741 | $23,423 | $24,126 |
| | Grounds Maintenance and Landscaping | $13,200 | $13,596 | $14,004 | $14,424 | $14,857 | $15,302 | $15,761 | $16,234 | $16,721 | $17,223 | $17,740 | $18,272 | $18,820 | $19,385 | $19,966 |
| | Reserve for Replacements | $6,600 | $6,600 | $6,600 | $6,600 | $6,600 | $6,600 | $6,600 | $6,600 | $6,600 | $6,600 | $6,798 | $7,002 | $7,212 | $7,428 | $7,651 |
| | **Total Expenses** | **$140,656** | **$144,567** | **$148,592** | **$152,736** | **$157,002** | **$161,394** | **$165,915** | **$170,569** | **$175,360** | **$180,293** | **$185,568** | **$191,000** | **$196,591** | **$202,348** | **$208,274** |
| | **Net Operating Income** | **$61,697** | **$61,833** | **$61,936** | **$62,002** | **$62,031** | **$62,020** | **$61,968** | **$61,871** | **$61,729** | **$61,538** | **$61,099** | **$60,601** | **$60,041** | **$59,417** | **$58,726** |
| | **Debt Service Payments** | | | | | | | | | | | | | | | |
| | First Mortgage - | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 | $46,520 |
| | Second Mortgage - | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | First Mortgage Fees - | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Second Mortgage Fees - | $14,664 | $14,767 | $14,873 | $14,982 | $15,095 | $15,211 | $15,330 | $15,453 | $15,580 | $15,710 | $15,844 | $15,983 | $16,125 | $16,272 | $16,423 |
| | Total Debt Service Payments | **$61,184** | **$61,287** | **$61,393** | **$61,502** | **$61,615** | **$61,731** | **$61,850** | **$61,973** | **$62,100** | **$62,230** | **$62,364** | **$62,503** | **$62,645** | **$62,792** | **$62,943** |
| | Cash Flow after Debt Service | **$513** | **$546** | **$543** | **$500** | **$416** | **$290** | **$118** | **-$102** | **-$371** | **-$692** | **-$1,265** | **-$1,902** | **-$2,604** | **-$3,375** | **-$4,217** |
| | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | **1.33** | **1.33** | **1.33** | **1.33** | **1.33** | **1.33** | **1.33** | **1.33** | **1.33** | **1.32** | **1.31** | **1.30** | **1.29** | **1.28** | **1.26** |
| | DSC - Second Mortgage plus Fees | **1.01** | **1.01** | **1.01** | **1.01** | **1.01** | **1.00** | **1.00** | **1.00** | **0.99** | **0.99** | **0.98** | **0.97** | **0.96** | **0.95** | **0.93** |
| | DSC - All Mortgages and Fees | **1.01** | **1.01** | **1.01** | **1.01** | **1.01** | **1.00** | **1.00** | **1.00** | **0.99** | **0.99** | **0.98** | **0.97** | **0.96** | **0.95** | **0.93** |
| | **Financial Ratios** | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | **69.51%** | **70.04%** | **70.58%** | **71.13%** | **71.68%** | **72.24%** | **72.81%** | **73.38%** | **73.96%** | **74.55%** | **75.23%** | **75.91%** | **76.60%** | **77.30%** | **78.01%** |
| | Break-even Economic Occupancy Ratio (all debt) | **93.15%** | **93.14%** | **93.15%** | **93.17%** | **93.21%** | **93.26%** | **93.34%** | **93.43%** | **93.53%** | **93.65%** | **93.86%** | **94.09%** | **94.33%** | **94.58%** | **94.85%** |

WAUCHULA PLACE / HOME RFA 2022-206 (2023-163H)
DESCRIPTION OF FEATURES AND AMENITIES

**A.** The Development will consist of:

22 Garden Apartments located in 2 residential buildings

Unit Mix:

Twenty-Two (22) three bedroom / two bath units;

**22 Total Units**

**B.** The Development is to be constructed in accordance with the final plans and specifications approved by the appropriate city or county building or planning department or equivalent agency, and approved as reflected in the Pre-Construction Analysis prepared for Florida Housing or its Servicer, unless a change has been approved in writing by Florida Housing or its Servicer. The Development will conform to requirements of local, state & federal laws, rules, regulations, ordinances, orders and codes, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes, The Fair Housing Act as implemented by 24 CFR 100, Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35, incorporating the most recent amendments, regulations and rules. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

*All Developments must comply with Section 504 of the Rehabilitation Act of 1973, as implemented by 24 CFR Part 8 ("Section 504 and its related regulations"). All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be for persons with hearing or visual impairments.

To the extent that a Development is not otherwise subject to Section 504 and its related regulations, the Development shall nevertheless comply with Section 504 and its related regulations as requirements of the Corporation funding program to the same extent as if the Development were subject to Section 504 and its related regulations in all respects. To that end, all Corporation funding shall be deemed "Federal financial assistance" within the meaning of that term as used in Section 504 and its related regulations for all Developments.

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed

Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

**C.** The Development must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;

2. Termite prevention and pest control throughout the entire Compliance Period;

3. Window covering for each window and glass door inside each unit;

4. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

5. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:

    - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Development's units by 15, and then round the equation's total up to the nearest whole number;
    - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
    - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

6. At least two full bathrooms in all 3 bedroom or larger units;

7. Bathtub with shower in at least one bathroom in at least 90 percent of the non-Elderly units;

8. A full-size range and oven in all units.

a. The Development must provide the following Accessibility, Universal Design and Visitability Features in all units:

- Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;
- All door handles on primary entrance door and interior doors must have lever handles;
- Lever handles on all bathroom faucets and kitchen sink faucets;
- Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and
- Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

**D.** In addition to the 5 percent mobility requirement outlined above, all Family Demographic Developments must provide reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design.

At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit and toilet in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit and toilet, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

**E.** Green Building Features required in all Developments:

All units and, as applicable, all common areas must have the features listed below:

1. Low or No-VOC paint for all interior walls (50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

2. Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
   - Toilets: 1.28 gallons/flush or less,
   - Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   - Showerheads: 2.0 gallons/minute or less at 80 psi flow rate,
   - Urinals: 0.5 gallons/flush,

3. Energy Star certified refrigerator;

4. Energy Star certified dishwasher;

5. Energy Star certified ventilation fan in all bathrooms;

6. Water heater minimum efficiency specifications:
   - o Residential Electric:
     - Up to 55 gallons = .95 EF or .92 UEF; or
     - More than 55 gallons = Energy Star certified; or
     - Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
   - o Residential Gas (storage or tankless/instantaneous): Energy Star certified,
   - o Commercial Gas Water Heater: Energy Star certified;

7. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

8. Air Conditioning (in-unit or commercial):
   - Air-Source Heat Pumps – Energy Star certified:
     - o ≥ 8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
     - o ≥ 8.2 HSPF ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units

   - Central Air Conditioners – Energy Star certified:
     - o ≥15 SEER/ ≥12.5 EER* for split systems
     - o ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.

   NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and 1 bedroom units.

   In addition to the required Green Building features outlined in above, proposed Developments must achieve one of the following Green Building Certification programs: Leadership in Energy and Environmental Design (LEED); Florida Green Building Coalition (FGBC); or **ICC 700 National Green Building Standard (NGBS).**

**F.** The Development will provide the following Resident Services:

1. After School Program for Children – The Applicant or its Management Company shall provide supervised, structured, age-appropriate activities for children during after school hours, Monday through Friday. Activities must be on-site.

2. Adult Literacy – The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Various literacy programming can be offered that strengthens participants' reading, writing skills, and comprehension, but at a minimum, these must include English proficiency and basic reading education.

Training must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

3. Financial Management Program – The Applicant or its Management Company shall provide a series of classes to provide residents training in various aspects of personal financial management. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. If the Development consists of Scattered Sites, the Resident Program must be held on the Scattered Site with the most units. Residents residing at the other sites of a Scattered Site Development must be offered transportation, at no cost to them, to the classes. The topic areas must include, but not be limited to:

    - Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
    - Tax preparation including do's and don'ts, common tips, and how and where to file, including electronically;
    - Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
    - Retirement planning & savings options including preparing a will and estate planning; and
    - Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.

Different topic areas must be selected for each session, and no topic area may be repeated consecutively.

**DEVELOPMENT**

**NAME:** **Wauchula Place**
**DATE:** **December 4, 2023**

In accordance with the applicable Program Rule(s), the applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

| FINAL REVIEW<br>REQUIRED ITEMS: | STATUS<br>Satis. / Unsatis. | NOTE |
|---|---|---|
| 1. The development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Unsatis. | 1. |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Unsatis. | 2. |
| 4. Pre-construction analysis ("PCA"). | Unsatis. | 3. |
| a. No construction costs exceeding 20% is subcontracted to any one entity with the exception of a subcontractor contracted to deliver the building shell of a building of at least 5 stories which may not have more than 31% of the construction cost in a subcontract. | Satis. | |
| b. No construction costs is subcontracted to any entity that has common ownership or is an affiliate of the general contractor of the developer. | Satis. | |
| 5. Survey. | Unsatis. | 4. |
| 6. Complete, thorough soil test reports. | Satis. | 5. |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor. | Satis. | |
| 11. Resumes and experience of applicant, general contractor and management agent.<br>Confirmed active status on Sunbiz for Applicant, Developer, and GC entities. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Unsatis. | 6. |

| | | |
|---|---|---|
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | N/A | |
| 15. Firm commitment letter from the syndicator, if any. | N/A | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | 7. |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Unsatis. | 8. |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | N/A | |
| 22. Any additional items required by the credit underwriter. | Satis. | |
| 23. Receipt of executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128. | Unatis. | 9. |
| 24. If the owner has a HAP Contract or ACC with HUD, then receipt of HUD approval for an owner-adopted preference or limited preference specifically for individuals or families who are referred by a designated Referral Agency serving the county where the Development is located. | N/A | |
| 25. Receipt of Tenant Eligibility and Selection Plan | Satis. | |
| 26. Receipt of GC Certification | Satis. | |
| 27. Reliance for FHDC as agent for FHFC is include in all applicable third-party reports: Appraisal, Market Study, PCA, CNA, and Phase I. | Unsatis. | 10. |

**NOTES AND DEVELOPER RESPONSES:**

Notes:

1. Receipt and satisfactory review of Development's final "as submitted for permitting" plans and specifications is a condition for closing.

2. At this time, building permits are not available and is a condition to closing.

3. Receipt and satisfactory review of a Final PCA.

4. First Housing has not received a survey certified to FHFC and is a condition to closing.

5. Receipt and satisfactory review of verification letter by a Geotechnical Engineer, confirming all recommendations contained in the Report of a Geotechnical Exploration prepared by UES, dated July 12, 2023, are followed is a condition to closing.

6. Receipt and satisfactory review of an executed management agreement and management plan is a condition to closing.

7. A firm loan commitment from FCLF which indicates first mortgage loan terms that are consistent with this report is a condition to closing.

8. Receipt of construction Draw schedule in First Housing format is required.

9. Receipt of Forms 121, 126 and 128 is a condition to closing.

10. Reliance Letter for the Phase I ESA has not been provided to First Housing at this time. Receipt of the Reliance Letter is a condition to closing.

RECEIVED

NOV 13 2023 8:00 AM

FLORIDA HOUSING
FINANCE CORPORATION

**STATE OF FLORIDA**
**FLORIDA HOUSING FINANCE CORPORATION**

**IN RE: HOMESTEAD PORTFOLIO LP**

**FHFC CASE NO. 2023-088VW**
**Application No. 2022-521C**

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## PETITION FOR WAIVER OF FLORIDA ADMINISTRATIVE CODE RULE 67-21.026(13)(e)

Petitioner, Homestead Portfolio LP, as Applicant/Owner, pursuant to section 120.542, Florida Statutes, ("F.S.") and Chapter 28-104, Florida Administrative Code, ("F.A.C.") petitions Florida Housing Finance Corporation (Florida Housing) for a waiver permitting the General Contractor to self-perform work in excess of the $350,000 or 5 percent of the construction contract limitation identified in Rule 67-21.026(13)(e). In support of this Petition, Petitioner states:

### A. Petitioner and the Development

1. The name, address, telephone, and email address for Petitioner are:

   Homestead Portfolio LP
   c/o MRK Partners, Inc.
   2711 N Sepulveda Blvd #526
   Manhattan Beach, CA 90266
   Telephone: (424) 999-4582
   Email: sgarchik@mrkpartners.com

   Petitioner Homestead Portfolio LP is the Applicant/Owner.

2. The contact information for Petitioner's counsel is:

   Lawrence E. Sellers, Jr.
   Holland & Knight LLP
   315 South Calhoun Street
   Tallahassee, Florida 32301
   Telephone: 850-425-5670
   Email: larry.sellers@hklaw.com
   On behalf of Homestead Portfolio LP

3. On May 11, 2023, Petitioner received an Invitation to Credit Underwriting.

4. Here is the requested background information regarding the Development:

| | |
|---|---|
| Application Number: | 2022-521C |
| Development Name: | Gardens of Homestead |
| Applicant/Borrower: | Homestead Portfolio LP |
| Developer/Principal: | MRK Partners, Inc. (Sydne Garchik) |
| Number of units: | 233 |
| County of Development: | Miami-Dade |
| Development/Type: | Garden Apartments |
| Set Asides: | 73.4%(171 units) at 50%, 26.6% (62 units) at 80% |
| Demographics: | Family |
| Funding Amounts: | Annual Housing Credits of $2,964,946 (est). |

## B. Type of Waiver

5. The waiver being sought is permanent in nature.

## C. Rule For Which a Waiver Is Requested

6. Petitioner requests a waiver from Rule 67-21.026(13)(e), F.AC. (the "Rule"), which limits the type and amount of work a General Contractor may perform as follows:

> (e). Ensure that no construction or inspection work is performed by the General Contractor, with the following exceptions:
>
> 1. The General Contractor may perform its duties to manage and control the construction of the Development; and
> 2. The General Contractor may self-perform work of a de minimis amount, defined for purposes of this subparagraph as the lesser of $350,000 or 5 percent of the construction contract.

## D. Statutes Implemented by the Rule

7. The Rule implements, among other sections of the Florida Housing Finance Corporation Act, section 420.5099, F.S., relating to the allocation of Low-Income Housing Tax Credits.

## E. Justification for Granting the Requested Waiver from the Rules

8. Under section 120.542(1), F.S., Florida Housing has the authority to grant waivers to or variances from its requirements when strict application of the requirements would lead to

unreasonable, unfair, and unintended consequences in particular instances. Specifically, section 120.542(2) states:

> Variances and waivers shall be granted when the person subject to the rule demonstrates that ***the purpose of the underlying statute will be or has been achieved by other means*** by the person and when ***application of a rule would create a substantial hardship or would violate principles of fairness***. For purposes of this section, "substantial hardship" means a demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver. For purposes of this section, "principles of fairness" are violated when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.

9. Petitioner is the Applicant for the Gardens of Homestead ("Project") and is subject, along with its General Contractor, NEI General Contracting, Inc. ("NEI" or "General Contractor"), to the Rules.

10. The Rule allows a General Contractor to (1) "perform its duties to manage and control the construction of the Development," and (2) "self-perform work of a de minimis amount…[up to]…$350,000 or 5 percent of the construction contract." Based on the specific factual circumstances surrounding the present Project, Petitioner requests a waiver of the Rule to allow the General Contractor to self-perform work in excess of the $350,000 or 5 percent limitation.

11. This Petition is being filed proactively. As explained in more detail below, without the granting of said Petition, the General Contractor has advised that it is not financially feasible for NEI General Contracting to perform the work on this Project. As such, Petitioner will be forced to pay NEI General Contracting additional money, which would create a demonstrated substantial economic hardship on Petitioner. By granting this waiver, Florida Housing will recognize the goal of increasing the supply of affordable housing through private investment in persons of low-

income and recognizing the economic realities and principles of fundamental fairness in developing affordable housing. See s. 420.5099(2), F.S.

12. The Gardens of Homestead is what is referred to in the construction industry as a "scattered site project." The present Project is a scattered site project as the Project consists of 233 units, in ***eighteen (18) separate properties (a total of 23 residential buildings)***, some of which are miles apart from each other. Although the General Contractor, NEI, has vast experience with scattered site projects, it has informed Petitioner that it has never had to confront one that is this spread-out and subject to the self-performance work limitations required by the Rules. Attached hereto as Exhibit "A" is a map demonstrating the scattered nature of the Project.

13. For example, the ten (10) units located at 186/194 NW 2nd Street are more than 1.2 miles away from the sixteen (16) units located at 1223 NE 1st Avenue. The same ten (10) units located at 186/194 NW 2nd Street are five (5) miles away from the twenty-eight (28) units located at 26800 SW 145th Street. Overall, forty-four percent (44%) of the eighteen (18) separate properties are one (1) mile or more apart.

14. To emphasize, this is not a project in which there are multiple buildings located at one address with simply different building designation (e.g., Building A, B C, etc.). If that were the case, the General Contractor would be allowed to pull one building permit and call in one set of inspections. On this Project, each of the eighteen (18) properties has a separate address and each building requires the Petitioner's General Contractor, NEI, *to pull a separate building permit*, as well as to obtain and pass separate inspections. Thus, unlike a normal project in which a general contractor will obtain one (1) building permit, eighteen (18) separate building permits are required to accomplish this work. Thus, while the construction work on these eighteen (18) separate

properties and locations (containing 23 buildings in total) are technically one project for "funding" purposes, in reality, this Project is essentially the equivalent to multiple scattered site projects.

15. For example and as evidenced on the table attached as Exhibit "B," the buildings located at (1) 110 NE 10th Street, (9) 55 NE 9th Court, (10) 960 NE 1st Avenue, (11) 67 NE 9th Court, (13) 925 North Krome Avenue and (18) 60 NE 9th Street (all identified in YELLOW) jointly equate to a single project with a total construction cost of $6,419,631. These six (6) buildings contain a combined eight-two (82) units and are spread out over multiple blocks, in what would be considered a standard "scattered site" project. The number of units and amount of construction costs associated with these six (6) buildings is the equivalent of many projects FHFC sees in the normal course of its administration. Applying the application of the 5 percent standard in Rule 67-21.026(13)(e), F.A.C. to these six (6) buildings, based on the above referenced construction costs, Petitioner's General Contractor would be allowed to self-perform $320,981.58 worth of work.

16. Similarly, as evidenced on Exhibit "B," the buildings located at (3) 155 NW 10th Street, (12) 906 NW 1st Avenue, (14) 929 NW 2nd Avenue, (15) 930 NW 1st Avenue and (16) NW 1st Avenue (all identified in BLUE) jointly equate to a single project with a total construction cost of $3,421,879. These five (5) buildings contain a combined forty-four (44) units and are also spread out over multiple blocks (separate and distinct from the six (6) buildings identified in paragraph 16 above), in what would be considered a standard "scattered site" project. Applying the application of the 5 percent standard in Rule 67-21.026(13)(e), F.A.C. to these five (5) buildings, based on the above referenced construction costs, Petitioner's General Contractor would be allowed to self-perform $171,093.97 worth of work.

17. As further identified on Exhibit "B," the buildings located at (4) 186 & 194 NW 2nd Street, (6) 460 NW 6th Street, (7) 480 NW 6th Street and 521 NW 5th Avenue (all identified in

GREEN) jointly equate to a project with a total construction cost of $1,511,790. These four (4) buildings contain a combined twenty (20) units, in what would be considered a standard "scattered site" project. Applying the application of the 5 percent standard in Rule 67-21.026(13)(e), F.A.C. to these four (4) buildings, based on the above referenced construction costs, Petitioner's General Contractor would be allowed to self-perform $75,589.53 worth of work.

18. The building located at 30100 Old Dixie Highway (identified on Exhibit "B" in PINK) is the ***largest*** building on the entire Project, containing 43 units with a total construction cost of $3,002,391.51. Not only is this the largest building, it is multiple miles away from any other building on the Project. Applying the application of the 5 percent standard in Rule 67-21.026(13)(e), F.A.C. to this building, based on the above referenced construction costs, Petitioner's General Contractor would be allowed to self-perform $150,119.58 worth of work.

19. With respect to the building located at 26800 SW 145th Avenue (identified as building (17) in PURPLE on Exhibit "B"), this building is nowhere remotely in the vicinity of any of the other buildings on this Project, located approximately ***five (5) miles away***. Yet, this building contains the second most number of units (28 units) compared to any other building, with a total construction cost of $2,105,444.39. Applying the application of the 5 percent standard in Rule 67-21.026(13)(e), F.A.C. to this building, based on the above referenced construction costs, Petitioner's General Contractor would be allowed to self-perform $105,272.22 worth of work.[1]

20. In addition to the above, the nature of a scattered site project will inevitably drive up the cost of smaller scopes of work items. In order to control the schedule and to control the

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[1] In addition to the seventeen (17) buildings identified above, there is one other building identified on Exhibit "B" ((2) 1223 NE 1st Avenue – in PINK) which is multiple blocks away from any other cluster of buildings. Applying the 5 percent standard in Rule 67-21.026(13)(e), F.A.C. to this building, based on $1,236,653 of construction costs, Petitioner's General Contractor would be allowed to self-perform $61,832.66 worth of work.

overall cost of the Project that Petitioner is responsible for, it is necessary to have the General Contractor self-perform these smaller scopes items, which include, but are not limited to: drywall, finish carpentry, rough carpentry, carpet demolition, cleaning, labor, material handling, safety inspection, wire shelving installation, and bathroom accessories. Petitioner's General contractor is unaware of any one subcontractor that will perform all of these trades. In addition, the scope of these smaller scope items is not currently known in many cases. As a specific example, the General Contractor is responsible for demolition of carpet in up to 25% of the Units. It does not know which Units or how many Units in the end will actually require carpet demolition. It is not feasible, practical or economical to the Petitioner or the General Contractor to enter a Unit, determine the carpet needs to be demoed, and then attempt to hire and/or schedule a subcontractor to come out in the future to perform the work. If the General Contractor has laborers on staff and available, the carpet can be removed that same day and then the laborer can go on with other necessary tasks (e.g., clean up, etc.) preventing the wasting of time and resources. Similarly, the General Contractor is contractually responsible for deep cleaning 30% of the flooring. Neither the Petitioner, nor the General Contractor, know in advance which Units will require this deep cleaning until the tenants are vacated and the ultimate condition of the Units can be reviewed. As Units are completed at different stages, it is not practical (schedule-wise or economically), to hire a subcontractor to repeatedly mobilize to the site to clean a Unit's flooring when required. The same unknown circumstances pertain to replacement of 50% of the toilet accessories across all the Units. It is not practical to "bid" a scope of work that is not fully determined and get a reasonable price. This is especially true for the present Project due to the unusual nature of the scattered property sites, which is the underlying basis of the present waiver request. In addition to the specific examples set forth above, Petitioner advises of the following:

a. **General Labor:** Part or all of the work on this Project will be performed in an occupied setting. This requires the availability of general labor to clean up, remove trash, perform generic punch items within units, etc. Because of the scattered nature of this Project, the General Contractor has advised that these tasks will required two (2) fulltime laborers in order to maintain clean and safe units, properties and a Project. The General Contractor is estimating a laborer of this nature will be paid \$25/hour (which is low in today's market), which equates to a weekly cost for one laborer of approximately \$1,350.

b. **Driver Material Handler**: With this scattered site Project, there will also be increased costs associated with storing, handling and moving materials. Due to the distance between buildings, the central storage of material in any one location is simply not possible on this Project. The scattered nature of this Project will require the General Contractor to hire a person to shuttle material to and from the different buildings. The General Contractor has estimated that this person will likely cost approximately \$2,700 per week.

c. **Miscellaneous small scopes** – This Project will have various small scopes of work scattered across all buildings. It would not be economical, and in many instances even feasible, to hire a subcontractor for these individual small scopes. In order to maintain the Project schedule and budget, the General Contractor believes it is necessary to hire at least three (3) working foreman/Carpenters. There is a benefit to the Project, the Developer and FHFC in allowing a General Contractor to self-perform these small scopes of work. The miscellaneous scopes of work are presently unknown, and many times are not known prior to the start of any construction renovation Project. With that said, the FHFC administrative rules contemplate that a waiver will be requested in advance, and as it is not practical or possible to stop a construction project to seek a real-time waiver-- which takes multiple weeks, if not months-- it is imperative that General Contractors seek advance waivers, which requires a certain amount of reasonable estimation. For example, this is an occupied rehab construction project. The General Contractor is scheduled to replace kitchens in Units in one day so each resident can come back into their Unit that same night and cook dinner. If during the demolition of the cabinets damaged drywall is discovered, the General Contractor needs the ability to quickly patch and repair the drywall. Even if the General Contractor's drywall subcontractor were available, this work would be outside of a previously-agreed scope of work due to its unknown and concealed condition. Thus, a change order would need to be negotiated and agreed upon. Additionally, the General Contractor would have to hope that the subcontractor had the workers available to perform the work on that same day. Alternatively, if a labor only subcontractor was retained to be on "stand-by" (which is a cost in and of itself), the subcontractor would still need to price the work and a change order would need to be issued to this previously unknown condition. It is not practical in the construction industry, through the use of subcontractors, for this to be accomplished in one day. Allowing the General Contractor to use its own labor to do the miscellaneous work identified (i.e., drywall, finish carpentry, cabinetry, rough carpentry, cleaning, labor, material handling, safety inspection, wire shelving etc.) provides it the agility and the ability to return residents to their units without inconvenience, without delay to the Project schedule, and without increased mark-up associated with utilizing subcontractors.

d. **Safety and Security:** Additionally, due to the location of the eighteen (18) separate properties, in order to safely renovate the buildings, the General Contractor will need almost fulltime safety inspections for worker and resident safety. The "safety and security" referenced herein was intended to be for safety and life safety inspections. As per the GCCC instructions, this is billable to the special construction line item as evidenced in the table set forth directly below:

Construction Cost Detail - Description of Trade Items

| Trade Item | Description of line item |
|---|---|
| Trash Chute | Labor and material related to the installation of any permanent trash chute. |
| Specialties | Labor (unless included elsewhere) and material related to the installation of toilet and shower compartments; bathroom accessories including, but not limited to grab bars, towel bars, toilet paper holders, soap dishes, medicine cabinets, bathroom mirrors, etc. |
| Special Equipment | Labor and material related to the installation of washers, clothes dryers, laundry equipment, furnishings, equipment for offices, and any other type of equipment. |
| Special Construction | Labor and material related to the installation of fire places, safety and life safety inspections, green certification, and energy rating costs not covered elsewhere. |
| Miscellaneous (Labor and Materials) | Contractor to describe costs included in this Trade Item. Total labor costs and purchases of materials amounting to less than $1,000 may be included as a lump sum here. |

**OTHER FEES PAID BY GENERAL CONTRACTOR**

| | |
|---|---|
| Building Permit, Tap Fees and Impact Fees | Amounts paid for any type of permits, tap fees, and impact fees. |
| Construction Insurance (Builder's Risk Insurance) | Amounts paid for insurance during the construction period. |
| Bond Premium | Amounts paid for performance, payment and any other types of bonds. |

While the labor costs for the above scopes of work have been estimated based on the General Contracting's industry experience, the waiver that is being requested is a "not-to-exceed" amount. Thus, the amount of the waiver that is being requested is ***not*** associated with a change order and ***does not*** act as any increase to the amount of the Contract or the cost of the work. This is a Cost Plus Contract with a Guaranteed Maximum Price. If the General Contractor's cost of the work is increased because of being forced to use subcontractors to perform a multitude of miscellaneous and minor scopes of work, the best interests of the Petitioner, FHFC and the public are not being served. Conversely, if the General Contractor has the potential to perform the work at a reduced price, as well as recognize significant efficiencies and greater control of the day-to-day work and schedule, while not guaranteed, the possibility of costs savings is available.

21. The combination of the unconventional nature of this scattered site Project, combined with the fact that the full scope of the specific work, *and* the timing of said work, identified above is presently unknown, precludes the Petitioner's General Contractor from obtaining bids and hiring one (1) subcontractor in advance of the need for the work to be performed. As explained above, the Petitioner, nor the General Contractor, know in advance which Units will require which specific work. As Units are completed at different stages, it is not practical (schedule-wise or economically), to hire a subcontractor to repeatedly mobilize to the site to perform limited work when required. Petitioner's General Contractor is unaware of any one subcontractor that will perform all of the trades potentially required. Allowing the General Contractor to use its own labor to do the work identified (i.e., drywall, finish carpentry, cabinetry, rough carpentry, cleaning, labor, material handling, safety inspection, wire shelving, etc.) provides it the agility and the ability to return residents to their units without inconvenience, without delay to the Project schedule, and without increased mark-up associated with utilizing subcontractors.

22. Based on the totality of the above, Petitioner request FHFC treat the six (6) buildings/groups of buildings identified on Exhibit "B" as separate "projects" when applying the 5% calculation set forth in Rule 67-21.026(13)(e), F.AC. The table attached hereto as Exhibit "B" sets forth the *actual construction costs* (exclusive of any General Contractor fee). Applying the five percent (5%) standard identified in the Rule to the specific breakdown of "projects" as identified on Exhibit "B" and in paragraphs 16 to 20 above would result in the General Contractor being permitted to perform $884,889.52 of self-performed work. Based on these costs, Petitioner

requests that FHFC either (1) increase the $350,000 threshold to $884,889.52 or (2) treat this *uniquely situated* scattered site Project as six (6) separate projects for purposes of applying the five percent (5%) standard as calculated in Exhibit "B." As demonstrated in Exhibit "B," by granting a waiver limited to applying the Rule to the buildings/groups of buildings as requested on this *uniquely situated* scattered site Project, FHFC can maintain the integrity of the Rule, while providing Petitioner the required relief.

22. Under section 120.542(1), F.S., and Chapter 28-104, F.A.C., Florida Housing has the authority to grant waivers to its Rule requirements when strict application of the Rules would lead to unreasonable, unfair and unintended consequences, in particular instances. Waivers shall be granted when the person who is subject to the Rule demonstrates that the application of the Rule would: (l) create a substantial hardship or violate principles of fairness, and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. § 120.542(2), F.S. (2018).

23. In this instance, Petitioner meets the standards for a waiver of the Rule for this specific Project. While scattered site projects are not uncommon, the present Project is uniquely situated as it consists of eighteen (18) separate properties, each with a different address, and each requiring a separate building permit as if each building were in fact a separate project. These facts, coupled with the geographic distance between certain buildings (one of which is five (5) miles away from the other buildings), makes this Project distinguishable from a standard scattered site project. Thus, strict application of Rule 67-21.026(13)(e) will create a substantial hardship for Petitioner because it will significantly increase the cost of the Project.

25. Further, the waiver will serve the purposes of the Statute and the Act, because one of the Act's primary purposes is to facilitate the availability of decent, safe and sanitary housing in the State. Moreover, the Statute was enacted, in part, to encourage private and public investment

in facilities for persons of low-income. By granting this waiver, Florida Housing will recognize the goal of increasing the supply of affordable housing through private investment in persons of low-income and recognize the economic realities and principles of fundamental fairness in developing affordable housing. See s. 420.5099(2), F.S.

**F. <u>Action Requested</u>**

WHEREFORE, Petitioner respectfully requests that Florida Housing:

(i) Grant the requested waiver of Rule 67-21.026(13)(e) for the amount identified herein;

(ii) Grant this Petition and all of the relief requested herein; and

(iii) Grant such further relief as may be deemed appropriate.

Respectfully submitted this 10th day of November, 2023.

*/s/Lawrence E. Sellers, Jr.*
Lawrence E. Sellers, Jr.
Florida Bar No. 300241
**HOLLAND & KNIGHT LLP**
315 S. Calhoun St., Suite 600
Tallahassee, Florida 32301
(850) 224-7000
(850) 224-8832 (facsimile)
larry.sellers@hklaw.com

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing Petition was filed on this 10th day of November, 2023 by electronic delivery to:

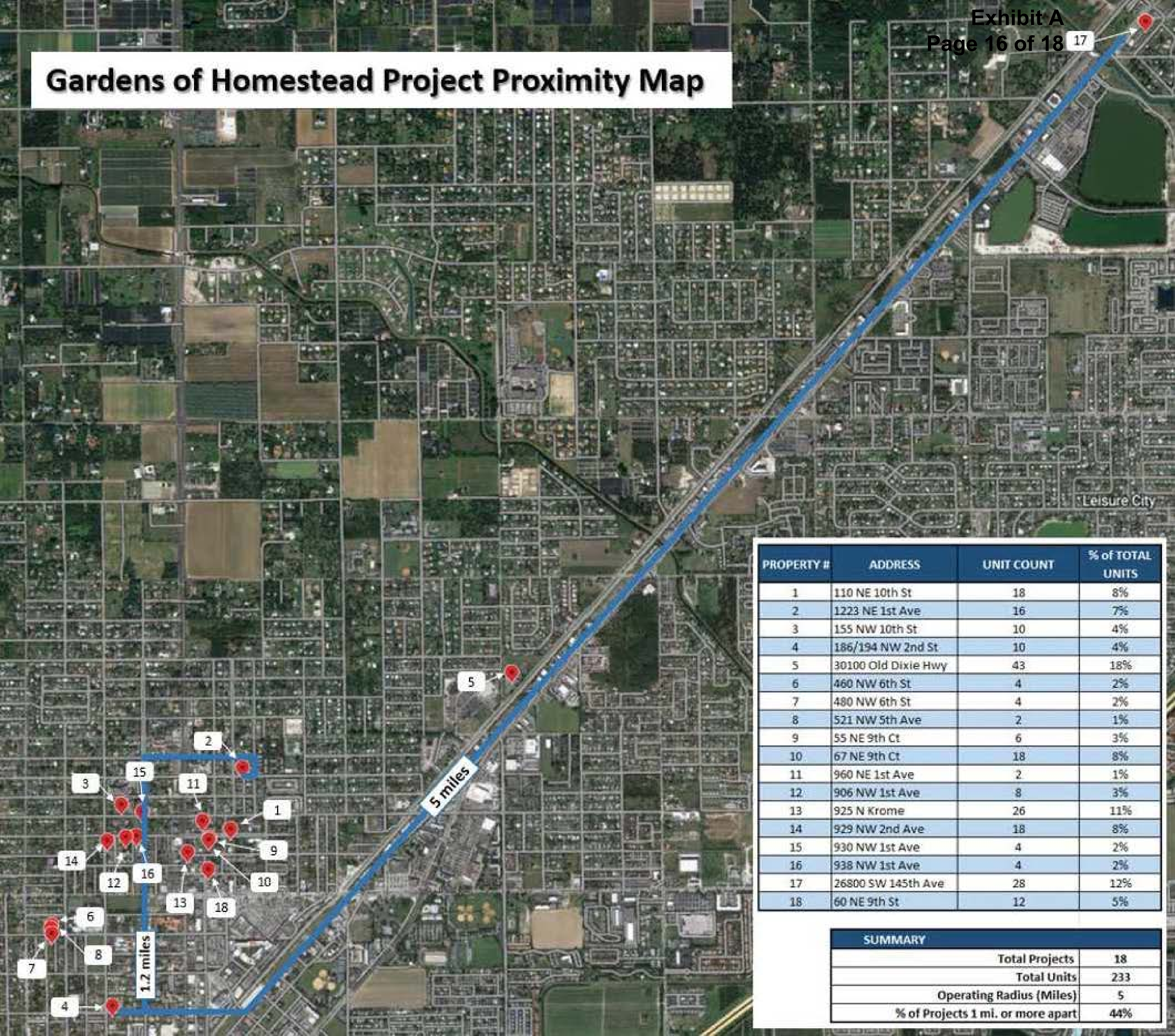
Florida Housing Finance Corporation,
Attn: Corporation Clerk
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301
CorporationClerk@floridahousing.org

Joint Administrative Procedures Committee
680 Pepper Building
111 W. Madison Street
Tallahassee, Florida 32399
Joint.admin.procedures@leg.state.fl.us

*/s/Lawrence E. Sellers, Jr.*
Lawrence E. Sellers, Jr.

# Exhibit A

# Gardens of Homestead Project Proximity Map




| PROPERTY # | ADDRESS | UNIT COUNT | % of TOTAL UNITS |
|---|---|---|---|
| 1 | 110 NE 10th St | 18 | 8% |
| 2 | 1223 NE 1st Ave | 16 | 7% |
| 3 | 155 NW 10th St | 10 | 4% |
| 4 | 186/194 NW 2nd St | 10 | 4% |
| 5 | 30100 Old Dixie Hwy | 43 | 18% |
| 6 | 460 NW 6th St | 4 | 2% |
| 7 | 480 NW 6th St | 4 | 2% |
| 8 | 521 NW 5th Ave | 2 | 1% |
| 9 | 55 NE 9th Ct | 6 | 3% |
| 10 | 67 NE 9th Ct | 18 | 8% |
| 11 | 960 NE 1st Ave | 2 | 1% |
| 12 | 906 NW 1st Ave | 8 | 3% |
| 13 | 925 N Krome | 26 | 11% |
| 14 | 929 NW 2nd Ave | 18 | 8% |
| 15 | 930 NW 1st Ave | 4 | 2% |
| 16 | 938 NW 1st Ave | 4 | 2% |
| 17 | 26800 SW 145th Ave | 28 | 12% |
| 18 | 60 NE 9th St | 12 | 5% |

| SUMMARY | |
|---|---|
| Total Projects | 18 |
| Total Units | 233 |
| Operating Radius (Miles) | 5 |
| % of Projects 1 mi. or more apart | 44% |

# Exhibit B

NEI
built for good

## Gardens of Homestead Apartments Rehabilitation

Homestead, FL

| Property Number | Address | Unit Count | Construction Cost | Self Perform Work at 5% |
|---|---|---|---|---|
| 1 | 110 NE 10th Street | 18 Units | $ 1,346,853.96 | $ 67,342.70 |
| 2 | 1223 NE 1st Avenue | 16 Units | $ 1,236,653.15 | $ 61,832.66 |
| 3 | 155 NW 10th Street | 10 Units | $ 777,834.89 | $ 38,891.74 |
| 4 | 186 & 194 NW 2nd Street | 10 Units | $ 730,962.36 | $ 36,548.12 |
| 5 | 30100 Old Dixie Hwy | 43 Units | $ 3,002,391.51 | $ 150,119.58 |
| 6 | 460 NW 6th Street | 4 Units | $ 313,102.71 | $ 15,655.14 |
| 7 | 480 NW 6th Street | 4 Units | $ 306,271.41 | $ 15,313.57 |
| 8 | 521 NW 5th Avenue | 2 Units | $ 161,454.05 | $ 8,072.70 |
| 9 | 55 NE 9th Court | 6 Units | $ 477,433.54 | $ 23,871.68 |
| 10 | 960 NE 1st Avenue | 18 Units | $ 1,324,672.07 | $ 66,233.60 |
| 11 | 67 NE 9th Court | 2 Units | $ 267,398.51 | $ 13,369.93 |
| 12 | 906 NW 1st Avenue | 8 Units | $ 603,715.66 | $ 30,185.78 |
| 13 | 925 North Krome Avenue | 26 Units | $ 2,055,545.95 | $ 102,777.30 |
| 14 | 929 NW 2nd Avenue | 18 Units | $ 1,446,963.42 | $ 72,348.17 |
| 15 | 930 NW 1st Avenue | 4 Units | $ 296,682.72 | $ 14,834.14 |
| 16 | 938 NW 1st Avenue | 4 Units | $ 296,682.72 | $ 14,834.14 |
| 17 | 26800 SW 145th Avenue | 28 Units | $ 2,105,444.39 | $ 105,272.22 |
| 18 | 60 NE 9th Street | 12 Units | $ 947,727.44 | $ 47,386.37 |
| | | | | |
| | | **233 Units** | **$ 17,697,790.44** | **$ 884,889.52** |

Project 1 - Shown in Yellow - Total Self perform 5% = $320,982
Project 2 - Shown in Green - Total Self Perform 5% = $75,590
Project 3 - Shown in Blue - Total Self perform 5% = $171,094
Project 4 - Shown in Pink - Total Self perfrom 5% = $61,833
Project 5 - Un-highlighted - Total Self Perform 5% = $150,119
Project 6 - Shown in purple - Total Self perform 5% - $105,272

Total allowed Self-perform labor should be $844,890

STATE OF FLORIDA
FLORIDA HOUSING FINANCE CORPORATION

CHERRY VILLAGE, L.P.

Petitioner,

vs.

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.
_______________________/

FHFC Case No. 2023-097VW
FHFC RFA 2020-204
Application No. 2021-045C

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FLORIDA HOUSING FINANCE CORPORATION

# PETITION FOR WAIVER OF THE QUALIFIED ALLOCATION PLAN'S REQUIREMENT FOR RETURNING HOUSING CREDIT ALLOCATIONS AND RULE 67-48.002(96), FLORIDA ADMINISTRATIVE CODE (2020)

Pursuant to section 120.542, Florida Statutes, and rule 28-104.002, Florida Administrative Code, Petitioner, CHERRY VILLAGE, L.P., ("Cherry Village" or "Petitioner") submits this Petition to Respondent Florida Housing Finance Corporation ("Florida Housing") for a waiver of Subsection II K of the 2020 Qualified Allocation Plan ("2020 QAP"), which was incorporated by reference in rule 67-48.002 (96) (eff. 6/23/2020). Subsection II.K of the QAP prohibits the return of Cherry Villages' 2020 Housing Credits before the last quarter of 2023. Cherry Village seeks to return the 2021 credits now in exchange for an immediate allocation of 2023 Housing Credits. This would result in an extension to the placed-in-service date from December 31, 2023, to December 31, 2024. In support of this Petition, Cherry Village states as follows:

## PETITIONER AND ATTORNEY

1. The name, address, telephone number and email address of the Petitioner is.

Cherry Village, L.P., (Attn Robert K. Trent, 1011 Cherry Ave, Nashville, Tennessee, 37203, 615-370-5721, rtrent@fcpnet.com). For purposes of this proceeding, the contact information for Petitioner is that of the undersigned counsel.

2. The name, address, telephone number, and email address for Petitioner's attorney is Maureen McCarthy Daughton, Maureen McCarthy Daughton, LLC, 1400 Village Square Blvd., Ste 3-231, Tallahassee, Florida 32312, 850-345-8251: mdaughton@mmd-lawfirm.com.

**BACKGROUND**

3. Cherry Village applied for funding seeking $1,719,208.00 in Housing Credit Funding in response to, *RFA 2020-204 Housing Credit Financing for the Preservation of Existing Affordable Multifamily Housing Developments* (the "RFA"). Cherry Village proposed to rehabilitate 147 existing garden apartments housed in three separate buildings, known as Cherry Village Apartments, in Miami-Dade County to serve an Elderly demographic.

4. On December 4, 2020, Cherry Village was preliminarily selected for funding by Florida Housing's Board of Directors. Cherry Village was invited into credit underwriting on February 3, 2021. The property was acquired in August of 2021 and after a change in HUD financing products, the loan closing and Notice of Commencement were completed and provided in December of 2022.

5. The proposed development when originally constructed received funding from the United States, Department of Housing and Urban Development. ("HUD").

6. The Placed In-Service deadline is December 31, 2023, which due to numerous issues is not currently achievable.

7. Initially, the work is being performed on a fully occupied residential complex which requires residents to be relocated while work is being performed on the units. The coordination involved resulted in a slow start.

8. The Development has experienced and continues to experience supply chain issues, which has required materials to be ordered months in advance of when they are needed. Currently this is impacting elevator modernization and emergency generators, which are required in the scope of work. Current estimates place the elevator equipment onsite in November with work completed in February or March. The delays for items such as kitchen cabinets and shower panels have been months while items such as the elevators have been purchased but are on a wait list for delivery.

9. Additionally, there are skilled labor shortages and consistency of work issues which has resulted in slow progress at times. By way of example, there have been delays due to unacceptable work having to be redone until it meets the necessary or required standard of care.

10. The City of Homestead initially requested the necessary work for the 40-year building re-certification be completed at the same time. However, the City has recently requested the building recertification be performed independent of the primary contract resulting in issues with sequencing of work leading to delays. We are working closely with the city to coordinate efforts to avoid unnecessary delays.

11. Lastly, there have been changes to the scope of work because of the discovery of more extensive water damage than originally expected. This has increased the framing, drywall, insulation, and plumbing scopes of work. The City Inspector has also requested changes to the roof exhaust system for the bathrooms that were not initially anticipated.

12. The November 3, 2023, construction monitoring report prepared by ICG estimates the work in place at 41.54%.[1]

13. If an Applicant cannot complete its development by the end of the year in which the preliminary allocation of Housing Credits is issued, the applicant must enter a "Carryover Allocation Agreement" ("Carryover Agreement") with Florida Housing by December 31st of the year in which the preliminary allocation is issued. Cherry Village and Florida Housing entered into the Carryover Agreement June 8, 2021. The Carryover Agreement allows (pursuant to Section 42 of the Internal Revenue Code) the applicant until the end of the second year in which the carryover allocation is issued to place the development in service. Cherry Village's Carryover Agreement required that the Development be placed in service by December 31, 2023.

14. Cherry Village proposes to exchange its 2021 Housing Credits for an allocation of 2023 Housing Credits, which would effectively extend the placed-in-service deadline of the Development to December 31, 2024. This exchange will require a waiver of Subsection II.K of the QAP, which provides:

> Notwithstanding any other provision of this QAP, where a Development has not been placed in service by the date required pursuant to Section 42 of the IRC, or it is apparent that a Development will not be placed in service by the date required pursuant to Section 42 of the IRC, and the Applicant has returned its Housing Credit Allocation in the last calendar quarter of the year in which it was otherwise required to be placed in service pursuant to Section 42 of the IRC, the Corporation will reserve allocation in an amount not to exceed the amount of Housing Credits returned, and will issue a Carryover Allocation Agreement allocating such Housing Credits returned, and may issue a Carryover Allocation Agreement allocating such Housing Credits to the Applicant for either the current year or the year after the year in which the Development was otherwise required to be placed in service pursuant to Section 42 of the IRC provided the following conditions have been met:

[1] The estimate including stored materials is 53.93%

(i) The sponsor must have provided written notice to the Corporation, describing the circumstances, all remedial measures attempted by the Applicant to mitigate the delay, and any other pertinent information, prior to returning the allocation; and

(ii) A site inspection reflecting the percentage of Development completion must be completed. If the Development is at least fifty (50) percent completed, as reflected in the site inspection, the approval may be made by Corporation staff. If the Development is less than fifty (50) percent completed, as reflected in the site inspection, the approval must be made by the Board. In making such determination, the Board must find and determine that the delay was caused by circumstances beyond the Applicant's control, and that the sponsor exercised due diligence in seeking to resolve the circumstances causing the delay; and

(iii) The Corporation or Board, as applicable, must find that the Development in all respects, except time placed in service, still meets the conditions upon which the Housing Credits were originally, allocated, and that the Development is still desirable in terms of meeting affordable housing needs.

15. The requested waiver is permanent in nature.

RULE FOR WHICH WAIVER IS SOUGHT

16. Cherry Village seeks a waiver from Subsection II.K of the 2020 QAP, which was incorporated by reference into Rule 67-48.0002(96) (2020).

STATUTES IMPLEMENTED BY RULE

17. Pursuant to section 420.5099(1), Florida Statutes, Florida Housing is designated as the "housing credit agency" for Florida within the meaning of section 42 of the Internal Revenue Code. Florida Housing is responsible for the allocation plan that includes priorities and selection criteria. Section 420.5099(2), F.S. also requires Florida Housing to "adopt allocation procedures that will ensure the maximum use of available tax credits in order to encourage development of lo the a of the applicant to proceed to competition of the project in the calendar year for which the credit is sought." Thus, the rules subject to this waiver request

implement sections 420.5099(1) and (2), F.S., as well as other provisions of Part V of chapter 420, Florida Statutes, the Florida Housing Finance Corporation Act.

JUSTIFICATION FOR REQUESTED WAIVER

18. Section 120.542(1), Florida Statutes, provides that "[s]trict application of uniformly applicable rule requirements can lead to unreasonable, unfair, and unintended results. The Legislature finds that it is appropriate in such cases to adopt a procedure for agencies to provide relief to persons subject to regulation." That procedure requires those seeking a variance of, or waiver from, a rule to demonstrate that application of the rule would create a substantial hardship or would violate principles of fairness. §120.542(2), Fla. Stat.[2] Petitions for variances and waivers are also required to demonstrate the purposes of the underlying statute will be achieved.

19. Strict adherence to Subsection II.K. of the QAP would create a substantial hardship for Cherry Village. Without the requested credit swap, the previously awarded Housing Credits will be unavailable, which means the Development cannot be completed. That would deprive low-income elderly residents of Miami-Dade County of much needed affordable housing. As illustrated above, issues relating to the development of the site of the proposed Development are beyond the Applicant's control. Cherry Village exercised due diligence in seeking to resolve the circumstances causing the delay. Other than the delay's described above the Development in all respects still meets the conditions upon which the Housing Credits were originally allocated, and the Development is still desirable in terms of meeting the affordable housing needs in Miami-Dade County.

---

[2] "Substantial hardship" means a demonstrated economic, technological, legal, or other type of hardship to the person requesting the variance or waiver for purposes of this section, "principles of fairness" are violated when the literal application of a rule affects a particular person in a manner not significantly different from the way it affects other similarly situated persons who are subject to rule..

20. Strict adherence to Subsection 11.K. of the QAP also would violate principles of fairness, as Florida Housing has granted similar waivers to other Developments facing similar circumstances.

21. The requested waiver will not adversely affect any party, including any other party that applied to receive an allocation of Housing Credits in RFA 2020-204, or Florida Housing. A denial of the requested waiver, however, would result in substantial economic hardship to Cherry Village as it will be unable to complete the Development, which will only contribute further to the shortage of affordable housing in Miami-Dade County. Additionally, denial of the waiver request would violate principles of fairness, as other similarly situated Developments have been granted waivers to Subsection IIK of the QAP and the rule that incorporates it by reference.

22. The statutes underlying the QAP, and the rule will be served by the approval of Cherry Village' waiver request. Section 420.504(4), Florida Statutes, states that Florida faces "a serious shortage of decent, safe, and sanitary housing in the state available to persons and families of low, moderate, and middle income…" One of the primary purposes of the Act is to facilitate the availability of affordable housing. Granting the waiver request will further these goals, as Cherry Village will not be able to complete the preservation of the proposed development if the waiver is not granted.

ACTION REQUESTED

23. For the above stated reasons, Cherry Village respectfully requests that the Florida Housing Board of Directors:

- Grant the requested waiver of Subsection II.K of the 2020 QAP and rule 67-48.002(96);
- Allow the immediate return of Cherry Village's 2021 Housing Credit Allocation; and

- Immediately allocate 2023 Housing Credits to with a later placed in service date of December 31, 2024.

Dated this 17th day of November 2023.

Respectfully submitted,

Maureen McCarthy Daughton,
Maureen McCarthy Daughton, LLC
FBN: 655805
1400 Village Square Blvd., Ste 3-231
Tallahassee, Florida 32312
Mdaughton@mmd-lawfirm.com

Counsel for Petitioner

CERTIFICATE OF SERVICE

I CERTIFY that the foregoing document was filed this 17th day of November 2023, by electronic delivery to:

Florida Housing Finance Corporation
Attn: Corporation Clerk
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301
Corporationclerk@floridahousing.org

Joint Administrative Procedures Committee
680 Pepper Building
111 W. Madison Street
Tallahassee, Florida 32399
Joint.admin.procedures@leg.state.fl.us

Maureen M. Daughton

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FLORIDA HOUSING
FINANCE CORPORATION

**STATE OF FLORIDA**
**FLORIDA HOUSING FINANCE CORPORATION**

MIAMI BEACH HOUSING INITIATIVES, INC.,

Petitioner,

FHFC Case # _2023-098VW_____

vs.

FHFC APPLICATION: 2020-483SA
REQUEST FOR APPLICATIONS: 2020-102

FLORIDA HOUSING FINANCE CORPORATION,

Respondent.

_______________________ /

**PETITION FOR WAIVER OF RULE 67-48.0072(26) F.A.C. (7/11/19)**

Petitioner Miami Beach Housing Initiatives, Inc. ("MBHI") a Florida non-profit corporation and an instrumentality of the Housing Authority of the City of Miami Beach, hereby petitions Respondent, Florida Housing Finance Corporation ("Florida Housing"), for a waiver of Rule 67-48.0072(26) F.A.C. (July 11, 2019) (the "Rule") so that it may extend the SAIL/ELI closing deadline of December 15, 2023. MBHI experienced a series of delays beyond its control, as outlined in more detail below. Accordingly, MBHI is requesting an extension of the loan closing deadline to the February 2, 2024 Florida Housing Board meeting to be consistent with the requested CHIRP closing deadline extension which is being requested contemporaneous with this request. In support, MBHI states as follows:

**A. THE PETITIONER**

The name, address, telephone, and email address for MBHI and its qualified representative are:

Miguell Del Campillo, Executive Director
Miami Beach Housing Initiatives, Inc.
200 Alton Road, Miami Beach, FL 33139
Telephone: (305) 532-6401, extension 3020

Email: miguell@hacmb.org

The name, address, telephone, and email address for MBHI's attorney are:

Alexander L. Palenzuela
Law Office of Alexander L. Palenzuela, P.A.
1200 Brickell Avenue, Suite 1950
Miami, FL 33131-3298
Telephone: (305) 333-0467
Email: alp@alp-law.com

## B. DEVELOPMENT BACKGROUND

The following information pertains to the development (the "Development") underlying MBHI's application:

- Development Name: The Heron
- Development Address: 1158 Marseille Drive, Miami Beach, FL 33141
- County: Miami-Dade
- Developer: Housing Authority of the City of Miami Beach
- Number of Units: 20
- Type: Mid-Rise, 4 stories
- Set-Asides: Four units at or below 28% AMI, Eight units at or below 30% AMI, and Eight units at or below 60% AMI
- Demographics: Special Needs Elderly
- Funding from Florida Housing: $3,999,980 SAIL, $389,200 SAIL-ELI, and $2,520,000 HOME-ARP CHIRP

## C. WAIVER IS PERMANENT

The waiver being sought is permanent.

**D. <u>THE RULE FROM WHICH WAIVER IS REQUESTED</u>**

MBHI seeks a waiver of Rule 67-48.0072(26), effective July 11, 2019, which provides:

(26) For SAIL and HOME, unless stated otherwise in a competitive solicitation, these Corporation loans and other mortgage loans related to the Development must close by the date of the Board of Directors meeting immediately following 180 Calendar Days of the firm loan commitment(s). Unless an extension is approved by the Board, failure to close the loan(s) by the specified deadline outlined above shall result in the firm loan commitment(s) being deemed void and the funds shall be de-obligated. Applicants may request one (1) extension of the loan closing deadline outlined above for a term of up to 90 Calendar Days. All extension requests must be submitted in writing to the program administrator and contain the specific reasons for requesting an extension and shall detail the time frame to close the loan. The Board shall consider the facts and circumstances of each Applicant's request, inclusive of the Applicant's ability to close within the extension term and any credit underwriting report, prior to determining whether to grant the requested extension. The Corporation shall charge an extension fee of one (1) percent of each Corporation loan amount if the Board approves the request to extend the loan closing deadline beyond the applicable period outlined above. If an approved extension is utilized, Applicants must pay the extension fee not later than seven (7) Calendar Days after the Board approves the request to extend the original loan closing deadline. In the event the Corporation loan(s) does not close by the end of the extension period, the firm loan commitment(s) shall be deemed void and the funds shall be de-obligated.

**E. <u>STATUTES IMPLEMENTED BY THE RULE</u>**

The Rule implements Section 420.5087 (State Apartment Incentive Loan Program), Section 420.5089 (HOME Investment Partnership Program; HOME Investment Partnership Fund) of the Florida Housing Finance Corporation Act ("the Act") set forth in Sections 420.50 through 420.55 of the Florida Statutes.

**F. <u>JUSTIFICATION FOR GRANTING WAIVER OF THE RULE</u>**

1. MBHI timely submitted its Application for the Development on April 1, 2020 in response to RFA 2020-102 SAIL Financing For Smaller Developments For Persons With Special Needs (the "RFA").

2. On July 8, 2020, Florida Housing issued an invitation to enter credit underwriting to MBHI, which states that the firm loan commitment must be issued within 12 months of

the acceptance to enter credit underwriting. The acceptance was acknowledged on July 9, 2020, giving MBHI a firm loan commitment issuance deadline of July 9, 2021.

3. On June 18, 2021, the Florida Housing Board approved the request for a firm loan commitment issuance deadline extension from July 9, 2021, to January 9, 2022. On December 10, 2021, the Board approved the Rule waiver request for an additional firm loan commitment issuance deadline extension from January 9, 2022, to July 9, 2022.

4. On May 9, 2022, Florida Housing issued the 2022 Construction Housing Inflation Response Program (CHIRP) Invitation to Participate (ITP). Florida Housing received a CHIRP ITP Application from MBHI on July 1, 2022, requesting HOME-ARP funds.

5. On June 17, 2022, the Florida Housing Board approved an additional Rule waiver request to extend firm loan commitment issuance deadline from July 9, 2022, to January 9, 2023.

6. On January 27, 2023, the Florida Housing Board approved the final credit underwriting report with a positive recommendation for funding. On January 30, 2023, staff issued a firm commitment to the Applicant giving them a loan closing deadline of May 30, 2023.

7. On June 9, 2023, the Florida Housing Board approved a waiver of the CHIRP ITP to waive the loan closing deadline from June 9, 2023 to September 8, 2023 and a request for a SAIL/ELI loan closing deadline from May 30, 2023 to September 8, 2023, subject to payment of the required non-refundable extension fee of one percent of the SAIL/ELI loan amounts, pursuant to the requirements of the RFA.

8. On August 18, 2023, MBHI submitted a check to Florida Housing in the amount of $43,891.80 for payment of the required non-refundable extension fee of one percent of the SAIL/ELI loan amounts.

9. On September 8, 2023, the Florida Housing Board approved a waiver of the CHIRP ITP to waive the loan closing deadline from September 8, 2023 to December 15, 2023 and a Rule waiver request for a SAIL/ELI loan closing deadline from September 8, 2023 to December 15, 2023.

10. Because MBHI exercised the single extension allowed under the Rule, MBHI must request via this Petition a waiver of the Rule to allow an additional extension. The need for this extension was created by forces outside of Petitioner's control.

11. In order to qualify for CHIRP funding, MBHI was required to convert some of the 60% AMI units to 30% AMI units, resulting in a loss of revenue. This required the addition of eight (8) project-based vouchers (PBV) to have sufficient income to support the increased debt, resulting in the need for a Subsidy Layering Review (SLR) to be completed by HUD. MBHI cannot close without HUD approval which is expected to be issued within sixty days. MBHI anticipates that the approval will be granted after the current loan closing deadline of December 15, 2023.

12. The Development sources include substantial funding from the City of Miami Beach and Miami-Dade County. MBHI has requested draft closing documents from the City and County for legal counsel review in preparation for closing, however they have not yet been provided. The lack of all closing documents has caused a considerable delay in preparing for the loan closing.

13. Lastly, MBHI has been working diligently to obtain building permits for the Development. The delay in obtaining permit approvals has slowed MBHI's progress in complying with the terms of the loan closings. MBHI anticipates that the building permit will be issued within the next ninety days.

14. Unfortunately, due to delays related to the foregoing, MBHI does not believe it will be able to satisfy the current loan closing deadline.

15. Thus, MBHI is in need of a Rule waiver to obtain a third extension of the loan closing deadline.

16. As set forth above, this request was not necessitated through any fault of MBHI. Rather, MBHI exercised due diligence in attempting to move towards construction.

17. If the Petition is denied, the preliminary commitment will be withdrawn per Rule 67-48.0072(26), F.A.C. Because the Development cannot move forward without the Florida Housing funding, the denial would cause Miami-Dade County to lose these twenty permanent supportive housing units.

18. This Petition should be granted, as opposed to de-obligating the award, because Miami-Dade County is currently experiencing a shortage of affordable housing units. Granting the Petition will result in the delivery of twenty affordable housing units much faster than would reallocating the funding to a new development.

19. Under Section 120.542(1), Florida Statutes and Chapter 28-104 F.A.C., Florida Housing has the authority to grant waivers to its rule requirements when strict application of the rules would lead to unreasonable, unfair, and unintended consequences, in particular instances. Waivers shall be granted when the person who is subject to the rule demonstrates that the application of the rule would: (1) create a substantial hardship or, violate principals

of fairness, and (2) the purpose of the underlying statute has been or will be achieved by other means by the person. *See* § 120.542(2), Florida Statutes.

20. In this instance, MBHI meets the standards for a waiver of the Rule. The requested waiver will not adversely impact the Development or Florida Housing and will ensure that twenty permanent supportive housing units for elderly persons with special needs will be made available in Miami-Dade County. The strict application of the Rule would cause the funding commitment to be withdrawn. Further, the waiver will serve the purposes of the Act, because one of the Act's primary purposes is to facilitate the availability of decent, safe, and sanitary housing in the State. By granting this waiver, and further ensuring the development of twenty affordable housing unit in Miami-Dade County, Florida Housing would recognize the goal of increasing the supply of affordable housing though private investment in persons of low-income, and recognizing the economic realities and principles of fundamental fairness in developing affordable housing. *See* § 420.5099(2), Fla. Stat.

21. The foregoing demonstrates the hardship and other circumstances justifying this Petition.

22. Should Florida Housing require additional information, a representative of MBHI is available to answer questions and to provide all information necessary for consideration of this Petition.

## G. <u>ACTION REQUESTED</u>

For the reasons set forth herein, MBHI respectfully requests Florida Housing: (i) grant the requested waiver to extend the loan closing deadline to the February 2, 2024 Florida Housing Board meeting to be consistent with the requested CHIRP closing deadline extension; (ii) grant this Petition and all of the relief requested herein; and (iii) grant such further relief as it may deem appropriate.

Respectfully submitted,

*/s/ Alexander L. Palenzuela*
**ALEXANDER L. PALENZUELA**
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Miami, FL 33131-3298
Telephone: (305) 333-0467
Email: alp@alp-law.com

*Attorney for Miami Beach Housing Initiatives, Inc.*

## CERTIFICATE OF SERVICE

I hereby certify that the foregoing Petition for Waiver has been furnished to the Corporation Clerk, Housing Finance Corporation, 227 N. Bronough Street, Suite 5000, Tallahassee, FL 32301-1329, email: CorporationClerk@floridahousing.org; and to the Joint Administrative Procedures Committee, 680 Pepper Building, 111 W. Madison Street, Tallahassee, FL 32399; email address: japc@leg.state.fl.us; via electronic email on this 28th day of November, 2023.

*/s/ Alexander L. Palenzuela*
Alexander L. Palenzuela

# Florida Housing Finance Corporation

*Credit Underwriting Report*

# College Arms Apartments

**SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits**

**MMRN/SAIL/ELI/4% HC**

**RFA 2021-205 (2022-195BS / 2021-522C)**

**Section A** **Report Summary**

**Section B** **Loan Conditions and HC Allocation Recommendation and Contingencies**

**Section C** **Supporting Information and Schedules**

---

***Prepared by***

***Seltzer Management Group, Inc.***

***Final Report***

***December 1, 2023***

# COLLEGE ARMS APARTMENTS

## TABLE OF CONTENTS

# Section A

# Report Summary

## Recommendation

Seltzer Management Group, Inc. ("SMG", "Seltzer", or "Servicer") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing") fund Multifamily Mortgage Revenue Note ("MMRN") in the amount of $13,000,000, a State Apartment Incentive Loan ("SAIL") second mortgage in the amount of $4,999,860, an Extremely Low Income ("ELI") third mortgage in the amount of $522,100 and a 4% Non-Competitive Housing Credit ("HC") allocation in the annual amount of $992,746 be awarded to College Arms Apartments ("Development") for construction and permanent financing.

### DEVELOPMENT & SET-ASIDES

Development Name: College Arms Apartments

RFA/Program Numbers: RFA 2021-205 / 2022-195BS 2021-522C

Address: 2305 Husson Avenue

City: Palatka Zip Code: 32177 County: Putnam County Size: Small

Development Category: Acquisition/Rehab Development Type: Garden Apts (1-3 Stories)

Construction Type: Wood Frame

Demographic Commitment:

Primary: Family for 100% of the Units

Unit Composition:

# of ELI Units: 11 ELI Units Are Restricted to 40% AMI, or less. Total # of units with PBRA? 107

# of Link Units: 6 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 0

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 2 | 689 | 40% | | | $482 | $52 | $430 | $1,250 | $1,250 | $430 | $1,250 | $30,000 |
| 1 | 1.0 | 14 | 689 | 60% | | | $723 | $52 | $671 | $1,250 | $1,250 | $671 | $1,250 | $210,000 |
| 2 | 1.0 | 5 | 742 | 40% | | | $578 | $73 | $505 | $1,250 | $1,250 | $505 | $1,250 | $75,000 |
| 2 | 1.0 | 3 | 742 | 60% | | | $867 | $73 | $794 | $1,250 | $1,250 | $794 | $1,250 | $45,000 |
| 2 | 1.0 | 42 | 866 | 60% | | | $867 | $73 | $794 | $1,350 | $1,350 | $794 | $1,350 | $680,400 |
| 3 | 1.0 | 4 | 1,111 | 40% | | | $668 | $89 | $579 | $1,375 | $1,375 | $579 | $1,375 | $66,000 |
| 3 | 1.0 | 1 | 1,111 | 60% | | | $1,002 | $89 | $913 | $1,375 | $1,375 | $913 | $1,375 | $16,500 |
| 3 | 1.0 | 28 | 1,002 | 60% | | | $1,002 | $89 | $913 | $1,475 | $1,475 | $913 | $1,475 | $495,600 |
| 3 | 1.0 | 1 | 1,111 | 60% | | | $1,002 | $89 | $913 | | $903 | $913 | $913 | $10,956 |
| 4 | 1.0 | 1 | 1,175 | 40% | | | $745 | $129 | $616 | $1,650 | $1,650 | $616 | $1,650 | $19,800 |
| 4 | 1.0 | 7 | 1,175 | 60% | | | $1,117 | $129 | $988 | $1,650 | $1,650 | $988 | $1,650 | $138,600 |
| | | 108 | 97,454 | | | | | | | | | | | $1,787,856 |

The Development is not located in and does not qualify as a Limited Development Area ("LDA"); therefore, the Applicant must commit to set aside ten percent (10%) of the total units (11 units) as ELI Set-Aside units. There are 12 ELI units at 40% AMI, but only 11 ELI units are required.

Persons with a Special Needs Set-Aside Commitment: The proposed development must set aside fifty percent (50%) of the ELI Set-Aside units (6 units) as Link units for Persons with Special Needs. In order to meet the commitment to set aside ELI units as Link units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding ("MOU") with at least one Florida Housing designated Special Needs Household Referral Agency that provides supportive services for Persons with Special Needs for the county where the proposed Development will be located (Putnam County). Receipt of the fully executed MOU and approval by FHFC is a condition to close.

After 15 years, all of the ELI set-aside units (11 units) may convert to serve residents at or below 60% AMI. The Persons with Special Needs set-aside requirements must be maintained through the entire 50 year Compliance Period. The Tenant Selection Plan ("TSP") was approved by Florida Housing on May 19, 2022.

Buildings: Residential - 20 Non-Residential - 1

Parking: Parking Spaces - 175 Accessible Spaces - 14

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| MMRN | 40.0% | 44 | 60% | 50 |
| SAIL/ELI/HC | 10.0% | 11 | 40% | 50 |
| SAIL/HC | 90.0% | 97 | 60% | 50 |

Absorption Rate: 20 units per month for 1.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%

Occupancy Comments Occupied

DDA: Yes QCT: Yes Multi-Phase Boost: No QAP Boost: No

Site Acreage: 8.55 Density: 12.6316 Flood Zone Designation: X

Zoning: R-3, Multiple Family Residential Flood Insurance Required?: No

| DEVELOPMENT TEAM | | |
|---|---|---|
| Applicant/Borrower: | College Preservation, LP | % Ownership |
| General Partner | RA College Preservation, LLC | 0.01% |
| Limited Partner | Hudson Housing Capital LLC ("Hudson") | 99.99% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | College Preservation, LP | |
| CC Guarantor 2: | RA College Preservation, LLC | |
| CC Guarantor 3: | Royal American Development, Inc. | |
| CC Guarantor 4: | Jeannette B Chapman | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | College Preservation, LP | |
| OD Guarantor 2: | RA College Preservation, LLC | |
| OD Guarantor 3: | Royal American Development, Inc. | |
| OD Guarantor 4: | Jeannette B Chapman | |
| Note Purchaser | Citibank, N.A. | |
| Developer: | Royal American Properties, LLC | |
| Principal 1 | Royal American Development, Inc. | |
| Principal 2 | PFP Holdings, Inc. | |
| General Contractor 1: | Royal American Construction Company, Inc. | |
| Management Company: | Royal American Management, Inc. | |
| Syndicator: | Hudson | |
| Note Issuer: | FHFC | |
| Architect: | Forum Architect and Interior Design, Inc. | |
| Market Study Provider: | Meridian Appraisal Group, Inc. ("Meridian") | |
| Appraiser: | Meridian | |

| PERMANENT FINANCING INFORMATION | | | | | | |
|---|---|---|---|---|---|---|
| | 1st Source | 2nd Source | 3rd Source | 4th Source | 5th Source | Other |
| Lien Position | First Mortgage | Second Mortgage | Third Mortgage | | | |
| Lender/Grantor | FHFC - Citi | FHFC - SAIL | FHFC - SAIL ELI | | | |
| Amount | $7,100,000 | $4,999,860 | $522,100 | | | |
| Underwritten Interest Rate | 7.85% | 1.00% | 0.00% | | | |
| Loan Term | 15.0 | 15.0 | 15.0 | | | |
| Amortization | 40.0 | N/A | N/A | | | |
| Market Rate/Market Financing LTV | 48.7% | 82.9% | 86.5% | | | |
| Restricted Market Financing LTV | 45.8% | 78.1% | 81.4% | | | |
| Loan to Cost - Cumulative | 30.9% | 52.7% | 55.0% | | | |
| Loan to Cost - SAIL Only | | 21.8% | | | | |
| Debt Service Coverage | 1.215 | 1.103 | 1.097 | | | |
| Operating Deficit & Debt Service Reserves | $703,205 | | | | | |
| # of Months covered by the Reserves | 8.7 | | | | | |

| | |
|---|---|
| Deferred Developer Fee | $1,433,773 |
| As-Is Land Value | $1,080,000 |
| As-Is Value (Land & Building) | $6,260,000 |
| Market Rent/Market Financing Stabilized Value | $14,590,000 |
| Rent Restricted Market Financing Stabilized Value | $15,500,000 |
| Projected Net Operating Income (NOI) - Year 1 | $742,205 |
| Projected Net Operating Income (NOI) - 15 Year | $815,313 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |
| Note Structure | Tax-Exempt Back-to-Back Loan |
| Housing Credit (HC) Syndication Price | $0.875 |
| HC Annual Allocation - Qualified in CUR | $992,746 |
| HC Annual Allocation - Equity Letter of Interest | $1,018,495 |

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| **Source** | **Lender** | **Construction** | **Permanent** | **Perm Loan/Unit** |
| FHFC - MMRB | FHFC - Citi | $13,000,000 | $7,100,000 | $65,741 |
| FHFC - SAIL | FHFC - SAIL | $4,999,860 | $4,999,860 | $46,295 |
| FHFC - SAIL ELI | FHFC - SAIL ELI | $522,100 | $522,100 | $4,834 |
| HC Equity | Hudson | $1,336,641 | $8,910,940 | $82,509 |
| Deferred Developer Fee | Royal American Properties | $3,108,072 | $1,433,773 | $13,276 |
| **TOTAL** | | $22,966,673 | $22,966,673 | $212,654 |

Financing Structure:

Applicant submitted to FHFC an MMRN with Non-Competitive Housing Credits and SAIL Application under RFA 2021-205. This transaction will involve the issuance of Tax-Exempt Notes from Florida Housing. Citibank, N.A. ("Citi") will loan up to $13,000,000 to FHFC through a Tax-Exempt Loan ("TEL") in connection with the construction financing of the Development. At conversion to permanent financing, Citi will provide a permanent TEL in the amount of $7,100,000.

Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the application? | X | |
| Are all funding sources the same as shown in the Application? | | 1 |
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | | 2 |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | X | |
| Does the Applicant have site control at or above the level indicated in the Application? | X | |
| Does the Applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 3 |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |

| | | |
|---|---|---|
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | | 4 |
| Is the Development in all other material respects the same as presented in the Application? | | 5 |

The following are explanations of each item checked "No" in the table above:

1. Changes in sources of funds:

   The Application included an October 15, 2021 Letter of Intent ("LOI") from Citibank, N.A. for first mortgage construction financing in the amount of $10,000,000 and permanent financing in the amount of $5,350,000. Subsequently, the Applicant provided a June 28, 2023 LOI from Citi to provide construction financing in the amount of $13,000,000 and permanent financing in the amount of $7,100,000, respectively.

   The Application included a LOI dated October 14, 2021 for Housing Credit equity from Raymond James Tax Credit Funds, Inc. ("RJTCF") in the amount of $0.88 per tax credit and total equity of $7,342,535. Subsequently the Applicant provided a May 15, 2023 LOI from Hudson Housing Capital LLC ("Hudson") reflecting an amount of $0.875 per tax credit and total equity of $8,910,940.

2. On September 6, 2023, the Applicant requested a change from providing reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, to an alternative approach to grab bar installation for the non-fully ADA units. Applicant requested to provide fold down grab bars between the water closet and tub, allowing future install of 24 inch grab bars on the rear wall of the water closet. All water closets that cannot get the side grab bar, will have a wall reinforcement installed in standard units. Applicant also requested not to provide Energy Star dishwashers in each unit, because the CNA provider stated they were not feasible due to the size of the kitchen. These requests were approved by FHFC staff on September 21, 2023.

3. Higher Development Costs:

   Total Development Costs underwritten for the Development is $22,966,673, which represents an increase of $4,726,407 (or 25.91%) from $18,240,266 in the FHFC Application.

   Major factors contributing to the increase are:

   The $8,618,400 Construction Contract for College Arms Apartments is $1,846,800 (or 27.27%) higher than the projected figure of $6,771,600. Estimated hard cost contingency, general development costs, financing costs, developer fee, and operating deficit reserves, represent the remaining increase in Total Development Cost compared to the Application.

4. HC Syndication rate dropped from $0.88 on October 14, 2021 to $0.875 as of May 15, 2023.

5. On September 22, 2023, Applicant requested from FHFC an increase in bonds from $10,000,000 to $13,000,000, due to increased costs, in order to meet the 50% test. The request was approved by FHFC staff on September 29, 2023.

   The Applicant requested an ELI loan amount of $574,600 in the Application, but the loan amount changed to $522,100 by FHFC during scoring.

These changes have no substantial material impact to the MMRN, HC, SAIL, or ELI recommendations for this development.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?</u>

Florida Housing's Past Due Report dated October 18, 2023 reflects the following past due item(s): The Past Due Report reflects three properties (Little Oaks, Cottondale Village and Oakdale) that owe annual interest payments plus late fees. Applicant provided an email from FHFC, dated November 14, 2023, stating FHFC received the payments due on all three properties and this item will be removed on the next Past Due Report.

The Asset Management Noncompliance Report dated October 18, 2023 reflects the following noncompliance item(s): None

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the annual HC Allocation Recommendation herein.

<u>Strengths:</u>

1. The appraiser, Meridian, notes the average occupancy rate for like-kind properties within the Primary Market Area ("PMA") is 98.8%. Occupancy is high and demand for units appears prevalent. A Capture Rate of 10% or less in the five-mile ring is a typical developer's benchmark that a development is appropriately sized for the market. The Development's capture rate is 8.3% in the five-mile ring and indicates that there is sufficient demand for the subject units.
2. Although the Borrower and general partner are newly formed, the principals of the Developer, General Partner, Management Company, and General Contractor have sufficient experience and financial resources to develop, construct, and operate the proposed Development.

<u>Other Considerations</u>: None

<u>Waiver Requests/Special Conditions</u>: At its September 8, 2023 FHFC Board Meeting, a Rule Waiver was approved to extend the firm loan commitment issuance deadline from September 7, 2023 to March 7, 2024.

<u>Additional Information</u>:

1. Royal American Management, Inc. ("RAM") submitted its Displacement and Rehabilitation Plan, and to minimize displacement, they will stage improvements in order to allow tenants to remain on property during the rehabilitation. RAM has budgeted and planned for tenants to move twice; once out of their original unit into a Hospitality Unit and the second move to move tenants back into their

original rehabbed units, except cases where the tenant has moved from a non-rehabbed unit into a rehabbed/converted unit.

2. Per RFA 2021-205, the FHFC Total Development Cost ("TDC") are limited on a per unit basis, based on the construction type of the units. The Applicant indicated a construction type of Garden (Rehab), which at application had a TDC per unit limitation of $146,900. Based on changes to TDC limits as approved at the April 1, 2022 Telephonic FHFC Board Meeting and ratified at the April 29, 2022 FHFC Board Meeting, the maximum allowable per unit cost is $198,482.40. Based on the most recent TDC spreadsheet, the Development's final TDC per unit (without land and reserves) is $145,537.46, which is less than the maximum TDC.
3. College Preservation, LP will acquire two adjacent developments – College Housing, Ltd. (consisting of 94 units) and College Arms Apartments, Phase II, Ltd. (consisting of 14 units), to combine them into one Acquisition and Preservation development consisting of 108 units.
4. Applicant wishes to close on its "As-Is" rents versus "Post-Renovation" rents because they are not able to lock in the post renovation rents prior to renovation and the uncertainty of what post renovation rents will be at that time. They will have a new 20-year HUD contract based on the "As-Is" rents and will close on those rents.

Issues and Concerns: None

Mitigating Factors: None

Recommendation:

SMG recommends FHFC award $13,000,000 in MMRN, a SAIL in the amount of $4,999,860, an ELI loan in the amount of $522,100 and a 4% Non-Competitive HC allocation in the annual amount of $992,746 to College Arms Apartments for Construction/Permanent Financing.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the MMRN, SAIL and ELI Loan Conditions and HC Allocation Recommendation and Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

| Prepared by: | Reviewed by: |
|---|---|
| Keith Whitaker | Josh Scribner |
| Senior Credit Underwriter | Credit Underwriting Manager |

## Overview

### Construction Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|---|---|---|---|---|---|---|
| First Mortgage | FHFC - Citi | $10,000,000 | $13,000,000 | $13,000,000 | 8.32% | $930,201 |
| Second Mortgage | FHFC - SAIL | $4,999,860 | $4,999,860 | $4,999,860 | 1.00% | $49,999 |
| Third Mortgage | FHFC - SAIL ELI | $300,000 | $574,600 | $522,100 | 0.00% | $0 |
| HC Equity | Hudson | $1,101,381 | $1,358,712 | $1,336,641 | | |
| Deferred Developer Fee | Developer | $0 | $2,897,491 | $3,108,072 | | |
| **Total** | | **$16,401,241** | **$22,830,663** | **$22,966,673** | | **$980,200** |

Tax Exempt Notes/First Mortgage Financing:

Per a June 28, 2023 Term Sheet, Citi will arrange a tax exempt "back-to-back" construction/permanent loan to FHFC in an amount of $13,000,000.

The term of the construction loan will be 30 months with one six-month extension option. If the six-month extension is exercised, the permanent phase interest rate will be increased by 5 basis points ("bps"). Payments on the Tax-Exempt loan during the Construction Phase will be interest only due monthly. The note will be drawn down during construction and will have a variable interest rate equal to the One-Month Term Secured Overnight Financing Rate ("SOFR") as published by the CME Group (with a floor of 0.50%), adjusting monthly, plus a spread of 2.25%. Seltzer has added a 75 basis point underwriting cushion for any future interest rate increases. As of October 10, 2023, the SOFR is 5.32% for an all-in rate of 8.32%. Citi underwrites all variable rate loans with a 0.75% cushion. Construction debt service is based on the Applicant's calculation of 16 months for construction/stabilization. Any remaining interest expense will be paid from existing operations until conversion. An origination fee of 1.00% of the total construction commitment will be payable at loan closing.

The annual FHFC Issuer Fee of 24 basis points and the annual Fiscal Agent of $4,500 are included in the Uses section of this report.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction are a SAIL in the amount of $4,999,860, an ELI loan in the amount of $522,100, HC equity of $1,336,641, and deferred Developer Fee in the amount of $3,108,072. See the Permanent Financing section below for Sources of Funds details.

Construction/Stabilization Period:

Applicant provided an executed AIA Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price dated August 7, 2023 between Owner and Contractor with a Guaranteed Maximum Price of $8,618,400 and reflects College Arms Apartments achieving substantial completion of the development no later than 14 months from the date of commencement. The Appraiser anticipates a stabilized occupancy of 96% will be maintained during and following renovation (assuming all units are completed as scheduled) and an absorption rate of 20 to 30 units per month. SMG has utilized a 16-month construction/stabilization period for purposes of this credit underwriting report.

## Permanent Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|---|---|---|---|---|---|---|---|---|
| First Mortgage | FHFC - Citi | $5,350,000 | $7,100,000 | $7,100,000 | 7.85% | 40 | 15 | $582,836 |
| Second Mortgage | FHFC - SAIL | $4,999,860 | $4,999,860 | $4,999,860 | 1.00% | N/A | 15 | $49,999 |
| Third Mortgage | FHFC - SAIL ELI | $574,600 | $574,600 | $522,100 | 0.00% | N/A | 15 | $0 |
| HC Equity | Hudson | $7,342,535 | $9,058,079 | $8,910,940 | | | | |
| Def. Developer Fee | Developer | $548,979 | $857,841 | $1,433,773 | | | | |
| **Total** | | **$18,815,974** | **$22,590,380** | **$22,966,673** | | | | **$632,835** |

First Mortgage Financing:

Per a June 28, 2023 Term Sheet, Citi will provide permanent financing for College Arms Apartments. Upon completion of construction and conversion to the permanent phase, the MMRN tax-exempt loan will be reduced to an amount of $7,100,000.

The Loan shall have a mandatory prepayment at the end of the 18th year following the closing date. The term of the loan is 18 years, which includes a 3 year construction period and a 15 year permanent period. Principal and interest payments will be based on an amortization of 40-years. The interest rate will be fixed based on the 18 Year SOFR SWAP Index (with a floor of 0.75%) plus a spread of 2.53%. As of October 11, 2023, the 18 Year SOFR SWAP Index was estimated at 5.32%, resulting in an “all-in” interest rate of 7.85%. The rate will be committed at the time of closing of the construction phase financing.

At the time of conversion, Citi will provide an earn-out in an amount not to exceed 10% of the initial permanent loan amount, currently estimated in the amount of $710,000. The amount of earn-out will be determined by Citi in its sole discretion. The interest rate on the earn-out will be set at conversion and will be equal to the applicable SOFR Swap Index rate at the time of conversion plus a spread of 2.53%. The interest rate shall have a floor rate that is 0.25% below the permanent loan interest rate. However, any adjustment to the approved permanent first mortgage amount will be subject to a positive recommendation from the Credit Underwriter and approval by FHFC.

Additional fees included in the Debt Service calculation consist of an annual Permanent Loan Servicing Fee, an annual Compliance Monitoring Fee, an annual Issuer Fee of 24 bps of the outstanding loan balance, and an annual Fiscal Agent Fee of $4,500. The annual Permanent Loan Servicing Fee is based upon a fee of 2.3 bps of the outstanding loan amount, with a minimum monthly fee of $236. The annual Compliance Monitoring Fee is based upon a total fee which is comprised of a base fee of $183 per month plus an additional fee per set-aside unit of $11.24 per year, subject to a minimum of $286 per month.

The permanent note will mature 18 years following construction closing. At maturity, the Applicant may satisfy the Note via refinancing or sale of the Development pending market feasibility. In the event the Applicant is unable to refinance or sell the Development, then an event of default would not be triggered under the loan documents. Instead, a “Mortgage Assignment Event” would occur whereby Citi agrees to cancel the Note in exchange for an assignment, by the Fiscal Agent, of the mortgage and all other related documents and accounts. The Fiscal Agent would cancel the Note and discharge the lien of the Funding Loan Agreement. Then the Fiscal Agent would assign the mortgage loan and any other related documents and collateral to Citi, effectively ending the tax-exempt financing provided by FHFC. Under this scenario, the Note will have been redeemed/cancelled not by payment of cash but by the assignment of the mortgage loan documents; therefore, there is no default. As the new direct mortgagee, Citi would then be in a position to work with the Applicant to arrive at a resolution without involvement of either FHFC or the Fiscal Agent (as the Note would have been cancelled and would no longer be outstanding).

SAIL

Applicant applied to FHFC under RFA 2021-205 for SAIL funds in the amount of $4,999,860. SAIL will be co-terminus with the first mortgage as allowed by the Rule 67-48 and will have a total term of up to 18 years, of which up to 36 months is for the construction/stabilization period with a 15 year permanent period. The SAIL will be non-amortizing and will bear 1.00% simple interest over the life of the loan with annual payments based upon available cash flow. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL; however, all principal and unpaid interest is due. Annual payments of all applicable fees will be required. The annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month. The annual SAIL Compliance Monitoring Multiple Program Fee is $1,023.

ELI Loan

Applicants who submitted an Application for RFA 2021-205 are also eligible for ELI Loan funding for the required ELI set-aside units not to exceed the lesser of (a) $600,000; or (b) the maximum amount based on the ELI set-aside per unit limits; for 10% of the total units. The ELI Loan is in the form of a forgivable loan in an amount of $522,100.

The ELI AMI for Putnam County is 40%. The Borrower is providing the 10% set aside requirement of ELI units with units at or below 40% AMI for ELI. The ELI Loan is non-amortizing at 0.00% simple interest per annum over the life of the loan. The principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50 year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set-aside requirement must be maintained throughout the entire 50 year Compliance Period. The ELI Loan will be co-terminus with the first mortgage as permitted by the RFA and have a total term of up to 18 years, of which up to 36 months is for the construction/stabilization period with a 15 year permanent period. Annual payments of all applicable fees will be required. The annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month. The annual ELI Compliance Monitoring Multiple Program Fee is $1,023.

Housing Credits Equity Investment:

The Borrower has applied to Florida Housing to receive 4% Housing Credits directly from the United States Treasury in conjunction with tax-exempt financing. A HC calculation is contained in Exhibit 4 of this credit underwriting report.

Based upon a May 15, 2023 letter of intent, Hudson or an affiliate will purchase a 99.99% membership interest in the Applicant and provide HC equity as follows:

| Capital Contributions | Amount | Percent of Total | When Due |
|---|---|---|---|
| 1st Installment | $1,336,641 | 15.00% | At Closing |
| 2nd Installment | $5,346,564 | 60.00% | Later of 11/30/24 or 100% Construction Completion |
| 3rd Installment | $1,978,229 | 22.20% | Later of 4/1/25 or Permanent Loan Closing/Breakeven Date |
| 4th Installment | $249,506 | 2.80% | Issuance of 8609s |
| Total | $8,910,940 | 100.00% | |

| | |
|---|---|
| Annual Tax Credits per Syndication Agreement: | $1,018,495 |
| Total HC Syndication: | $10,183,932 |
| Syndication Percentage (limited partner interest): | 99.99% |
| Calculated HC Exchange Rate (per dollar): | $0.875 |
| Proceeds Available During Construction: | $1,336,641 |

Sufficient equity proceeds will be disbursed at closing to meet regulatory requirements.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds and capital contributions payable under the Hudson proposal have been received, the Developer will have to defer $1,433,773, or 42.43%, of Developer Fee.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accessory Buildings | | | | $0 | |
| Demolition | | | $85,622 | $793 | |
| Recreational Amenities | | | $30,579 | $283 | |
| Rehab of Existing Common Areas | | | $30,780 | $285 | |
| Rehab of Existing Rental Units | $5,940,000 | $7,560,000 | $7,278,019 | $67,389 | |
| Site Work | | | | $0 | $0 |
| Furniture, Fixture, & Equipment | | | | $0 | |
| Hard Cost Contingency - in Constr. Cont. | | | | $0 | |
| Constr. Contr. Costs subject to GC Fee | $5,940,000 | $7,560,000 | $7,425,000 | $68,750 | $0 |
| General Conditions | $831,600 | $1,058,400 | $445,500 | $4,125 | |
| Overhead | | | $148,500 | $1,375 | |
| Profit | | | $445,500 | $4,125 | |
| Builder's Risk Insurance | | | | $0 | |
| General Liability Insurance | | | $58,459 | $541 | |
| Payment and Performance Bonds | | | $95,441 | $884 | |
| Contract Costs not subject to GC Fee | | | | $0 | |
| Total Construction Contract/Costs | $6,771,600 | $8,618,400 | $8,618,400 | $79,800 | $0 |
| Hard Cost Contingency | $677,160 | $861,840 | $861,840 | $7,980 | |
| PnP Bond paid outside Constr. Contr. | | | | $0 | |
| Demolition paid outside Constr. Contr. | | | | $0 | |
| FF&E paid outside Constr. Contr. | | | | $0 | |
| **Total Construction Costs:** | **$7,448,760** | **$9,480,240** | **$9,480,240** | **$87,780** | **$0** |

*Notes to the Construction Costs:*

1. Applicant provided an executed AIA Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price dated August 7, 2023 between Owner and Contractor with a Guaranteed Maximum Price of $8,618,400 and reflects College Arms Apartments achieving substantial completion of the development no later than 14 months from the date of commencement. Ten (10%) percent retainage will be withheld on all work performed until 50% completion, then 0% withheld thereafter.

   Final payment will be made when: (1) the Contractor has fully performed the Contract, except for the Contractor's responsibility to correct work, and to satisfy other requirements, if any, which extend beyond final payment (2) the Contractor has submitted a final accounting for the Cost of the Work and a final Application for Payment; and (3) a final Certificate for Payment has been issued by the Architect.

2. SMG received the General Contractor's Certification of Requirements indicating an understanding of GC conditions per Rules 67-21 and 67-48, F.A.C. ("Rule").

3. General Contractor fees as stated are within the 14% maximum per the RFA and Rule. The cost of the payment and performance bond ($95,441) and general liability insurance ($58,459) are included within the GC contract but no GC fee was taken on these costs.

4. The hard cost contingency is within the 15.00% allowed by the RFA and Rule and is not included within the GC Contract or schedule of values.

5. SMG engaged and received a Plan and Cost Review ("PCA") from GLE Associates, Inc. ("GLE"). There were no allowances identified in the GC Contract or associated Schedule of Values. Complete results are set forth in Section C of this credit underwriting report.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $25,000 | $25,000 | $25,000 | $231 | $12,500 |
| Appraisal | $15,000 | $15,000 | $15,000 | $139 | |
| Architect's Fee - Site/Building Design | $202,500 | $202,500 | $202,500 | $1,875 | |
| Architect's Fee - Supervision | $36,000 | $36,000 | $36,000 | $333 | |
| Building Permits | $50,000 | $50,000 | $50,000 | $463 | |
| Builder's Risk Insurance | $32,670 | $52,920 | $52,920 | $490 | |
| Capital Needs Assessment/Rehab | $25,000 | $25,000 | $25,000 | $231 | |
| Engineering Fees | $10,000 | $10,000 | $10,000 | $93 | |
| Environmental Report | $15,000 | $15,000 | $15,000 | $139 | |
| Federal Labor Standards Monitoring | | | | $0 | |
| FHFC Administrative Fees | $75,150 | $90,000 | $89,487 | $829 | $89,487 |
| FHFC Application Fee | $3,000 | $3,000 | $3,000 | $28 | $3,000 |
| FHFC Credit Underwriting Fee | $24,551 | $24,551 | $26,001 | $241 | $26,001 |
| FHFC Compliance Fee | | | $0 | $0 | $0 |
| FHFC Other Processing Fee(s) | | | $2,500 | $23 | $2,500 |
| Impact Fee | | | | $0 | |
| Lender Inspection Fees / Const Admin | $18,000 | $24,000 | $24,000 | $222 | |
| Green Building Cert. (LEED, FGBC, NGBS) | | | | $0 | |
| Insurance | | | | $0 | |
| Legal Fees - Organizational Costs | $440,000 | $180,000 | $180,000 | $1,667 | $90,000 |
| Local Subsidy Underwriting Fee | | | | $0 | |
| Market Study | $7,000 | $7,000 | $5,500 | $51 | $5,500 |
| Marketing and Advertising | $10,000 | $10,000 | $10,000 | $93 | $10,000 |
| Plan and Cost Review Analysis | | | $4,350 | $40 | |
| Property Taxes | | | | $0 | |
| Soil Test | | | | $0 | |
| Survey | $25,000 | $25,000 | $25,000 | $231 | $6,250 |
| Tenant Relocation Costs | $199,800 | $199,800 | $199,800 | $1,850 | |
| Title Insurance and Recording Fees | $46,161 | $166,014 | $166,014 | $1,537 | $41,504 |
| Traffic Study | | | | $0 | |
| Utility Connection Fees | | | | $0 | |
| Soft Cost Contingency | $67,673 | $78,777 | $58,353 | $540 | |
| **Total General Development Costs:** | **$1,327,505** | **$1,239,562** | **$1,225,425** | **$11,347** | **$286,742** |

*Notes to the General Development Costs:*

1. Architect's Fees for Site/Building Design and Supervision are stipulated in the Architect Contract dated May 17, 2023 between College Preservation, LP and Forum Architecture & Interior Design, Inc. for College Arms Apartments.

2. There is not a separate contract for engineering services, but are included within the Architect's Contract. Engineering Fees are estimated by the Applicant at $10,000.

3. The FHFC Administrative Fee is based on 9% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fee stated in RFA 2021-205. The total FHFC Credit

Underwriting Fee is $26,001. The FHFC Other Processing Fee includes a $2,500 additional underwriting fee charged by Seltzer.

4. This is an existing property, so there are no Impact Fees or Utility Connection Fees.
5. Soft cost contingency is within the 5% as allowed per the RFA and Rules.
6. RAM submitted its Displacement and Rehabilitation Plan (or Tenant Relocation Plan), and to minimize displacement, they will stage improvements in order to allow tenants to remain on property during the rehabilitation. Tenant Relocation Costs are estimated by RAM at $199,800.
7. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Application Fee | | | | $0 | |
| Construction Loan Underwriting Fee | | | | $0 | |
| Construction Loan Origination Fee | $100,000 | $130,000 | $130,000 | $1,204 | |
| Construction Loan Commitment Fee | | | | $0 | |
| Construction Loan Closing Costs | $65,000 | $65,000 | $65,000 | $602 | |
| Construction Loan Interest | $300,000 | $980,200 | $980,200 | $9,076 | $490,100 |
| Permanent Loan Origination Fee | $26,750 | | $7,100 | $66 | $7,100 |
| Permanent Loan Closing Costs | $87,225 | $117,250 | $117,250 | $1,086 | $117,250 |
| Permanent Loan Interest | | | | $0 | $0 |
| Permanent Loan Servicing Fee | | | | $0 | $0 |
| FHFC Note Short-Term Redemption Fee | | | | $0 | $0 |
| FHFC Note Fiscal Agent Fee | | $25,000 | $13,500 | $125 | $13,500 |
| FHFC Note Credit Enhancement Fee | | | | $0 | $0 |
| FHFC Note Cost of Issuance | $93,630 | $193,630 | $230,790 | $2,137 | $230,790 |
| FHFC Note Interest | | | | $0 | $0 |
| FHFC Note Servicing Fee | | | | $0 | $0 |
| SAIL Commitment Fee | | | $99,997 | $926 | $99,997 |
| SAIL Closing Costs | | | | $0 | $0 |
| SAIL-ELI Commitment Fee | | $55,220 | $10,442 | $97 | $10,442 |
| SAIL-ELI Closing Costs | | | | $0 | $0 |
| SAIL-ELI Servicing Fee | | | | $0 | $0 |
| Misc Loan Origination Fee | | | | $0 | |
| Misc Loan Closing Costs | | $50,000 | $50,000 | $463 | |
| Misc Loan Interest | | | | $0 | |
| Misc Loan Servicing Fee | | | | $0 | |
| Legal Fees - Financing Costs | | $85,000 | $85,000 | $787 | |
| Negative Arbitrage | | | | $0 | |
| Forward Rate Lock Fee | | | | $0 | |
| Placement Agent/Underwriter Fee | | $35,500 | $35,000 | $324 | $35,000 |
| Initial TEFRA Fee | | | $1,000 | $9 | $1,000 |
| FHA MIP (Prepayment) | | | | $0 | |
| FHA Exam Fee | | | | $0 | |
| NIBP Commitment Fee | | | | $0 | |
| Other: FHFC Issuer Fee | | | $93,600 | $867 | $93,600 |
| **Total Financial Costs:** | **$672,605** | **$1,736,800** | **$1,918,879** | **$17,767** | **$1,098,779** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$9,448,870** | **$12,456,602** | **$12,624,544** | **$116,894** | **$1,385,521** |

*Notes to the Financial Costs:*

1. Construction Loan Origination Fee is based on 1% of the construction loan amount.
2. Construction Loan Interest is based on the Applicant's estimate, which SMG considers reasonable.
3. Permanent Loan Origination Fee is based on 1% of the potential earn-out amount of $710,000 per the LOI.
4. FHFC Note Fiscal Agent Fee represents three years of the annual Fiscal Agent Fee of $4,500 during the construction period.
5. FHFC Note Costs of Issuance is comprised of fees and expenses of the Real Estate Counsel for MMRN, SAIL and ELI loans, Note Counsel, Disclosure Counsel, Fiscal Agent, and other fees.
6. SAIL Commitment Fee and firm loan commitment extension fee are based on 1% of the SAIL (both fees are included in line item SAIL Commitment Fee).
7. SAIL-ELI Commitment Fee and firm loan commitment extension fee are based on 1% of the ELI loan (both fees are included in line item SAIL-ELI Commitment Fee).
8. Miscellaneous Loan Closing Costs consists of the Syndicator's closing costs of $50,000.
9. The FHFC Issuer Fee is based on an annual Issuer Fee of 24 bps on the total MMRN for three years.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Building | | | $0 | $0 | |
| Building Acquisition Cost | $5,670,000 | $6,147,260 | $6,147,260 | $56,919 | |
| Developer Fee on Non-Land Acq. Costs | $1,020,600 | $1,106,506 | $1,106,506 | $10,245 | |
| **Total Non-Land Acquisition Costs:** | **$6,690,600** | **$7,253,766** | **$7,253,766** | **$67,165** | **$0** |

*Notes to the Non-Land Acquisition Costs:*

1. College Preservation, LP will acquire two adjacent developments – College Housing, Ltd. (consisting of 94 units) and College Arms Apartments, Phase II, Ltd. (consisting of 14 units), to combine them into one Acquisition and Preservation development consisting of 108 units. The Applicant provided a Third Amendment to Real Estate Agreement (College I), dated October 10, 2023, reflecting a purchase price of $5,446,200 and a Third Amendment to Real Estate Agreement (College II), dated October 10, 2023, reflecting a purchase price of $813,800, for a total purchase price of $6,260,000. Meridian's appraised "as is" value "as restricted" is $6,260,000 pre-renovation.
2. Building Acquisition Cost is calculated as the difference between the purchase price and the portion attributable to land as described below.
3. Maximum Developer Fee on Non-Land Acquisition Costs is 18%.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $1,700,796 | $2,290,789 | $2,272,418 | $21,041 | |
| DF to fund Operating Debt Reserve | | | | $0 | |
| **Total Other Development Costs:** | **$1,700,796** | **$2,290,789** | **$2,272,418** | **$21,041** | **$0** |

*Notes to the Developer Fee on Non-Acquisition Costs:*

1. The Developer Fee does not exceed 18% of the total development costs per the Rule, exclusive of land acquisition, Developer Fee, and reserves.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Land | | | $0 | $0 | $0 |
| Land Acquisition Cost | $400,000 | $112,740 | $112,740 | $1,044 | $112,740 |
| Land | | | | $0 | $0 |
| **Total Acquisition Costs:** | **$400,000** | **$112,740** | **$112,740** | **$1,044** | **$112,740** |

*Notes to the Land Acquisition Costs:*

1. The "As-is" Fee Simple Land Value is $1,080,000 per the appraisal, the Putnam County Property Appraiser's website indicates a Land Value of $112,740, and the Florida Housing's land allocation calculation is $1,093,981.

2. Seltzer has utilized the lesser of the appraised land value, land value per the Putnam County Property Appraiser for College Arms Apartments, or the Florida Housing land allocation calculation. The Putnam County Property Appraiser's land value was the lesser of the three.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Operating Deficit Reserve (FHFC) | | | | $0 | $0 |
| Operating Deficit Reserve (Lender) | | | | $0 | $0 |
| Operating Deficit Reserve (Syndicator) | | $716,766 | $703,205 | $6,511 | $703,205 |
| **Total Reserve Accounts:** | **$0** | **$716,766** | **$703,205** | **$6,511** | **$703,205** |

*Notes to the Reserve Accounts:*

1. Hudson is requiring an estimated Operating Deficit Reserve ("ODR") of $703,205, or an amount not to exceed six months of underwritten operating expenses, replacement reserves, and debt service.

2. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida housing, its Legal Counsel and Servicer.

   In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the

Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $18,240,266 | $22,830,663 | $22,966,673 | $212,654 | $2,201,466 |

*Notes to the Total Development Costs:*

1. Per RFA 2021-205, the FHFC Total Development Cost ("TDC") are limited on a per unit basis, based on the construction type of the units. The Applicant indicated a construction type of Garden (Rehab), which at application had a TDC per unit limitation of $146,900. Based on changes to TDC limits as approved at the April 1, 2022 Telephonic Board Meeting, the maximum allowable per unit cost is $198,482.40. Based on the most recent TDC spreadsheet, the Development's final TDC per unit (excluding land, building, reserves, relocation, and demolition costs) is $145,537.46, which is less than the maximum TDC.

## Operating Pro forma

| | OPERATING PRO FORMA | | ANNUAL | PER UNIT |
|---|---|---|---|---|
| INCOME | Gross Potential Rental Income | | $1,787,856 | $16,554 |
| | Rent Subsidy (ODR) | | $0 | $0 |
| | Other Income: | | | |
| | Ancillary Income-Parking | | $0 | $0 |
| | Miscellaneous | | $12,960 | $120 |
| | Washer/Dryer Rentals | | $0 | $0 |
| | Cable/Satellite Income | | $0 | $0 |
| | Rent Concessions | | $0 | $0 |
| | Alarm Income | | $0 | $0 |
| | Gross Potential Income | | $1,800,816 | $16,674 |
| | Less: | | | |
| | Economic Loss - Percentage: | 0.0% | $0 | $0 |
| | Physical Vacancy Loss - Percentage: | 4.0% | ($72,033) | ($667) |
| | Collection Loss - Percentage: | 1.0% | ($18,008) | ($167) |
| **Total Effective Gross Revenue** | | | $1,710,775 | $15,841 |
| EXPENSES | Fixed: | | | |
| | Ground Lease | | $0 | $0 |
| | Sub-Ground Lease | | $0 | $0 |
| | Real Estate Taxes | | $198,609 | $1,839 |
| | Insurance | | $124,200 | $1,150 |
| | Other | | $0 | $0 |
| | Variable: | | | |
| | Management Fee - Percentage: | 6.97% | $119,261 | $1,104 |
| | General and Administrative | | $64,800 | $600 |
| | Payroll Expenses | | $194,400 | $1,800 |
| | Utilities | | $86,400 | $800 |
| | Marketing and Advertising | | $2,700 | $25 |
| | Maintenance and Repairs | | $91,800 | $850 |
| | Grounds Maintenance and Landscaping | | $18,900 | $175 |
| | Resident Programs | | $0 | $0 |
| | Contract Services | | $10,800 | $100 |
| | Security | | $24,300 | $225 |
| | Other-Pest Control | | $0 | $0 |
| | Reserve for Replacements | | $32,400 | $300 |
| **Total Expenses** | | | $968,570 | $8,968 |
| **Net Operating Income** | | | $742,205 | $6,872 |
| **Debt Service Payments** | | | | |
| DEBT SERVICE | First Mortgage - FHFC - Citi | | $582,836 | $5,397 |
| | Second Mortgage - FHFC - SAIL | | $49,999 | $463 |
| | Third Mortgage - FHFC - SAIL ELI | | $0 | $0 |
| | First Mortgage Fees - FHFC - Citi | | $27,805 | $257 |
| | Second Mortgage Fees - FHFC - SAIL | | $12,255 | $113 |
| | Third Mortgage Fees - FHFC - SAIL ELI | | $3,855 | $36 |
| **Total Debt Service Payments** | | | $676,750 | $6,266 |
| **Cash Flow After Debt Service** | | | $65,456 | $606 |

| **Debt Service Coverage Ratios** | |
|---|---|
| DSC - First Mortgage plus Fees | 1.215 |
| DSC - Second Mortgage plus Fees | 1.103 |
| DSC - Third Mortgage plus Fees | 1.097 |
| DSC - Fourth Mortgage plus Fees | 1.097 |
| DSC - Fifth Mortgage plus Fees | 1.097 |
| DSC - All Mortgages and Fees | 1.097 |
| | |
| **Financial Ratios** | |
| Operating Expense Ratio | 56.6% |
| Break-Even Ratio | 91.7% |

*Notes to the Operating Pro forma and Ratios:*

1. The MMRN program does not impose any rent restrictions. However, this development will be utilizing Housing Credits, SAIL and ELI, which will impose rent restrictions. College Arms Apartments is projected to achieve 2023 Maximum Allowable HC Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per comparable properties surveyed. However, the Development's location is a USDA Eligible Rural Address and does qualify to use USDA income and rental rates. 107 of the 108 units are supported by Section 8, Project Based Vouchers. The total HAP income as renovated is $1,787,856. The excess HAP rent is calculated by subtracting the Housing Credit rent total of $998,292 from the HAP rent to arrive at the excess HAP rent as renovated of $982,188.

2. Utility allowances are based on the Palatka Housing Authority U.S. Department of Housing and Urban Development Utility Chart dated February 16, 2023. The residents are responsible for paying the electricity. The Applicant is paying for water, sewer, trash and pest control expenses. No manager/employee units are anticipated at this time.

   The rent roll is shown below:

MSA/County: Putnam County

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 2 | 689 | 40% | | | $482 | $52 | $430 | $1,250 | $1,250 | $430 | $1,250 | $30,000 |
| 1 | 1.0 | 14 | 689 | 60% | | | $723 | $52 | $671 | $1,250 | $1,250 | $671 | $1,250 | $210,000 |
| 2 | 1.0 | 5 | 742 | 40% | | | $578 | $73 | $505 | $1,250 | $1,250 | $505 | $1,250 | $75,000 |
| 2 | 1.0 | 3 | 742 | 60% | | | $867 | $73 | $794 | $1,250 | $1,250 | $794 | $1,250 | $45,000 |
| 2 | 1.0 | 42 | 866 | 60% | | | $867 | $73 | $794 | $1,350 | $1,350 | $794 | $1,350 | $680,400 |
| 3 | 1.0 | 4 | 1,111 | 40% | | | $668 | $89 | $579 | $1,375 | $1,375 | $579 | $1,375 | $66,000 |
| 3 | 1.0 | 1 | 1,111 | 60% | | | $1,002 | $89 | $913 | $1,375 | $1,375 | $913 | $1,375 | $16,500 |
| 3 | 1.0 | 28 | 1,002 | 60% | | | $1,002 | $89 | $913 | $1,475 | $1,475 | $913 | $1,475 | $495,600 |
| 3 | 1.0 | 1 | 1,111 | 60% | | | $1,002 | $89 | $913 | | $903 | $913 | $913 | $10,956 |
| 4 | 1.0 | 1 | 1,175 | 40% | | | $745 | $129 | $616 | $1,650 | $1,650 | $616 | $1,650 | $19,800 |
| 4 | 1.0 | 7 | 1,175 | 60% | | | $1,117 | $129 | $988 | $1,650 | $1,650 | $988 | $1,650 | $138,600 |
| | | 108 | 97,454 | | | | | | | | | | | $1,787,856 |

3. There are 12 ELI units at 40% AMI; however, only 11 ELI units are required.

4. Miscellaneous income includes vending income, late charges, pet deposits, forfeited security deposits and other miscellaneous sources. The Appraiser notes that the typical ancillary income range is between 2% and 5% of the gross rental income. The Appraiser has utilized $10 per unit per month, or $12,960 per year, based on market data. Seltzer has utilized the Appraiser's estimate.

5. The Development includes a common area laundry room with washers/dryers and is operated by a related-party vendor.

6. The appraiser estimates a stabilized physical vacancy rate of 4% and collection loss of 1% for an economic occupancy of 95% and a physical occupancy rate of 96%.

7. Real Estate Taxes are based on the Appraiser's tax comparable analysis.

8. Management Fees are based upon an October 9, 2023 Property Management Agreement provided by Borrower. A management fee equal to 6.403% of gross revenue received during the preceding month, plus a $7.50 per unit per month for providing finance and accounting materials and services, will be paid monthly. The combined fees equal approximately 6.92% of gross revenues.

9. This is an existing property and Seltzer has utilized the Applicant's Utilities cost based on current expenses of the property.

10. Resident programs are paid out of the General and Administrative line item.

11. Other operating expense estimates are based on either market comparables or historical operations at the Development and are supported by the appraisal.

12. Once renovated, the Appraisal estimates Replacement Reserves in the amount of $300 per unit per year, which meets the Rule requirement. Hudson requires a minimum replacement reserve of $300 per unit per year to be increased annually by 3.00%. The Capital Needs Assessment performed by GLE, recommends an inflated replacement reserve of $477.12 per unit per year. The Plan and Cost Analysis by GLE updated that figure to only $225.61. Seltzer has utilized the minimum replacement reserve of $300 per unit per year and will increase it annually by 3% for underwriting purposes.

13. A 15-year income and expense projection shows increasing debt service coverage ("DSC") through year fifteen (15). This projection is attached to this report as Exhibit 1.

14. Note that the Break-Even Ratio is above 90% due to higher than average operating expenses of $8,968 per unit per year.

## Section B

# Loan Conditions

# HC Allocation Recommendation and Contingencies

Special Conditions

These recommendations are contingent upon the review and approval of the following items by SMG and Florida Housing at 30 days prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Applicant to receive a new HAP Contract(s) with rents not materially different than the rents underwritten.
2. Approval of the selected management company by Florida Housing's Asset Management Department.
3. Receipt of the fully executed MOU and approval by FHFC.
4. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least thirty days prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Borrower to comply with any and all recommendations noted in the Plan and Cost Analysis.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. MMRN, SAIL and ELI Program Loan Proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of SAIL and ELI to the Total Development Costs, unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate

backup and ACH wiring instructions.

7. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the Development, as approved and reviewed by FHFC and Servicer.

   Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

8. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.

9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing FHFC as co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by A.M. Best & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit ("LOC") issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.

11. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Operating Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.

12. Satisfactory resolution of any outstanding past due and/or noncompliance items.

13. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025 (5) and 67-48.0075 (5) F.A.C. of an Applicant or a Developer).

14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds

are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

15. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to Applicant or the Developer from the Reserve Account cause the Developer fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to FHFC, its Servicer and its Legal Counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its Legal Counsel at least 30 days prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/member(s)/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners/members of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of MMRN, SAIL and ELI loan closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the MMRN Loan plus the SAIL and ELI loans naming FHFC as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the Operating Agreement or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.
6. Evidence of insurance coverage pursuant to the Request for Application (RFA) governing this proposed transaction and, as applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:

a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner / member of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner / member of the GP, of any corporate guarantor and any manager;
b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership/Operating Agreement and;
e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with local concurrency laws, as applicable.
9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.
10. Such other assignments, affidavits, certificates, financial statements, closing statements, and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing and its Legal Counsel, in connection with the loan(s).
11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507, 420.5087 and 420.509, Florida Statutes, Rule Chapters 67-21, 67-48, 67-53, and 67-60, F.A.C., RFA 2021-205, Section 42 I.R.C., and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the MMRN, SAIL and ELI Loan in form and substance satisfactory to Florida Housing and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), the Land Use Restriction Agreement(s), and Extended Low Income Housing Agreement(s).
3. All amounts necessary to complete construction must be deposited with the Fiscal Agent prior to Loan closing, or any phased HC Equity pay-in of amount necessary to complete construction shall be contingent upon an unconditional obligation, through a Joint Funding Agreement or other mechanism acceptable to Florida Housing, of the entity providing HC Equity payments (and evidence that 100% of such amount is on deposit with such entity at Loan Closing) to pay, regardless of any default under any documents relating to the HC as long as the First Mortgage continues to be funded.
4. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
5. Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.

6. Guarantors for the MMRN Loan are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the permanent First Mortgage as determined by FHFC or its Servicer, 90% Occupancy and 90% of the Gross Potential Rental Income net of Utility Allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the DSC ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

7. Guarantors for the SAIL are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the combined permanent First Mortgage and SAIL as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of Utility Allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent CPA and verified by the Servicer. The calculation of the DSC ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

8. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.

9. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.

10. A mortgagee title insurance lender's policy naming Florida Housing as the insured first and second mortgage holder in the amount of the Loans is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

11. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.

12. Replacement Reserves in the minimum amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Fiscal Agent, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of $32,400 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. The initial Replacement Reserve will have limitations on the ability to be drawn. Rehabilitation Developments (with or without acquisition) shall not be allowed to draw until the start of the scheduled replacement activities as outlined in the pre-construction Capital Needs Assessment ("CNA") report subject to the activities completed in the scope of the rehabilitation, but no sooner than the third year.

    The amount established as a Replacement Reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

13. GLE Associates, Inc. ("GLE"), or other construction inspector acceptable for Florida Housing, is to act as Florida Housing's inspector during the construction period.
14. Under the College Arms Apartments construction contract, a minimum of 10% retainage holdback on all construction draws will be withheld until 50% complete, then no additional retainage withheld. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies the RFA and Rule's minimum requirement.
15. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
16. Closing of all funding sources prior to or simultaneous with the closing of the MMRN, SAIL and ELI loans.
17. Any other reasonable requirements of the Servicer, Florida Housing or its Legal Counsel.

## Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a preliminary annual Housing Credit allocation of $992,746. Please see the HC Allocation Calculation section of this report for further details.

**Contingencies**

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by SMG and the Florida Housing Finance Corporation by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. All items listed under the Special Conditions section of the Loan Conditions to Close.
2. Satisfactory resolution of any outstanding past due and/or noncompliance items.
3. Any reasonable requirements of Florida Housing, SMG or its Legal Counsel.

**Exhibit 1**
**College Arms Apartments**
**15 Year Income and Expense Projection**

| | FINANCIAL COSTS: | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | | |
| INCOME | Gross Potential Rental Income | | $1,787,856 | $1,823,613 | $1,860,085 | $1,897,287 | $1,935,233 | $1,973,937 | $2,013,416 | $2,053,685 | $2,094,758 | $2,136,653 | $2,179,386 | $2,222,974 | $2,267,434 | $2,312,782 | $2,359,038 |
| | Rent Subsidy (ODR) | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Other Income: | | | | | | | | | | | | | | | | |
| | Ancillary Income-Parking | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Miscellaneous | | $12,960 | $13,219 | $13,484 | $13,753 | $14,028 | $14,309 | $14,595 | $14,887 | $15,185 | $15,488 | $15,798 | $16,114 | $16,436 | $16,765 | $17,100 |
| | Washer/Dryer Rentals | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Cable/Satellite Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Rent Concessions | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Alarm Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Gross Potential Income | | $1,800,816 | $1,836,832 | $1,873,569 | $1,911,040 | $1,949,261 | $1,988,246 | $2,028,011 | $2,068,572 | $2,109,943 | $2,152,142 | $2,195,185 | $2,239,088 | $2,283,870 | $2,329,548 | $2,376,138 |
| | Less: | | | | | | | | | | | | | | | | |
| | Economic Loss - Percentage: | | | | | | | | | | | | | | | | |
| | Physical Vacancy Loss - Percentage: | 4.0% | ($72,033) | ($73,473) | ($74,943) | ($76,442) | ($77,970) | ($79,530) | ($81,120) | ($82,743) | ($84,398) | ($86,086) | ($87,807) | ($89,564) | ($91,355) | ($93,182) | ($95,046) |
| | Collection Loss - Percentage: | 1.0% | ($18,008) | ($18,368) | ($18,736) | ($19,110) | ($19,493) | ($19,882) | ($20,280) | ($20,686) | ($21,099) | ($21,521) | ($21,952) | ($22,391) | ($22,839) | ($23,295) | ($23,761) |
| | **Total Effective Gross Revenue** | | $1,710,775 | $1,744,991 | $1,779,891 | $1,815,488 | $1,851,798 | $1,888,834 | $1,926,611 | $1,965,143 | $2,004,446 | $2,044,535 | $2,085,425 | $2,127,134 | $2,169,677 | $2,213,070 | $2,257,332 |
| EXPENSES | Fixed: | | | | | | | | | | | | | | | | |
| | Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Sub-Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Real Estate Taxes | | $198,609 | $204,567 | $210,704 | $217,025 | $223,536 | $230,242 | $237,150 | $244,264 | $251,592 | $259,140 | $266,914 | $274,921 | $283,169 | $291,664 | $300,414 |
| | Insurance | | $124,200 | $127,926 | $131,764 | $135,717 | $139,788 | $143,982 | $148,301 | $152,750 | $157,333 | $162,053 | $166,914 | $171,922 | $177,080 | $182,392 | $187,864 |
| | Other | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Variable: | | | | | | | | | | | | | | | | |
| | Management Fee - Percentage: | 7.0% | $119,261 | $121,646 | $124,079 | $126,561 | $129,092 | $131,674 | $134,307 | $136,993 | $139,733 | $142,528 | $145,378 | $148,286 | $151,252 | $154,277 | $157,362 |
| | General and Administrative | | $64,800 | $66,744 | $68,746 | $70,809 | $72,933 | $75,121 | $77,375 | $79,696 | $82,087 | $84,549 | $87,086 | $89,698 | $92,389 | $95,161 | $98,016 |
| | Payroll Expenses | | $194,400 | $200,232 | $206,239 | $212,426 | $218,799 | $225,363 | $232,124 | $239,087 | $246,260 | $253,648 | $261,257 | $269,095 | $277,168 | $285,483 | $294,047 |
| | Utilities | | $86,400 | $88,992 | $91,662 | $94,412 | $97,244 | $100,161 | $103,166 | $106,261 | $109,449 | $112,732 | $116,114 | $119,598 | $123,186 | $126,881 | $130,688 |
| | Marketing and Advertising | | $2,700 | $2,781 | $2,864 | $2,950 | $3,039 | $3,130 | $3,224 | $3,321 | $3,420 | $3,523 | $3,629 | $3,737 | $3,850 | $3,965 | $4,084 |
| | Maintenance and Repairs | | $91,800 | $94,554 | $97,391 | $100,312 | $103,322 | $106,421 | $109,614 | $112,902 | $116,289 | $119,778 | $123,372 | $127,073 | $130,885 | $134,811 | $138,856 |
| | Grounds Maintenance and Landscaping | | $18,900 | $19,467 | $20,051 | $20,653 | $21,272 | $21,910 | $22,568 | $23,245 | $23,942 | $24,660 | $25,400 | $26,162 | $26,947 | $27,755 | $28,588 |
| | Resident Programs | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Contract Services | | $10,800 | $11,124 | $11,458 | $11,801 | $12,155 | $12,520 | $12,896 | $13,283 | $13,681 | $14,092 | $14,514 | $14,950 | $15,398 | $15,860 | $16,336 |
| | Security | | $24,300 | $25,029 | $25,780 | $26,553 | $27,350 | $28,170 | $29,015 | $29,886 | $30,783 | $31,706 | $32,657 | $33,637 | $34,646 | $35,685 | $36,756 |
| | Other-Pest Control | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Reserve for Replacements | | $32,400 | $33,372 | $34,373 | $35,404 | $36,466 | $37,560 | $38,687 | $39,848 | $41,043 | $42,275 | $43,543 | $44,849 | $46,195 | $47,580 | $49,008 |
| | **Total Expenses** | | $968,570 | $996,434 | $1,025,111 | $1,054,624 | $1,084,997 | $1,116,256 | $1,148,427 | $1,181,536 | $1,215,612 | $1,250,683 | $1,286,779 | $1,323,928 | $1,362,163 | $1,401,516 | $1,442,018 |
| | **Net Operating Income** | | $742,205 | $748,556 | $754,780 | $760,865 | $766,801 | $772,578 | $778,184 | $783,607 | $788,833 | $793,851 | $798,647 | $803,206 | $807,513 | $811,555 | $815,313 |
| | **Debt Service Payments** | | | | | | | | | | | | | | | | |
| DEBT SERVICE | First Mortgage - FHFC - Citi | | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 | $582,836 |
| | Second Mortgage - FHFC - SAIL | | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 | $49,999 |
| | Third Mortgage - FHFC - SAIL ELI | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | First Mortgage Fees - FHFC - Citi | | $27,805 | $27,845 | $27,882 | $27,917 | $27,950 | $27,979 | $28,004 | $28,026 | $28,043 | $28,055 | $28,061 | $28,061 | $28,053 | $28,038 | $28,014 |
| | Second Mortgage Fees - FHFC - SAIL | | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 |
| | Third Mortgage Fees - FHFC - SAIL ELI | | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| | **Total Debt Service Payments** | | $676,750 | $676,789 | $676,827 | $676,862 | $676,894 | $676,923 | $676,949 | $676,971 | $676,988 | $676,999 | $677,006 | $677,005 | $676,998 | $676,983 | $676,958 |
| | **Cash Flow After Debt Service** | | $65,456 | $71,767 | $77,953 | $84,003 | $89,907 | $95,655 | $101,235 | $106,636 | $111,846 | $116,852 | $121,641 | $126,200 | $130,515 | $134,572 | $138,355 |
| | | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | | 1.215 | 1.226 | 1.236 | 1.246 | 1.255 | 1.265 | 1.274 | 1.283 | 1.291 | 1.299 | 1.307 | 1.315 | 1.322 | 1.329 | 1.335 |
| | DSC - Second Mortgage plus Fees | | 1.103 | 1.112 | 1.122 | 1.131 | 1.139 | 1.148 | 1.156 | 1.164 | 1.172 | 1.179 | 1.186 | 1.193 | 1.200 | 1.206 | 1.211 |
| | DSC - Third Mortgage plus Fees | | 1.097 | 1.106 | 1.115 | 1.124 | 1.133 | 1.141 | 1.150 | 1.158 | 1.165 | 1.173 | 1.180 | 1.186 | 1.193 | 1.199 | 1.204 |
| | DSC - Fourth Mortgage plus Fees | | 1.097 | 1.106 | 1.115 | 1.124 | 1.133 | 1.141 | 1.150 | 1.158 | 1.165 | 1.173 | 1.180 | 1.186 | 1.193 | 1.199 | 1.204 |
| | DSC - Fifth Mortgage plus Fees | | 1.097 | 1.106 | 1.115 | 1.124 | 1.133 | 1.141 | 1.150 | 1.158 | 1.165 | 1.173 | 1.180 | 1.186 | 1.193 | 1.199 | 1.204 |
| | DSC - All Mortgages and Fees | | 1.097 | 1.106 | 1.115 | 1.124 | 1.133 | 1.141 | 1.150 | 1.158 | 1.165 | 1.173 | 1.180 | 1.186 | 1.193 | 1.199 | 1.204 |
| | **Financial Ratios** | | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | | 56.6% | 57.1% | 57.6% | 58.1% | 58.6% | 59.1% | 59.6% | 60.1% | 60.6% | 61.2% | 61.7% | 62.2% | 62.8% | 63.3% | 63.9% |
| | Break-Even Ratio | | 91.7% | 91.4% | 91.2% | 91.0% | 90.7% | 90.5% | 90.4% | 90.2% | 90.0% | 89.9% | 89.8% | 89.7% | 89.6% | 89.6% | 89.5% |

College Arms Apartments
RFA 2021-205 / 2022-195BS
Description of Features and Amenities

A. The Development will consist of:

108 Garden Apartments located in 20 residential buildings

Unit Mix:

Sixteen (16) one bedroom/one bath units:

Fifty (50) two bedroom/one bath units;

Thirty-Four (34) three bedroom/one bath units;

Eight (8) four bedroom/one bath units;

108 Total Units

B. All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Federal Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

C. The Development must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;

2. Termite prevention;

3. Pest control;

4. Window covering for each window and glass door inside each unit;

5. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

6. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:

   - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number;
   - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
   - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

7. At least two full bathrooms in all 3 bedroom or larger new construction units;

8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;

9. All rehabilitation units are expected to have a full-size range and oven unless found to be not physically feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of this RFA.

D. Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

E. The Development must provide the following Accessibility Features in all units:

1. Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;

2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

In addition to the 5 percent mobility requirement outlined above, all Family Demographic Developments must provide reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design. Corporation approved alternative approach for grab bar installation for the non-fully-ADA units: to provide fold down grab bars between the water closet and tub, allowing future install of a 24” grab bar on the rear wall of the water closet. All water closets that cannot get the side grab bar will have a wall reinforcement installed in standard units.

At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit and toilet in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household’s request and at no charge to the household, will install grab bars around a dwelling unit’s tub/shower unit and toilet, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development’s written materials listing and describing the unit’s features, as well as including the language in each household’s lease.

F. Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below and all rehabilitation units are expected to have all of the following required Green Building features unless found to not be appropriate or feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of the RFA:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less,
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher, not feasible due to kitchen size per CNA;

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
- Residential Electric:
  i. Up to 55 gallons = .95 EF or .92 UEF; or
  ii. More than 55 gallons = Energy Star certified; or
  iii. Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
- Residential Gas (storage or tankless/instantaneous): Energy Star certified
- Commercial Gas Water Heater: Energy Star certified;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
  i. Air-Source Heat Pumps – Energy Star certified:
    a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
    b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
  ii. Central Air Conditioners – Energy Star certified:
    a. ≥15 SEER/ ≥12.5 EER* for split systems
    b. ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.

    NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and 1 bedroom units;

Proposed Developments with the Development Category Rehabilitation or Preservation, with or without Acquisition, must select enough of the following Green Building Features so that the total point value of the features selected equals at least 10, in addition to committing to the required Construction Features listed in Section Four of the RFA.

G. The Applicant has committed to provide the following additional Green Building Features to achieve a total point value of at least 10 points:

1. _X__ Programmable thermostat in each unit (2 points)

2. _X__ Humidistat in each unit (2 points)

3. _X__ Water Sense certified dual flush toilets in all bathrooms (2 points)

4. ____ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)

5. ____ Energy star certified roof coating (2 points) *

6. ____ Energy star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *

7. ____ Eco-friendly cabinets –no added urea formaldehyde and material must be certified by the Forest Stewardship Council, the Environmental Stewardship Program, or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)

8. ____ Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, FloorScore certified flooring, bamboo, cork, 80% recycled content tile, and/or natural linoleum (3 points)

9. ____ High Efficiency HVAC with SEER of at least 16 (2 points) **

10. _X__ Energy efficient windows in each unit (3 points)
    - For all Development Types except Mid-Rise and High-Rise: Energy Star rating for all windows in each unit;
    - For Development Type of Mid-Rise and High-Rise:
        i. U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and
        ii. U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)

11. ____ Florida Yards and Neighborhoods certification on all landscaping (2 points)

12. _X__ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Borrower may choose only one option related to Energy Star certified roofing.
**Borrowers who choose high efficiency HVAC's must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments Section Four A.8 of the RFA.

H. Applicants who select the Family Demographic must provide at least three Resident Programs:

The quality of the Resident Programs committed to by the Applicant is subject to approval of the Board of Directors. The availability of the Resident Programs must be publicized on an ongoing basis such as through community newsletters, bulletin board posts, or flyers.

1. Adult Literacy

The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Various literacy programming can be offered that strengthens participants' reading, writing skills, and comprehension, but at a minimum, these must include English proficiency and basic reading education.

Training must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of

Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

2. Employment Assistance Program

The Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must be held between the hours of 8:00 a.m. and 7:00 p.m. and include, but not be limited to, the following:

- Evaluation of current job skills;
- Assistance in setting job goals;
- Assistance in development of and regular review/update of an individualized plan for each participating resident;
- Resume assistance;
- Interview preparation; and
- Placement and follow-up services.

If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

3. Financial Management Program

The Applicant or its Management Company shall provide a series of classes to provide residents training in various aspects of personal financial management. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. If the Development consists of Scattered Sites, the Resident Program must be held on the Scattered Site with the most units. Residents residing at the other sites of a Scattered Site Development must be offered transportation, at no cost to them, to the classes. The topic areas must include, but not be limited to:

- Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
- Tax preparation including do’s and don’ts, common tips, and how and where to file, including electronically;
- Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
- Retirement planning & savings options including preparing a will and estate planning; and
- Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.

Different topic areas must be selected for each session, and no topic area may be repeated consecutively.

# COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: College Arms Apartments
DATE: December 1, 2023

In accordance with applicable Program Rule(s), the Borrower is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("Florida Housing" or "FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Borrower that the transaction can close within the allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

| CREDIT UNDERWRITING<br>REQUIRED ITEMS: | STATUS<br>Satis. /Unsatis. | NOTE |
|---|---|---|
| 1. The development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | |
| 4. Pre-construction analysis ("PCA"). | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Borrower, general partner, principals, guarantors and general contractor. | Satis. | |
| 11. Resumes and experience of Borrower, general contractor and management agent. | Satis. | |

| | | |
|---|---|---|
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Satis. | |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | Satis. | |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis. | |
| 22. Any additional items required by the credit underwriter. | Unsatis. | 1 |

NOTES AND APPLICANT'S RESPONSES:

1. Applicant to receive a new HAP Contract(s) with rents not materially different than the rents underwritten.

## HC Allocation Calculation

| Section I: Qualified Basis Calculation | |
|---|---|
| | |
| Development Cost | $22,966,673 |
| Less Land Cost | ($112,740) |
| Less Federal Funds | $0 |
| Less Other Ineligible Cost | ($2,088,726) |
| Less Disproportionate Standard | $0 |
| Acquisition Eligible Basis | $7,253,766 |
| Rehabilitation Eligible Basis | $13,511,442 |
| Total Eligible Basis | $20,765,208 |
| Applicable Fraction | 100.0% |
| DDA/QCT Basis Credit | 130.00% |
| Acquisition HC Percentage | 4.00% |
| Rehabilitation HC Percentage | 4.00% |
| Annual HC on Acquisition | $290,151 |
| Annual HC on Rehabilitation | $702,595 |
| Annual Housing Credit Allocation | $992,746 |

*Notes to the Qualified Basis Calculation:*

1. Other Ineligible Costs primarily include accounting fees, FHFC administrative, application, underwriting, and other processing fees, a portion of legal fees and title insurance, all Market Study fees, marketing, survey, FHFC MMRN cost of issuance, FHFC Issuer Fee, TEFRA fee, the portion of construction interest accrued after construction completion, closing costs, and operating deficit reserve.

2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100%.

3. The Development is located within a Qualified Census Tract ("QCT"), census tract number 9509, and a Difficult to Develop Area ("DDA"). Therefore, the 130% basis credit has been applied to the Eligible Basis.

4. On December 27, 2020 the Consolidated Appropriation Act was signed into law. This Act sets forth an amendment to Section 42(b) of the Internal Revenue Code instituting a 4% credit floor for LIHTC projects, new or existing. To qualify for the 4% floor, buildings must be placed in service after December 31, 2020 and either: (1) receive a LIHTC allocation after December 31, 2020 or (2) be financed by a tax-exempt bond issued after December 31, 2020 that is subject to the applicable volume cap. The Applicant elected to make no election pursuant to Section 42(b)(2)(A)(ii) of the code and accordingly the applicable percentage for a building shall be that for the month in which the particular building is placed in service. The Applicant has not yet closed on the acquisition of the property and is eligible for the 4% minimum floor.

| Section II: Gap Calculation | |
|---|---|
| | |
| Total Development Cost (Including Land and Ineligible Costs) | $22,966,673 |
| | |
| Less Mortgages | ($12,621,960) |
| Less Grants | $0 |
| Equity Gap | $10,344,713 |
| | |
| Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.8750 |
| HC Required to Meet Gap | $11,823,712 |
| Annual HC Required | $1,182,371 |

*Notes to the Gap Calculation:*

1. Mortgages include the Citi first mortgage, FHFC SAIL second mortgage and FHFC ELI third mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the May 15, 2023 LOI from Hudson.

| Section III: Tax-Exempt Note 50% Test | |
|---|---|
| | |
| Total Depreciable Cost | $20,765,208 |
| Plus Land Cost | $112,740 |
| Aggregate Basis | $20,877,948 |
| | |
| Tax-Exempt Note Amount | $13,000,000 |
| Less Debt Service Reserve | $0 |
| Less Proceeds Used for Costs of Issuance | $0 |
| Plus Tax-exempt GIC earnings | $0 |
| Tax-Exempt Proceeds Used for Building and Land | $13,000,000 |
| | |
| Proceeds Divided by Aggregate Basis | 62.27% |

*Notes to 50% Test:*

1. SMG estimates the Tax-Exempt MMRN amount to be 62.27% of Depreciable Development Costs plus Land Acquisition Costs. If, at the time of Final Cost Certification, the Tax-Exempt Note Amount is less than 50%, developer fees will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

| **Section IV: Summary** | |
|---|---|
| | |
| HC per Qualified Basis | $992,746 |
| HC per Gap Calculation | $1,182,371 |
| | |
| Annual HC Recommended | $992,746 |
| | |

*Notes to the Summary:*

1. The Annual HC Recommended is based on the Qualified Basis Calculation.

**FLORIDA HOUSING FINANCE CORPORATION**
**AUTHORIZATION RESOLUTION**
**COLLEGE ARMS APARTMENTS**

**RESOLUTION NO. __**

**A RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2024 SERIES __ [SERIES TO BE DESIGNATED] (COLLEGE ARMS APARTMENTS) OF THE FLORIDA HOUSING FINANCE CORPORATION ("FLORIDA HOUSING"); APPROVING THE PREPARATION, ISSUANCE, EXECUTION AND DELIVERY OF A FUNDING LOAN AGREEMENT BETWEEN FLORIDA HOUSING, CITIBANK, N.A., OR AN AFFILIATE THEREOF, AND A CORPORATE FISCAL AGENT , AND A PROJECT LOAN AGREEMENT BETWEEN FLORIDA HOUSING AND THE BORROWER NAMED THEREIN; AUTHORIZING A LOAN FROM CITIBANK, N.A., OR AN AFFILIATE THEREOF, TO FLORIDA HOUSING EVIDENCED BY THE NOTES; AUTHORIZING THE LOAN MADE PURSUANT TO THE FUNDING LOAN AGREEMENT TO THE BORROWER NAMED THEREIN; AUTHORIZING THE PREPARATION, EXECUTION, AND DELIVERY OF ALL DOCUMENTS NECESSARY FOR THE ISSUANCE, EXECUTION AND DELIVERY OF THE NOTES; AUTHORIZING ALL ACTIONS NECESSARY FOR FINAL APPROVAL OF THE ISSUANCE, EXECUTION AND DELIVERY OF THE NOTES, THE FINANCING OF COLLEGE ARMS APARTMENTS INCLUDING, BUT NOT LIMITED TO, A PRIVATE PLACEMENT MEMORANDUM OR MEMORANDUM OF TERMS AND CONDITIONS, AND MAKING OTHER PROVISIONS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, the Florida Housing Finance Corporation ("Florida Housing") is a public corporation within the Department of Commerce of the State of Florida (the "State") and a public body corporate and politic, duly organized under the Florida Housing Finance Corporation Act, Sections 420.501 *et seq.*, Florida Statutes, as amended (the "Act"), and is authorized by the Act to issue its bonds, debentures, notes, or other evidence of financial indebtedness from time to time to fulfill its public purposes, which include the financing and refinancing of multifamily residential housing developments for rental to persons and families of low, moderate, or middle income; and

WHEREAS, pursuant to the Act, Florida Housing has now determined to authorize the issuance, execution and delivery of its Tax-Exempt Multifamily Mortgage Revenue Notes, 2024

Series __ [series to be designated] (College Arms Apartments) (the "Notes"), for the purpose of making a loan to College Preservation, LP, together with its predecessors, successors, assigns, affiliates and/or related entities (the "Borrower"), to finance the acquisition and rehabilitation of an approximately 108-unit multifamily residential rental development for persons of low, moderate, and middle income named College Arms Apartments located in Palatka, Putnam County, Florida (the "Property"); provided that the aggregate principal amount of the Notes shall not exceed (a) $13,000,000 or (b) such greater aggregate principal amount of Notes which, at the time of issuance, execution and delivery, does not exceed an aggregate principal amount which would result in a debt service coverage ratio for the Notes, as reflected in the Credit Underwriter Confirmation (as defined below) for the Property, of less than 1.00 (subject to receipt of private activity bond allocation being made available for the tax-exempt Notes and compliance with Section 147(f) of the Internal Revenue Code of 1986); and

WHEREAS, as required by the Act, the Board of Directors of Florida Housing (the "Board") has made the following determinations with respect to the financing of the Property:

(1) That a significant number of low, moderate or middle-income persons in the State are subject to hardship finding or obtaining reasonably accessible decent, safe and sanitary residential housing; and

(2) That private enterprise, unaided, is not meeting and cannot reasonably be expected to meet, the need for such residential housing; and

(3) That the need for such residential housing will be alleviated by the financing of the Property; and

WHEREAS, Florida Housing is desirous of taking all action necessary to give final approval for the financing of the Property as described in the Credit Underwriting Report (as defined below) and to issue, execute and deliver the Notes in compliance with the Act and other applicable provisions of State law;

NOW THEREFORE, it is hereby ascertained, determined, and resolved:

1. The Property is hereby given final approval for financing on the terms and conditions as described in the Credit Underwriting Report for the Property, presented to and approved by the Board on this date (the "Credit Underwriting Report"), with such deviations as the Executive Director (or interim Executive Director), in consultation with staff and Special Counsel to Florida Housing, may approve. Execution of the funding loan agreement and the project loan agreement, each as described below, by an Authorized Signatory (as defined below) shall be conclusive evidence of such approval.

2. Florida Housing hereby authorizes the issuance, execution and delivery of the Notes as tax-exempt or taxable "Notes" (as such term is defined in and within the meaning of the Act), in such series or subseries as Florida Housing shall designate, in an aggregate principal amount of not to exceed (a) $13,000,000 or (b) such greater aggregate principal amount of Notes which, at the time of issuance, execution and delivery does not exceed an aggregate principal amount which would result in a debt service coverage ratio for the Notes, as reflected in the Credit Underwriter Confirmation for the Property, of less than 1.00, subject to receipt of private activity bond allocation being made available for the tax-exempt Notes and compliance with Section 147(f) of the Internal Revenue Code of 1986. Subject to the immediately preceding sentence, the maximum principal amount of the Notes that may be delivered shall be determined by an Authorized Signatory after receipt of the Credit Underwriter Confirmation for the Property. The "Credit Underwriter Confirmation" is the written confirmation, delivered prior to the issuance of the Notes, from the Florida Housing Credit Underwriter with respect to the Property that, taking

into account any increased aggregate principal amount of Notes, the conditions set forth in and the requirements of the Credit Underwriting Report have been satisfied. Conclusive evidence of determination of any such increased aggregate principal amount of Notes shall be evidenced by a certificate of an Authorized Signatory.

3. A funding loan agreement between Florida Housing, Citibank, N.A., or an affiliate thereof (the "Bank"), and a corporate fiscal agent , setting forth the terms and conditions of the Notes (the "Funding Loan Agreement"), is hereby authorized to be prepared and delivered, in such form as may be approved by any member of the Board, the Executive Director (or any interim Executive Director), the Chief Financial Officer, or any other person designated by separate resolution of the Board (or any person or persons acting in such capacities) (collectively, or each individually, an "Authorized Signatory") (which form of funding loan shall set forth as to the Notes such maturities, interest rates and purchase price as shall be determined in accordance with the Act, including Section 420.509, Florida Statutes), and the execution of such funding loan agreement by an Authorized Signatory, and the attestation thereof by the Secretary or any Assistant Secretary of Florida Housing, is hereby authorized, and the execution thereof by such persons shall be conclusive evidence of such approval.

4. A project loan agreement between Florida Housing and the Borrower, setting out the terms of the loan of the proceeds of the Notes by Florida Housing to the Borrower (the "Mortgage Loan"), and the payment and other obligations of the Borrower in respect of the Mortgage Loan, including the note made by the Borrower to Florida Housing evidencing the Mortgage Loan, is hereby authorized to be prepared and delivered, in such form as may be approved by an Authorized Signatory, and the execution of such loan agreement by an Authorized Signatory, and the attestation thereof by the Secretary or any Assistant Secretary of Florida

Housing, is hereby authorized, and the execution thereof by such persons shall be conclusive evidence of such approval.

5. If necessary, a private placement memorandum or memorandum of terms and conditions is hereby authorized to be prepared and distributed in connection with the Notes in such form as shall be approved by an Authorized Signatory, and the execution of such private placement memorandum or memorandum of terms and conditions, if necessary, by the Authorized Signatory shall be conclusive evidence of such approval.

6. The Notes shall be sold in accordance with the requirements of the Act, including Section 420.509(12), Florida Statutes. In the event that, pursuant to the Act, the Notes shall be sold by a negotiated sale or private placement, an Authorized Signatory is authorized to acknowledge and execute a note purchase agreement, note placement agreement and funding loan agreement, as applicable, upon approval of the terms thereof by the staff of Florida Housing and Special Counsel to Florida Housing, and the execution of such note purchase agreement, note placement agreement or funding loan agreement , as applicable, by an Authorized Signatory shall be conclusive proof of such approval.

7. An Authorized Signatory is authorized to cause to be prepared and to issue, execute and deliver any additional documents necessary for the issuance, execution and delivery of the Notes, the making of the Mortgage Loan, and the security therefor, upon the approval of the terms of any credit enhancement, if applicable, and the security therefor, and the making of the Mortgage Loan, and the security therefor, by the staff of Florida Housing and Special Counsel to Florida Housing. All other actions by Florida Housing necessary for the final approval of financing for the Property and for issuance, execution and delivery of the Notes, upon the approval of the terms of any credit enhancement, if applicable, and the security therefor, are hereby authorized.

8. The principal of, premium, if any, and all interest on the Notes shall be payable solely out of revenues and other amounts pledged therefor as described in the funding loan agreement for the Notes. The Notes do not constitute obligations, either general or special, of the State or any of its units of local government and shall not be a debt of the State or of any unit of local government thereof, and neither the State nor any unit of local government thereof shall be liable thereon. Florida Housing does not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government thereof; and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government thereof shall be, or shall be deemed to be, pledged to the payment of the Notes.

9. The Notes may be executed either manually or by facsimile signature by any officer of Florida Housing.

10. The maximum amount of the Notes authorized to be issued, executed and delivered hereunder may not exceed the amount permitted in accordance with the applicable Rules of Florida Housing, and reflected in the Credit Underwriter Confirmation, and for which fiscal sufficiency has been determined in accordance with the Act, including Section 420.509(2), Florida Statutes.

11. All resolutions or parts of resolutions in conflict with this Resolution shall be and the same are hereby superseded and repealed to the extent of such conflict.

12. This Resolution shall take effect immediately upon adoption.

ADOPTED this ____ day of __________________, 2023.

(SEAL)

**FLORIDA HOUSING FINANCE CORPORATION**, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida

ATTEST:

_____________________________________
Melissa Levy, Assistant Secretary, Florida Housing Finance Corporation's Board of Directors

_____________________________________
Mario Facella, Chair, Florida Housing Finance Corporation's Board of Directors

STATE OF FLORIDA
COUNTY OF LEON

I hereby certify that the above and foregoing is a true and correct copy of a Resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the _____ day of ____________, 2023, at which a quorum was present, all as will appear by reference to the original Resolution incorporated in the official records of the Florida Housing Finance Corporation.

_____________________________________
Tim Kennedy, Multifamily Loans and Bonds Director,
Florida Housing Finance Corporation

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this _____ day of _____________, 2023 by Tim Kennedy, as Multifamily Loans and Bonds Director of Florida Housing Finance Corporation, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of the corporation. He is personally known to me.

_____________________________________
Notary Public

NOTARY SEAL

_____________________________________
Name typed, printed or stamped

My Commission Expires:________________

**FLORIDA HOUSING FINANCE CORPORATION**
**SALE RESOLUTION**
**COLLEGE ARMS APARTMENTS**

**RESOLUTION NO. ____**

**A RESOLUTION AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2024 SERIES __ [SERIES TO BE DESIGNATED] (COLLEGE ARMS APARTMENTS) OF THE FLORIDA HOUSING FINANCE CORPORATION; AUTHORIZING THE NEGOTIATION AND EXECUTION OF A NOTE PURCHASE AGREEMENT AND SUCH OTHER DOCUMENTS AS ARE NECESSARY FOR THE PRIVATE PLACEMENT OF THE TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2024 SERIES __ [SERIES TO BE DESIGNATED] (COLLEGE ARMS APARTMENTS) OF THE FLORIDA HOUSING FINANCE CORPORATION; AUTHORIZING THE EXECUTIVE DIRECTOR (OR ANY INTERIM EXECUTIVE DIRECTOR), CHIEF FINANCIAL OFFICER, OR ANY MEMBER OF THE BOARD OF DIRECTORS OF THE FLORIDA HOUSING FINANCE CORPORATION, OR OTHER AUTHORIZED SIGNATORY TO TAKE ANY OTHER ACTIONS NECESSARY TO NEGOTIATE THE SALE OF THE TAX-EXEMPT MULTIFAMILY MORTGAGE REVENUE NOTES, 2024 SERIES __ [SERIES TO BE DESIGNATED] (COLLEGE ARMS APARTMENTS) OF THE FLORIDA HOUSING FINANCE CORPORATION AND MAKING OTHER PROVISIONS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE.**

WHEREAS, the Florida Housing Finance Corporation ("Florida Housing") is a public corporation, created within the Department of Commerce of the State of Florida and a public body corporate and politic, duly organized under the Florida Housing Finance Corporation Act, Sections 420.501 *et seq.*, Florida Statutes, as amended (the "Act"), and is authorized by the Act to issue its bonds, debentures, notes, or other evidence of financial indebtedness from time to time to fulfill its public purposes, which include the financing and refinancing of multifamily residential housing developments for rental to persons and families of low, moderate, or middle income; and

WHEREAS, pursuant to the Act, Florida Housing adopted a resolution authorizing the issuance, execution and delivery of its Tax-Exempt Multifamily Mortgage Revenue Notes, 2024 Series __ [series to be designated] (College Arms Apartments) (the "Notes"), as tax-exempt or taxable Notes, for the purpose of making funds available to finance the acquisition and rehabilitation of an approximately 108-unit multifamily residential rental development for persons of low, moderate, and middle income named College Arms Apartments located in Palatka, Putnam County, Florida (the "Property"); provided that the aggregate principal amount of the Notes shall not exceed (a) $13,000,000 or (b) such greater aggregate principal amount of Notes which, at the time of issuance, execution and delivery of, does not exceed an aggregate principal amount which would result in a debt service coverage ratio for the Notes, as reflected in the Credit Underwriter Confirmation (as defined below) for the Property, of less than 1.00 (subject to receipt of private activity bond allocation being made available for the tax-exempt Notes and compliance with Section 147(f) of the Internal Revenue Code of 1986); and

WHEREAS, the Act authorizes Florida Housing to negotiate with the underwriter or underwriters designated by Florida Housing for a negotiated sale, limited offering or private placement of the Notes with such purchaser or purchasers, if Florida Housing by official action at a public meeting determines that such negotiated sale, limited offering or private placement of the Notes is in the best interest of Florida Housing; and

WHEREAS, Florida Housing has reviewed the market conditions and trends affecting the sale of the Notes; and

WHEREAS, Florida Housing has received a recommendation and reviewed and looked at the relative advantage of a negotiated sale, limited offering or private placement of the Notes in light of the current and anticipated market conditions; and

WHEREAS, the Board of Directors of Florida Housing (the "Board") has considered the best interests of Florida Housing and the public; and

WHEREAS, the nature and structure of the Notes renders the Notes a candidate for a private placement; and

WHEREAS, based on the foregoing, the Board hereby finds that a private placement of the Notes is in the public's and Florida Housing's best interest based on the current market conditions and based upon the structure of the Notes. Existing and projected market conditions and any lack of flexibility in the sale of the Notes could be prejudicial to Florida Housing and to the public. Additionally, the structure of the Notes and the current demand for these types of obligations support a private placement.

NOW, THEREFORE, BE IT RESOLVED BY FLORIDA HOUSING:

1. A private placement of the Notes is in the best interest of Florida Housing and the public for the reasons herein described.

2. The private placement of the Notes is to be negotiated by Florida Housing with Citibank, N.A. (hereinafter referred to as the "Note Purchaser").

3. The Notes are to be generally described as follows:

Florida Housing Finance Corporation
Tax-Exempt Multifamily Mortgage Revenue Notes,
2024 Series __ [series to be designated]
(College Arms Apartments).

4. Florida Housing shall negotiate with the Note Purchaser and execute such documents as are necessary to sell the Notes to the Note Purchaser pursuant to this Resolution. Any member of the Board, the Executive Director (or any interim Executive Director), the Chief Financial Officer, or any other person designated by separate resolution of the Board (or any person or persons acting in such capacities) (collectively, or each individually, an "Authorized Signatory") is authorized to negotiate the terms of a private placement of the Notes and to execute a Note purchase agreement, or funding loan agreement, as applicable, upon approval of the terms thereof,

and the execution thereof by an Authorized Signatory shall be conclusive evidence of such approval.

5. The authority to execute the Note purchase agreement or funding loan agreement, as applicable, is predicated upon the Note purchase agreement or funding loan agreement, as applicable, providing for an interest rate on the Notes that would facilitate an interest rate on the Notes not to exceed 10% and the maximum rate authorized under Florida law and would provide for the private placement of the Notes in conformance with the program documents.

6. An Authorized Signatory and the attorneys for Florida Housing and other consultants, agents or employees thereof, are hereby authorized to execute all necessary documents and to take whatever action is necessary to finalize issuance and sale of the Notes pursuant to this Resolution and to provide for the use of the proceeds of the Notes contemplated by this Resolution.

7. The award of the Notes pursuant to the terms of this Resolution shall be final without any further action by Florida Housing.

8. This Resolution shall take effect immediately upon adoption.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

ADOPTED this ____ day of _________________, 2023.

(SEAL)

**FLORIDA HOUSING FINANCE CORPORATION**, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida

ATTEST:

___________________________________
Melissa Levy, Assistant Secretary, Florida Housing Finance Corporation's Board of Directors

___________________________________
Mario Facella, Chair, Florida Housing Finance Corporation's Board of Directors

STATE OF FLORIDA
COUNTY OF LEON

I hereby certify that the above and foregoing is a true and correct copy of a Resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the _____ day of ____________, 2023, at which a quorum was present, all as will appear by reference to the original Resolution incorporated in the official records of the Florida Housing Finance Corporation.

___________________________________
Tim Kennedy, Multifamily Loans and Bonds Director Florida Housing Finance Corporation

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this _____ day of _____________, 2023 by Tim Kennedy, Multifamily Loans and Bonds Director of Florida Housing Finance Corporation, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of the corporation. He is personally known to me.

___________________________________
Notary Public

NOTARY SEAL

___________________________________
Name typed, printed or stamped

My Commission Expires:________________

Caine Mitter

225 West 35th Street, Suite 900
New York, NY 10001
t 212 686 8820 | f 212 686 2155
***.cainemitter.com Caine Mitter & Associates Incorporated

December 1, 2023

Angie Sellers, Chief Financial Officer
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: **College Arms Apartments, 2023 Multifamily Mortgage Revenue Notes Method of Sale Recommendation**

Dear Angie,

At the request of the staff of the Florida Housing Finance Corporation ("Florida Housing") and pursuant to our Contract for Independent Registered Municipal Advisor Services with Florida Housing, I have reviewed the Credit Underwriting Report dated as of November 16, 2023, relating to College Arms Apartments (the "Credit Underwriting Report"), and herein provide my recommendation for a negotiated private placement method of sale.

This recommendation is consistent with the procedures established for evaluating proposed multifamily transactions and is based upon the project information contained in the Credit Underwriting Report. The required factors considered in my evaluation of the proposed project are:

- Prevailing interest rates and financing costs for multifamily notes,
- The anticipated credit and security structure,
- The proposed financing and issue structure,
- The experience of the developer in financing affordable housing,
- Florida Housing's known programmatic objectives,
- Probable near term market conditions,
- The timing of the transaction, and
- Other information provided by Florida Housing staff and the working group for this transaction, as applicable

The Credit Underwriting Report outlines a plan of finance for affordable multifamily housing involving tax-exempt notes that are privately placed with a bank. The notes will bear interest at a variable rate during the construction phase and a fixed rate during the permanent phase.

The Credit Underwriting Report proposes a negotiated private placement to be an effective method of sale for the tax-exempt notes.

The following is a summary concerning this project and financing:

**Project Name:** College Arms Apartments

**Construction Note Purchaser:** Citibank, N.A.

**Permanent Note Purchaser:** Citibank, N.A.

**Developer / Key Representative:** Royal American Properties, LLC / Jeanette B. Chapman

**Recommended Method of Sale:** Negotiated private placement

Based on the structure of the note issue and prevailing market conditions, a negotiated private placement will be an effective method of sale for the tax-exempt notes. Based on Florida Housing's experience with similar offerings, current market conditions, and other recent housing finance agency multifamily transactions, this method can be expected to achieve the borrower's objectives based on the facts presented.

Should there be any substantial changes in the market, the proposed credit structure, or development team, a further review of the above recommendation should be undertaken. It is expected, consistent with Chapter 67-21.0045 of Florida Administrative Code that a final term sheet for the project will be provided to Caine Mitter & Associates Incorporated at the appropriate time to allow for any required final recommendation if necessary. If you have any questions or require any discussion please feel free to contact me.

Sincerely,

Victor Chiang

**Caine Mitter & Associates Incorporated**
Victor Chiang
Vice President

cc: Tim Kennedy, Multifamily Loans & Bonds Director

# RESOLUTION

*of the*

## Board of Directors of
## Florida Housing Finance Corporation

*pertaining to*

## the Acknowledgement Resolution for
## Princeton Oaks

A RESOLUTION OF THE FLORIDA HOUSING FINANCE CORPORATION ESTABLISHING ITS INTENT TO REIMBURSE CERTAIN DEVELOPMENT COSTS INCURRED WITH THE PROCEEDS OF FUTURE TAX-EXEMPT FINANCING ON BEHALF OF ARCHWAY PRINCETON OAKS, LLC, OR AN AFFILIATE THEREOF OR ANY ENTITY IN WHICH ARCHWAY PRINCETON OAKS, LLC IS A GENERAL PARTNER OR MANAGING MEMBER, RELATING TO A MULTIFAMILY RESIDENTIAL RENTAL DEVELOPMENT, SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS PRECEDENT TO PROVIDING ANY TAX-EXEMPT FINANCING, MAKING CERTAIN FINDINGS AND AUTHORIZING THE DEVELOPMENT OF A PLAN OF FINANCING FOR OBTAINING NOT TO EXCEED $15,950,000 IN TAX-EXEMPT FINANCING FOR THE DEVELOPMENT, AND PROVIDING FOR AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT RESOLVED BY THE FLORIDA HOUSING FINANCE CORPORATION AS FOLLOWS:

**Section 1.** It is hereby found, ascertained, determined and resolved that:

(a) There is a shortage of available, affordable rental housing in the State of Florida;

(b) A significant number of low, moderate or middle income persons in the local government in which the development referred to herein is to be located, or in an area reasonably accessible thereto, are subject to hardship in finding adequate, safe, and sanitary housing;

(c) This shortage of housing cannot be relieved except through the encouragement of investment by private enterprise. Private enterprise, unaided, is not meeting, and cannot reasonably be expected to meet, the need for such housing;

(d) The financing, acquisition and construction of rental housing for low, moderate and middle income persons and families in the State of Florida constitutes a public purpose; and

(e) An apartment community to be developed by Archway Princeton Oaks, LLC, or an affiliate thereof or any entity in which Archway Princeton Oaks, LLC is a general partner or managing member (the “Developer”), on a site located in Orange County, Florida, and known as Princeton Oaks, is a multifamily residential rental development, which will assist in alleviating the shortage of rental housing for low, moderate and middle income residents of the State of Florida.

**Section 2.** The Florida Housing Finance Corporation ("Florida Housing") hereby authorizes its staff to negotiate and prepare a plan for financing, and to commence the structuring of a debt instrument or instruments, to provide up to $15,950,000 in tax-exempt financing for a portion of the cost of acquiring, constructing and equipping approximately 90 residential rental units for the aforementioned development in order to provide apartment units to low, moderate or middle income persons and families in a qualifying multifamily residential rental development. Such plan for financing shall provide for the payment of such costs and expenditures from a mortgage loan account (or similarly named account).

**Section 3.** Florida Housing finds that the Developer has shown that this development is appropriate to the needs and circumstances of Orange County, Florida and will make a significant contribution to alleviate the housing shortage.

**Section 4.** This Resolution is intended to and shall constitute a declaration of official intent of Florida Housing for the purposes of the Internal Revenue Code of 1986 and Section 1.150-2 of the United States Treasury Regulations in order to provide for the reimbursement of allowable project costs.

**Section 5.** This Resolution is also intended to and shall constitute an "Acknowledgment Resolution" as defined in Rule Chapter 67-21 of the Florida Administrative Code (the "Rule"), which means the official action taken by Florida Housing to reflect its intent to finance the proposed development provided that the requirements of Florida Housing, the terms of the MMRB Loan Commitment and the terms of the Credit Underwriting Report (as such terms are defined in the Rule) are met.

**Section 6.** The Developer has agreed to comply with all land use restrictions relating to tax-exempt financing, including, but not limited to, those promulgated pursuant to Section 142(d) of the Internal Revenue Code of 1986 and those committed to by the Developer in its 2023 Application filed with Florida Housing.

**Section 7.** This Resolution is not intended to be a binding commitment to finance or an obligation to finance the proposed development by Florida Housing through tax-exempt financing or in any other way. The tax-exempt financing is subject, in all respects, to (a) the approval by Florida Housing and its counsel, if applicable, of (i) all program documents and elements, (ii) the development plans, (iii) all necessary approvals from all governmental units having jurisdiction over the development, and (iv) the tax-exempt financing with respect to the acquisition, construction and equipping of the development, (b) the issuance and sale by Florida Housing of the tax-exempt debt instrument or instruments for the financing, and (c) the availability of private activity bond allocation.

**Section 8.** This Resolution shall take effect immediately upon its adoption.

ADOPTED THIS ___ day of __________________, 2023.

(SEAL)

FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida

ATTEST:

______________________________

Melissa Levy, Assistant Secretary, Florida Housing Finance Corporation Board of Directors

______________________________

Mario Facella, Chair, Florida Housing Finance Corporation Board of Directors

STATE OF FLORIDA
COUNTY OF LEON

I hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the 15th day of December, 2023, at which a quorum was present, all as will appear by reference to the original Resolution incorporated in the official records of the Florida Housing Finance Corporation.

By:_________________________________
Tim Kennedy, Multifamily Loans/Bonds Director, Florida Housing Finance Corporation

**STATE OF FLORIDA**
**COUNTY OF LEON**

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this __ day of ______________________, 2023 by Tim Kennedy, as Multifamily Loans and Bonds Director of the Florida Housing Finance Corporation, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of the corporation. He is personally known to me.

____________________________________
Notary Public

NOTARY SEAL

____________________________________
Name typed, printed or stamped

My Commission Expires:________________

# RESOLUTION

*of the*

## Board of Directors of Florida Housing Finance Corporation

*pertaining to*

## the Acknowledgement Resolution for Oak Park

A RESOLUTION OF THE FLORIDA HOUSING FINANCE CORPORATION ESTABLISHING ITS INTENT TO REIMBURSE CERTAIN DEVELOPMENT COSTS INCURRED WITH THE PROCEEDS OF FUTURE TAX-EXEMPT FINANCING ON BEHALF OF CORE OAK PARK LLLP, OR AN AFFILIATE THEREOF OR ANY ENTITY IN WHICH CORE OAK PARK LLLP IS A GENERAL PARTNER OR MANAGING MEMBER, RELATING TO A MULTIFAMILY RESIDENTIAL RENTAL DEVELOPMENT, SUBJECT TO THE SATISFACTION OF CERTAIN CONDITIONS PRECEDENT TO PROVIDING ANY TAX-EXEMPT FINANCING, MAKING CERTAIN FINDINGS AND AUTHORIZING THE DEVELOPMENT OF A PLAN OF FINANCING FOR OBTAINING NOT TO EXCEED $18,700,000 IN TAX-EXEMPT FINANCING FOR THE DEVELOPMENT, AND PROVIDING FOR AN EFFECTIVE DATE.

NOW, THEREFORE, BE IT RESOLVED BY THE FLORIDA HOUSING FINANCE CORPORATION AS FOLLOWS:

**Section 1.** It is hereby found, ascertained, determined and resolved that:

(a) There is a shortage of available, affordable rental housing in the State of Florida;

(b) A significant number of low, moderate or middle income persons in the local government in which the development referred to herein is to be located, or in an area reasonably accessible thereto, are subject to hardship in finding adequate, safe, and sanitary housing;

(c) This shortage of housing cannot be relieved except through the encouragement of investment by private enterprise. Private enterprise, unaided, is not meeting, and cannot reasonably be expected to meet, the need for such housing;

(d) The financing, acquisition and construction of rental housing for low, moderate and middle income persons and families in the State of Florida constitutes a public purpose; and

(e) An apartment community to be developed by CORE Oak Park LLLP**,** or an affiliate thereof or any entity in which CORE Oak Park LLLP is a general partner or managing member (the “Developer”), on a site located in Lee County, Florida, and known as Oak Park, is a multifamily residential rental development, which will assist in alleviating the shortage of rental housing for low, moderate and middle income residents of the State of Florida.

**Section 2.** The Florida Housing Finance Corporation ("Florida Housing") hereby authorizes its staff to negotiate and prepare a plan for financing, and to commence the structuring of a debt instrument or instruments, to provide up to $18,700,000 in tax-exempt financing for a portion of the cost of acquiring, constructing and equipping approximately 144 residential rental units for the aforementioned development in order to provide apartment units to low, moderate or middle income persons and families in a qualifying multifamily residential rental development. Such plan for financing shall provide for the payment of such costs and expenditures from a mortgage loan account (or similarly named account).

**Section 3.** Florida Housing finds that the Developer has shown that this development is appropriate to the needs and circumstances of Lee County, Florida and will make a significant contribution to alleviate the housing shortage.

**Section 4.** This Resolution is intended to and shall constitute a declaration of official intent of Florida Housing for the purposes of the Internal Revenue Code of 1986 and Section 1.150-2 of the United States Treasury Regulations in order to provide for the reimbursement of allowable project costs.

**Section 5.** This Resolution is also intended to and shall constitute an "Acknowledgment Resolution" as defined in Rule Chapter 67-21 of the Florida Administrative Code (the "Rule"), which means the official action taken by Florida Housing to reflect its intent to finance the proposed development provided that the requirements of Florida Housing, the terms of the MMRB Loan Commitment and the terms of the Credit Underwriting Report (as such terms are defined in the Rule) are met.

**Section 6.** The Developer has agreed to comply with all land use restrictions relating to tax-exempt financing, including, but not limited to, those promulgated pursuant to Section 142(d) of the Internal Revenue Code of 1986 and those committed to by the Developer in its 2023 Application filed with Florida Housing.

**Section 7.** This Resolution is not intended to be a binding commitment to finance or an obligation to finance the proposed development by Florida Housing through tax-exempt financing or in any other way. The tax-exempt financing is subject, in all respects, to (a) the approval by Florida Housing and its counsel, if applicable, of (i) all program documents and elements, (ii) the development plans, (iii) all necessary approvals from all governmental units having jurisdiction over the development, and (iv) the tax-exempt financing with respect to the acquisition, construction and equipping of the development, (b) the issuance and sale by Florida Housing of the tax-exempt debt instrument or instruments for the financing, and (c) the availability of private activity bond allocation.

**Section 8.** This Resolution shall take effect immediately upon its adoption.

ADOPTED THIS ___ day of __________________, 2023.

FLORIDA HOUSING FINANCE CORPORATION, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida

(SEAL)

ATTEST:

___________________________________

Melissa Levy, Assistant Secretary, Florida Housing Finance Corporation Board of Directors

___________________________________

Mario Facella, Chair, Florida Housing Finance Corporation Board of Directors

STATE OF FLORIDA
COUNTY OF LEON

I hereby certify that the above and foregoing is a true and correct copy of a resolution adopted at a duly noticed public meeting of the Florida Housing Finance Corporation, legally called and held on the 15th day of December, 2023, at which a quorum was present, all as will appear by reference to the original Resolution incorporated in the official records of the Florida Housing Finance Corporation.

By:__________________________________
Tim Kennedy, Multifamily Loans/Bonds Director, Florida Housing Finance Corporation

**STATE OF FLORIDA**
**COUNTY OF LEON**

The foregoing instrument was acknowledged before me by means of ☐ physical presence or ☐ online notarization, this __ day of ______________________, 2023 by Tim Kennedy, as Multifamily Loans and Bonds Director of the Florida Housing Finance Corporation, a public corporation and a public body corporate and politic duly created and existing under the laws of the State of Florida, on behalf of the corporation. He is personally known to me.

____________________________________
Notary Public

NOTARY SEAL

____________________________________
Name typed, printed or stamped

My Commission Expires:________________

# CP Renaissance, LLC

November 14, 2023

Tim Kennedy
Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N Bronough St Ste 5000
Tallahassee, Florida, 32301
Tim.Kennedy@floridahousing.org

*Re: Request to Extend Loan Closing Deadline: App. No. 2021-219SN/RFA 2020-205*

Director Kennedy,

I write as the authorized representative of CP Renaissance, LLC, a Florida limited liability company ("Applicant"). Applicant submitted Application No. 2021-219SN ("Application") in response to Request for Applications 2020-205 SAIL Financing of Affordable Multifamily Housing Developments to be used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits (the "RFA"). The Application was submitted with respect to the following development (the "Development"):

- Development Name: Coleman Park Renaissance
- Development Address(s): (Site "A"): 2160 N Tamarind Ave., 2202 N Tamarind Ave.; (Site "D"): 1959 N Tamarind Ave; (Site "F"): 1942 N Tamarind Ave.; 1970 N Tamarind Ave.; (Site "G") 1921 N Tamarind Ave., West Palm Beach, FL 33407
- County: Palm Beach
- Developers: Neighborhood Renaissance, Inc., and Stone Soup Development, Inc.
- Number of Units: 43 newly constructed units
- Type: Garden Apartments
- Set Asides: 16.28% @ 30% AMI (SAIL, ELI & 4% HC) 23.26% @ 60% AMI (SAIL & 4% HC) 48.84% @ 70% AMI (SAIL & 4% HC) 11.63% @ 22% AMI (NHTF)

- Demographics: Family

- Funding: \$2,940,000 State Apartment Incentive Loan (SAIL); \$571,300 Extremely Low Income (ELI); \$1,196,493 National Housing Trust Fund (NHTF); \$913,162 Housing Credits (4% HC); and \$1,087,049 Viability Loan.

Florida Housing staff issued an invitation to enter credit underwriting to Applicant on June 24, 2021. The initial firm loan commitment issuance deadline was June 30, 2022. Per Rule 67-48.0072 (21)(b), F.A.C. (6/23/20), Applicant was allowed to request – and did request – one six-month extension to secure a firm loan commitment. This request was granted by Florida Housing's Board on June 17, 2022, thereby extending the deadline to December 30, 2022. The need for that extension was related to delays in the approval of the site plan submissions with the City of West Palm Beach and unfortunate delays by the Development's Architect and consulting engineers in developing the construction document set. Accordingly, additional time was needed to secure final site plan approval and to secure the GC Contract. Applicant paid the extension fee required by the Rule.

As the result of additional delays, Applicant submitted a petition on November 21, 2022 seeking to further extend the firm loan commitment deadline. Specifically, inflation and sky-rocketing construction costs required Applicant to secure \$2.3 in gap funding from Palm Beach County. However, this funding could not be considered or approved by the Palm Beach County Commission until January 2023, *i.e.,* after the firm loan commitment deadline. Florida Housing's Board granted the petition, thereby extending the firm loan commitment deadline from December 30, 2022 to June 30, 2023 to allow sufficient time to finalize underwriting.

Pursuant to Rule 67-48.0072(26), F.A.C. (6/23/20), the loan must close within 180 calendar days of the firm loan commitment. Accordingly, the loan closing deadline for the Development is October 30, 2023. However, the Rule allows Applicant to request one extension of the loan-closing deadline for a term of up to 90 Calendar Days. While Applicant believes that is will be able to close by December 15, 2023, it respectfully requests a 90-day extension of the loan-closing deadline because of unforeseen delays experienced as a result of escalating and volatile property insurance premiums. For example, it took Applicant more than a month to obtain updated cost estimates to insure the buildings upon completion due to the insurer's reluctance to quote a premium for 18 months into the future. The estimates that Applicant received more than doubled the amount of the initial estimates, thereby reducing the revenue to support debt service and causing further delay in submitting the permanent loan application to Freddie Mac. Ultimately, Raymond James's underwriters determined an acceptable loan amount and insurance reserve amount due to the market's uncertainty. Adding to the delay in submitting the loan application to Freddie Mac was the need to increase the Viability and SAIL loan terms from 18 to 22 years to provide sufficient residual value for loan repayment at maturity. Furthermore, the City of West Palm Beach launched a new software system on July 29, 2023 for licensing and permitting that delayed permitting review because the Development's building plans were submitted through the old system, which still requires manual review, resulting in delayed review and comment response time. Although the permit and insurance issues have been resolved, these delays caused the need for the general contractor to secure updated pricing received on 11/14/23, which will require an amendment to their contract.

We anticipate review of the sub-pricing and execution of general contractor construction amendment shortly. Upon approval of the lenders, applicant intends to close within 90 days. Though the Applicant may be able to close prior to the deadline, the extension is requested in an abundance of caution.

The requested extension will not adversely affect Applicant, the Development, any other party that applied to receive SAIL funding in the RFA, or Florida Housing. A denial of the extension, however, would: (a) result in substantial economic hardship to Applicant, as it has incurred significant costs to date in an effort to ensure that the Development proceeds to completion; and (b) deprive Palm Beach County of essential affordable rental units set aside for families, who desperately need the housing, as well as other amenities and services which the Development will offer. If the extension is denied, the firm loan commitment will be deemed void, the funds will be de-obligated, and the Development may not be constructed. Palm Beach County will have fewer opportunities for affordable housing and economic development as well. The requested extension will ensure the availability of SAIL and housing credit financing that will otherwise be lost as a consequence of the delays described herein.

Should Florida Housing require additional information, a representative of Applicant is available to answer questions and to provide all information necessary for consideration of this request.

Respectfully submitted,
MM CP Renaissance, LLC, a Florida limited liability company

Terri Murray

Terri Murray, Executive Director
Neighborhood Renaissance, a Florida not for profit corporation, its Sole Member

# Florida Housing Finance Corporation

*Credit Underwriting Report*

## Vincentian Village

**Housing Credit and SAIL Financing for Homeless Housing Developments Located in Medium and Large Counties**

**SAIL, ELI, NHTF and 9% HC**

**RFA 2022-103 / 2022-255CSN**

**Construction Inflation Response Viability Funding**

**RFA 2023-211 / 2023-253V**



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*Prepared by*

*Seltzer Management Group, Inc.*

*Final Report*

*December 1, 2023*

# VINCENTIAN VILLAGE

## TABLE OF CONTENTS

# Section A

## Report Summary

## Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer" or "Servicer") recommends the issuance of Florida Housing Finance Corporation ("FHFC" or "Florida Housing" or "Corporation") Construction Inflation Response Viability Loan ("Viability") First Mortgage of $2,245,000, a State Apartment Incentive Loan ("SAIL") Second Mortgage of $4,895,500, an Extremely Low Income ("ELI") Third Mortgage of $214,500, and a National Housing Trust Fund ("NHTF") Fourth Mortgage of $1,340,000. SMG also recommends an annual Housing Credit ("HC") allocation of $2,375,000 for construction and permanent financing of Vincentian Village ("Development").

### DEVELOPMENT & SET-ASIDES

Development Name: Vincentian Village

RFA/Program Numbers: RFA 2022-103 / 2022-255CSN RFA 2023-211 2023-253V

Address: 401 15th Street North

City: St. Petersburg Zip Code: 33705 County: Pinellas County Size: Large

Development Category: New Construction Development Type: Mid-Rise (5-6 Stories)

Construction Type: Masonry

Demographic Commitment:

Primary: Homeless for 50% of the Units

Unit Composition:

\# of ELI Units: 11 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 0

\# of Link Units: 0 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 4

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 3 | 656 | 22% | | | $338 | $86 | $252 | $1,404 | $1,404 | $1,404 | $1,404 | $50,544 |
| 1 | 1.0 | 8 | 656 | 33% | | | $508 | $86 | $422 | $1,404 | $1,404 | $1,404 | $1,404 | $134,784 |
| 1 | 1.0 | 1 | 656 | 60% | | | $924 | $86 | $838 | $1,404 | $1,404 | $1,404 | $1,404 | $16,848 |
| 1 | 1.0 | 5 | 656 | 60% | | | $924 | $86 | $838 | | $838 | $496 | $496 | $29,760 |
| 1 | 1.0 | 8 | 656 | 60% | | | $924 | $86 | $838 | | $581 | $581 | $581 | $55,776 |
| 1 | 1.0 | 25 | 656 | 60% | | | $924 | $86 | $838 | | $838 | $838 | $838 | $251,400 |
| 2 | 2.0 | 1 | 977 | 22% | | | $406 | $120 | $286 | $1,670 | $1,670 | $1,670 | $1,670 | $20,040 |
| 2 | 2.0 | 3 | 977 | 33% | | | $609 | $120 | $489 | $1,670 | $1,670 | $1,670 | $1,670 | $60,120 |
| 2 | 2.0 | 2 | 977 | 60% | | | $1,108 | $120 | $988 | $1,670 | $1,670 | $1,670 | $1,670 | $40,080 |
| 2 | 2.0 | 3 | 977 | 60% | | | $1,108 | $120 | $988 | | $462 | $462 | $462 | $16,632 |
| 2 | 2.0 | 3 | 977 | 60% | | | $1,108 | $120 | $988 | | $547 | $547 | $547 | $19,692 |
| 2 | 2.0 | 11 | 977 | 60% | | | $1,108 | $120 | $988 | | $988 | $988 | $988 | $130,416 |
| | | 73 | 55,271 | | | | | | | | | | | $826,092 |

The demographic commitment is Homeless Individuals and Families. For the Persons with Special Needs population, the Applicant has selected to serve: (1) Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that neither currently impairs nor is likely to impair their physical mobility, such as persons with a mental illness. The Applicant committed to set aside at least 50% (37 units), but less than 80% (59 units), of the total units for Homeless individuals and families and at least 15% (11 units) of the total units for Persons with Special Needs (which may be the same units set aside for Homeless individuals and families). The Applicant must irrevocably commit to the Homeless Individuals and Families demographic commitment selected for a minimum of 50 years. The Persons with Special Needs commitment is required for a minimum of 12 years. After the initial 12 years, the Applicant may submit a request to FHFC that allows the Applicant to commit to a different population(s) demographic commitment provided at 2.b. of Exhibit A if the appropriate Level 1 or Level 2 Accessibility Requirements are met at the Development for the population(s).

Based on the RFA, the Applicant must commit to set aside 15% of the total units (11 units) in the Development to serve ELI Households. The Applicant is eligible for ELI Loan Funding. One-third of the required ELI set-aside units (3 units) are eligible for ELI Loan funding up to the maximum ELI request amount of $600,000.

ELI Loan Amount per Bedroom Count: Pinellas County

Three (3) One-Bedroom units at $71,500 = $214,500
Total = $214,500

The ELI Set-Aside Units are required for a minimum of 50 years. However, after 15 years, all of the ELI Set-Aside Units associated with the ELI Loan Funding (3 units) may convert to serve residents at or below 60% Area Median Income (“AMI”). The ELI Set-Aside Units that were not associated with the ELI Loan Funding (8 units) will remain ELI Set-Aside Units for the entire 50 year Compliance Period. However, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50 year compliance period.

NHTF Set-Aside Commitment: The proposed development must set aside four (4) units as NHTF Link units targeted for Persons with Special Needs who are referred by a FHFC-designated Special Needs Household Referral Agency. These units are required to be at 22% AMI and are in addition to the fifteen percent (15%) requirement for ELI set aside units. After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set aside commitment must be maintained throughout the entire 50 year Compliance Period.

All Applicants must meet the following requirements specific to its commitment, pursuant to RFA 2022-103, to serve Homeless households:

1. Have an executed agreement to participate in the Continuum of Care Homeless Management Information System (“HMIS”); and will contribute data on the Development’s tenants to the Continuum of Care’s HMIS data system or, if serving Survivors of Domestic Violence, is providing aggregate data reports to the Continuum of Care. The executed agreement shall be required at least six months prior to the expected placed in service date.
2. Commit to a housing provider in the Local Homeless Assistance Continuum of Care’s Homeless Coordinated Entry system as required by the U.S. Department of Housing and Urban Development.

The Tenant Selection Plan was approved by FHFC on June 13, 2022.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 71 Accessible Spaces - 3

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| SAIL/ELI/HC | 15% | 11 | 33% | 50 |
| SAIL/HC | 85% | 62 | 60% | 50 |
| NHTF | 5% | 4 | 22% | 50 |

Absorption Rate: 35 units per month for 2.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
Occupancy Comments New Construction

DDA: Yes QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 1.655 Density: 44.1088 Flood Zone Designation: X
Zoning: Corridor Commercial Suburban-2 (CCS-2) Flood Insurance Required?: No

## DEVELOPMENT TEAM

| | | % Ownership |
|---|---|---|
| Applicant/Borrower: | Ability SVdP, LLC | |
| Member | Ability SVdP MM, LLC | 0.01% |
| Member | Raymond James Affordable Housing Investments, Inc. ("RJAHI") | 99.99% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | Ability SVdP, LLC | |
| CC Guarantor 2: | Ability SVdP MM, LLC | |
| CC Guarantor 3: | Ability Housing, Inc. | |
| CC Guarantor 4: | Society of St. Vincent de Paul South Pinellas, Inc. | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | Ability SVdP, LLC | |
| OD Guarantor 2: | Ability SVdP MM, LLC | |
| OD Guarantor 3: | Ability Housing, Inc. | |
| OD Guarantor 4: | Society of St. Vincent de Paul South Pinellas, Inc. | |
| Developer: | Ability Housing, Inc. | |
| Principal 1 | | |
| Co-Developer: | Society of St. Vincent de Paul South Pinellas, Inc. | |
| General Contractor 1: | Bradley Construction Co., Inc. ("Bradley") | |
| Management Company: | NDC Asset Management, LLC | |
| Syndicator: | RJAHI | |
| Architect: | PQH Group Design, Inc. | |
| Market Study Provider: | Meridian Appraisal Group, Inc. ("Meridian") | |
| Appraiser: | Meridian | |

| PERMANENT FINANCING INFORMATION | | | | | | |
|---|---|---|---|---|---|---|
| | 1st Source | 2nd Source | 3rd Source | 4th Source | 5th Source | Other |
| Lien Position | First | Second | Third | Fourth | Fifth | |
| Lender/Grantor | FHFC - Viability | FHFC - SAIL | FHFC - ELI | FHFC - NHTF | City of St. Petersburg | |
| Amount | $2,245,000 | $4,895,500 | $214,500 | $1,340,000 | $1,000,000 | |
| Underwritten Interest Rate | 1.00% | 0.50% | 0.00% | 0.00% | 0.00% | |
| Loan Term | 15.0 | 15.0 | 15.0 | 30.0 | 30.0 | |
| Amortization | N/A | N/A | N/A | N/A | N/A | |
| Market Rate/Market Financing LTV | 8.1% | 25.7% | 26.4% | 31.3% | 35% | |
| Restricted Market Financing LTV | 82.5% | 262.5% | 270.4% | 320% | 356% | |
| Restricted Favorable Financing LTV | 28.9% | 91.9% | 94.7% | 112% | 125% | |
| Loan to Cost - Cumulative | 6.8% | 21.8% | 22.4% | 26.5% | 29.6% | |
| Loan to Cost - SAIL Only | | 14.9% | | | | |
| Debt Service Coverage | 14.105 | 6.109 | 5.766 | 5.459 | 5.459 | |
| Operating Deficit & Debt Service Reserves | $1,297,848 | | | | | |
| # of Months covered by the Reserves | 3.1 | | | | | |

| | |
|---|---|
| Deferred Developer Fee | $1,256,512 |
| As-Is Land Value | $1,530,000 |
| Market Rent/Market Financing Stabilized Value | $27,810,000 |
| Rent Restricted Market Financing Stabilized Value | $2,720,000 |
| Rent Restricted Favorable Financing Stabilized Value | $7,770,000 |
| Projected Net Operating Income (NOI) - Year 1 | $395,822 |
| Projected Net Operating Income (NOI) - 15 Year | $450,970 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |
| Housing Credit (HC) Syndication Price | $0.92 |
| HC Annual Allocation - Initial Award | $2,375,000 |
| HC Annual Allocation - Qualified in CUR | $2,375,000 |
| HC Annual Allocation - Equity Letter of Interest | $2,375,000 |

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| Source | Lender | Construction | Permanent | Perm Loan/Unit |
| Regulated Mortgage | T.D. Bank, N.A. | $15,000,000 | $0 | $0.00 |
| FHFC - Viability | FHFC - Viability | $2,245,000 | $2,245,000 | $30,753.42 |
| FHFC - SAIL | FHFC - SAIL | $4,895,500 | $4,895,500 | $67,061.64 |
| FHFC - SAIL ELI | FHFC - ELI | $214,500 | $214,500 | $2,938.36 |
| FHFC - NHTF | FHFC - NHTF | $1,340,000 | $1,340,000 | $18,356.16 |
| Local Government Subsidy | City of St. Petersburg | $1,000,000 | $1,000,000 | $13,698.63 |
| HC Equity | RJAHI | $7,478,253 | $21,847,815 | $299,285.14 |
| Deferred Developer Fee | Developer | $626,074 | $1,256,512 | $17,212.49 |
| TOTAL | | $32,799,327 | $32,799,327 | $449,305.85 |

Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the application? | X | |
| Are all funding sources the same as shown in the Application? | | 1 |
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | X | |
| Does the Applicant have site control at or above the level indicated in the Application? | X | |
| Does the Applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 2 |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | X | |

| | | |
|---|---|---|
| Is the Development in all other material respects the same as presented in the Application? | | 3 |

The following are explanations of each item checked "No" in the table above:

1. See the below changes in the source of funds:
    - The Application included a Letter of Interest ("LOI") for first mortgage financing from JP Morgan Chase Bank, N.A. ("Chase") for construction financing. Subsequently, the Applicant provided a LOI from TD Bank, N.A. ("TD Bank") for first mortgage construction financing.
    - The Application included a LOI for Housing Credit equity from National Equity Fund, Inc. in the amount of $0.90 per tax credit and total equity of $21,372,863. Subsequently, the Applicant provided a LOI from Raymond James Affordable Housing Investments, Inc. ("RJAHI") reflecting an amount of $0.92 per tax credit and total equity of $21,847,815.
    - Per the May 23, 2022 Invitation to Enter Credit Underwriting, the Applicant was awarded additional funding in the amount of $1,340,000 in the form of a NHTF loan.
2. Total Development Costs ("TDC") as stated in the application were $28,036,782. TDC have increased to $32,799,327, an increase of $4,762,545. This increase is primarily due to increases in construction costs, financial costs and Developer Fees.
3. Other Changes:
    - On June 28, 2022, Applicant made a request to FHFC to change the development type from High-Rise to Mid-Rise ESS and reduce the development height from seven stories to five stories. The request was made to proactively work to reduce development costs in the current economic environment. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff to approve changes to the Development type (e.g. garden style, mid-rise, high-rise). FHFC staff approved this change on July 17, 2022 (See Waiver Requests/Special Conditions).
    - On August 23, 2022, Applicant made a request to FHFC to change the unit mix from two bedroom/one bath units to two bedroom/two bath units (including all 23 units) to be more cost effective and for improved marketability. FHFC staff approved this change on September 14, 2022.
    - On February 7, 2023, Applicant made a request to FHFC to change one board member from Ability Housing, Inc. Board of Directors, Richard Pierpont, and add two new board members, Mary Kay O'Rourke and Melisa D. Slover-Athey. In addition, the Applicant made a request to add Society of St. Vincent de Paul South Pinellas, Inc. as a co-developer and will receive 10% of the developer fee. At its March 10, 2023 FHFC Board meeting, the above requests were approved.

These changes have no substantial material impact to the Viability, SAIL, ELI, NHTF and HC recommendations for this Development.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?</u>

Florida Housing's Past Due Report dated October 18, 2023, reflects the following past due item(s): None

Florida Housing's Asset Management Noncompliance Report dated October 18, 2023, reflects the following noncompliance item(s): None

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the annual HC Allocation Recommendation herein.

Strengths:

1. Per the Market Study, Meridian Appraisal Group, Inc. ("Meridian") states the capture rates are below the typical developer's benchmark of 10% at 1.2% (three-mile ring), 0.5% (five-mile ring), and 0.3% (10-mile ring), indicating the Development is appropriately sized for the market. The average occupancy for the comparables within the Development's Competitive Market Area ("CMA") is 96.6%.
2. Although the Borrower and Member are newly formed, the Managing Members, General Contractor, and the Management Company all have sufficient experience and financial resources to develop, construct and operate the proposed Development.

Other Considerations: None

Waiver Requests/Special Conditions:

On June 28, 2022, Applicant made a request to FHFC to change the development type from High-Rise to Mid-Rise ESS and reduce the development height from seven stories to five stories. The request was made to proactively work to reduce development costs in the current economic environment. At the April 1, 2022, FHFC Telephonic Board meeting, the Board delegated staff to approve the changes to the Development type (e.g. garden style, mid-rise, high-rise). FHFC staff approved this change on July 17, 2022.

Additional Information:

1. The minimum first mortgage calculation chart has been omitted from this CUR, as this is a Homeless transaction and the Development would only use its actual committed debt.
2. Rule 67-48.0072 (11) specifies that for SAIL, the maximum Debt Service Coverage ("DSC") shall be 1.50 to 1.00 for the SAIL, including all superior mortgages. The DSC is 6.109 to 1.00, which exceeds the maximum threshold. In extenuating circumstances, such as when the Development has deep or short-term subsidy, the DSC may exceed 1.50 to 1.00 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Based on the deep subsidy in the form of 11 ELI units which serve tenants whose income is 33% or less of AMI, as such, exceeding the maximum threshold is permitted.

Issues and Concerns: None

Mitigating Factors: None

Recommendation:

SMG recommends FHFC approve a Viability First Mortgage in the amount of $2,245,000, SAIL Second Mortgage in the amount of $4,895,500, an ELI Third Mortgage in the amount of $214,500 and a NHTF Fourth Mortgage in the amount of $1,340,000. SMG also recommends an Annual HC allocation of $2,375,000 be awarded to Vincentian Village for construction and permanent financing.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the, Viability, SAIL, ELI and NHTF Loan Conditions and HC Allocation Recommendation and Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

Prepared by:

Keith Whitaker
Senior Credit Underwriter

Reviewed by:

Joshua Scribner
Credit Underwriting Manager

# Overview

## Construction Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|---|---|---|---|---|---|---|
| First Mortgage | T.D. Bank, N.A. | $20,200,000 | $15,000,000 | $15,000,000 | 8.72% | $1,895,397 |
| Second Mortgage | FHFC - Viability | $0 | $1,520,404 | $2,245,000 | 1.00% | $22,450 |
| Third Mortgage | FHFC - SAIL | $4,895,500 | $4,895,500 | $4,895,500 | 0.50% | $24,478 |
| Fourth Mortgage | FHFC - ELI | $214,500 | $214,500 | $214,500 | 0.00% | $0 |
| Fifth Mortgage | FHFC - NHTF | $0 | $1,340,000 | $1,340,000 | 0.00% | $0 |
| Sixth Mortgage | City of St. Petersburg | $0 | $1,000,000 | $1,000,000 | 0.00% | $0 |
| HC Equity | RJAHI | $17,098,290 | $7,478,253 | $7,478,253 | | |
| Deferred Developer Fee | Developer | $3,508,996 | $370,172 | $626,074 | | |
| **Total** | | **$45,917,286** | **$31,818,829** | **$32,799,327** | | **$1,942,324** |

First Mortgage Financing:

Applicant submitted a Letter of Intent ("LOI") from TD Bank dated June 23, 2023, for a first mortgage construction loan in an amount up to $15,000,000, currently estimated in the amount of $15,000,000. The initial construction term shall be 24 months (plus two six-month extension options) from the closing date and will require monthly interest only payments with all principal and interest due at maturity. The interest rate will be a variable per annum rate equal to 265 basis points ("bps") above the one month term Secured Overnight Financing Rate ("SOFR"). As of November 1, 2023, the SOFR is 5.32%. SMG included a 75 basis point cushion to account for possible interest rate increases resulting in an estimated rate of 8.72%. There is an origination fee of 75 bps of the loan amount paid at closing.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of a Viability loan in the amount of $2,245,000, a SAIL in the amount of $4,895,500, an ELI loan in the amount of $214,500, a NHTF loan in the amount of $1,340,000, a City of St. Petersburg loan in the amount of $1,000,000, Housing Credit equity of $7,478,253 and deferred Developer Fee in the amount of $626,074. See the Permanent Financing section below for details.

## Permanent Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|---|---|---|---|---|---|---|---|---|
| First Mortgage | FHFC - Viability | $0 | $1,520,000 | $2,245,000 | 1.00% | N/A | 15 | $22,450 |
| Second Mortgage | FHFC - SAIL | $4,895,500 | $4,895,500 | $4,895,500 | 0.50% | N/A | 15 | $24,478 |
| Third Mortgage | FHFC - ELI | $214,500 | $214,500 | $214,500 | 0.00% | N/A | 15 | $0 |
| Fourth Mortgage | FHFC - NHTF | | $1,340,000 | $1,340,000 | 0.00% | N/A | 30 | $0 |
| Fifth Mortgage | City of St. Petersburg | $0 | $1,000,000 | $1,000,000 | 0.00% | N/A | 30 | $0 |
| HC Equity | RJAHI | $21,372,863 | $21,847,815 | $21,847,815 | | | | |
| Def. Developer Fee | Developer | $1,768,419 | $1,001,014 | $1,256,512 | | | | |
| **Total** | | **$28,251,282** | **$31,818,829** | **$32,799,327** | | | | **$46,928** |

Viability:

Borrower applied to FHFC under RFA 2023-211 for Viability funds in the amount of $2,245,000. The Viability loan shall be non-amortizing with an interest rate of 1.00% over the life of the loan with annual payments based upon available cash flow. The Viability loan will have a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. Closing of the Viability loan funding will be simultaneous with the closing of other Corporation funding. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the Viability Loan, all principal and unpaid interest will be due. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month.

SAIL

Borrower applied to FHFC under RFA 2022-103 for SAIL funds in the amount of $4,895,500. Applicants that commit to set aside at least 50%, but less than 80%, of the total units for Homeless individuals and families will qualify for a SAIL with an interest rate of 0 percent for the percentage of units that are set aside for Homeless individuals and families, and a 1.00% interest rate for the remaining units. As such, the Borrower has committed to set aside 50% of the total units for homeless individuals and families; therefore, SAIL shall be non-amortizing with a 0.50% blended interest rate over the life of the loan with annual payments based upon available cash flow.

The SAIL will have a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL; however, all principal and unpaid interest is due. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of $1,023.

ELI Loan

Applicants who submitted an Application for RFA 2022-103 are also eligible for ELI Loan funding for the required ELI set-aside units not to exceed the lesser of (a) $600,000; or (b) the maximum amount based on the ELI set-aside per unit limits; for 5% of the total units. The ELI Loan is in the form of a forgivable loan in an amount of $214,500.

The ELI AMI for Pinellas County is 33%. The Borrower committed to set aside 15% of the units (11 units) at or below 33% of AMI for ELI. The ELI Loan is non-amortizing at 0.00% simple interest per annum over the life of the loan. The principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50 year Compliance Period. However, after 15 years, all of the ELI set aside units associated with the ELI Loan funding (3 units) may convert to serve residents at or below 60% AMI. The Persons with Special Needs set-aside requirement must be maintained through the entire 50 year Compliance Period. The ELI Loan will have a total term of 18 years, of which 3 years is for the construction/stabilization period and 15 years is for the permanent period. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of $1,023.

NHTF Loan

Applicants who submitted an Application for RFA 2022-103 are also eligible for NHTF Loan funding to subsidize additional deep targeted units for Persons with Special Needs ("NHTF Link units"). The Applicant was selected to receive an NHTF Loan in the form of a forgivable loan in an amount of $1,340,000 and is required to designate four units as NHTF units targeted for Persons with Special Needs at or below 22% of AMI. This set-aside requirement is in addition to the ELI set-aside commitments.

The NHTF Loan shall be a non-amortizing loan at 0.00% interest per annum over the life of the loan. The principal is forgivable at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50 year Compliance Period. After 30 years, all of the NHTF Link units (4 units) may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period. The NHTF Loan will have a total term of 33 years, of which 3 years is for the construction/stabilization period and 30 years is for the permanent period. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of $1,023.

City of St. Petersburg:

Applicant submitted a LOI from the City of St. Petersburg dated November 29, 2022, for a construction and permanent loan in the amount of $1,000,000. The loan is funded by the City's American Rescue Plan Act State and Local Fiscal Recovery Funds. The loan will have a term of 30 years and will be forgiven at the City's sole discretion if the terms of the agreement have been met at the end of the term. The interest rate will be 0.00% and there is no pre-payment penalty.

Housing Credits Equity Investment:

The Applicant has applied to Florida Housing to receive 9% Housing Credits.

Based upon an October 26, 2023 LOI, RJAHI or an affiliate will purchase a 99.99% membership interest in the Applicant and provide HC equity as follows:

| Capital Contributions | Amount | Percent of Total | When Due |
|---|---|---|---|
| 1st Installment | $3,277,173 | 15.00% | At closing |
| 2nd Installment | $4,201,080 | 19.23% | At 98% construction completion |
| 3rd Installment | $10,000,000 | 45.77% | At 100% construction completion |
| 4th Installment | $4,369,562 | 20.00% | Paid at Stabilization and recipt of 8609s |
| Total | $21,847,815 | 100.00% | |

Annual Tax Credits per Syndication Agreement: $2,375,000

Total HC Available to Syndicator (10 years): $23,747,625

Syndication Percentage (investor member interest): 99.99%

Calculated HC Exchange Rate (per dollar): $0.92

Proceeds Available During Construction: $7,478,253

At least 15% of the total equity will be provided prior to or simultaneously with the closing of the construction / permanent financing which meets the RFA requirement.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds and capital contributions payable under the RJAHI LOI have been received, the Developer will have to defer $1,256,512, or approximately 31.55%, of the total Developer Fee of $3,983,069 (excluding the $1,300,774 of Developer Fee to fund an Operating Deficit Reserve). Therefore, the Applicant is meeting the Viability requirement of deferring at least 30% of the Developer Fee.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accessory Buildings | | | | $0 | |
| Demolition | | | $9,500 | $130 | $9,500 |
| Installation of Pre Fab Units | | | | $0 | |
| New Rental Units | $15,000,000 | $17,494,018 | $16,823,321 | $230,456 | |
| Off-Site Work | | | $8,997 | $123 | $8,997 |
| Recreational Amenities | | | | $0 | |
| Site Work | | | $652,200 | $8,934 | $32,610 |
| Furniture, Fixture, & Equipment | | | | $0 | |
| Hard Cost Contingency - in Constr. Cont. | | | | $0 | |
| Constr. Contr. Costs subject to GC Fee | $15,000,000 | $17,494,018 | $17,494,018 | $239,644 | $51,107 |
| General Conditions | $2,100,000 | $1,032,489 | $1,032,489 | $14,144 | |
| Overhead | | $344,163 | $344,163 | $4,715 | |
| Profit | | $1,032,489 | $1,032,489 | $14,144 | |
| Builder's Risk Insurance | | | | $0 | |
| General Liability Insurance | | | | $0 | |
| Payment and Performance Bonds | | $196,173 | $196,173 | $2,687 | |
| Contract Costs not subject to GC Fee | | | | $0 | |
| Total Construction Contract/Costs | $17,100,000 | $20,099,332 | $20,099,332 | $275,333 | $51,107 |
| Hard Cost Contingency | $855,000 | $1,004,967 | $1,004,966 | $13,767 | |
| FF&E paid outside Constr. Contr. | $400,000 | $400,000 | $400,000 | $5,479 | |
| Other: | | | | $0 | |
| **Total Construction Costs:** | **$18,355,000** | **$21,504,299** | **$21,504,298** | **$294,579** | **$51,107** |

*Notes to the Construction Costs:*

1. The Applicant has provided an executed AIA Document A102-2017 Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price dated August 10, 2023, in the amount of $20,099,332. The contract states the Date of Commencement shall be 14 days after the contract is executed, Notice to Proceed is issued by the Owner and all permits are available. Substantial Completion is expected to occur not later than 540 days (approximately 18 months) from the Date of Commencement. Ten (10%) percent retainage will be withheld on all work performed up to 50% completion and no retainage thereafter.

   Final payment will be made when (1) the General Contractor has fully performed the contract and (2) the General Contractor has submitted a final accounting for the Cost of Work and a final Application for Payment (3) a final Certificate for Payment has been issued by the Architect. The Owner's final payment to the General Contractor shall be made no later than (a) 30 days after issuance of the Architect's final Certificate for Payment and (b) 30 days after satisfaction of the other conditions to final payment.

   Exhibit D of the GC Contract included allowances as follows:

   - $15,000 – Bike racks, grills, or picnic tables
   - $73,000 Landscape

- $58,000 Lighting system commissioning

$146,000 Total Allowances

GLE Associates, Inc. ("GLE") stated in the Plan and Cost Analysis ("PCA") that the allowances appear to be within an acceptable range for the scope of work indicated.

2. Demolition is for the removal of an existing metal building (parking structure) on the site, estimated at a cost of $9,500 by the General Contractor and is included within the site development costs.
3. Off-Site Work is for offsite roadway improvements.
4. SMG received the General Contractor's Certification of Requirements, whereby the General Contractor acknowledges and commits to adhere to all requirements related to a General Contractor as published within Rule Chapter 67-48 ("Rule"), Florida Administrative Code.
5. General Contractor fees as stated are within the 14% maximum per RFA 2022-103 and Rule. The cost of Payment and Performance Bond reflected in the schedule of values is excluded from construction hard costs in the General Contractor fee calculation.
6. The hard cost contingency is within the 5.00% allowed by RFA 2022-103 and Rule and is not included within the GC Contract or schedule of values.
7. FF&E outside the construction contract includes the cost of recreational/owner items.
8. SMG engaged and received a PCA from GLE. Complete results are set forth in Section C of this credit underwriting report.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $25,000 | $25,000 | $25,000 | $342 | $12,500 |
| Appraisal | $20,000 | $7,100 | $7,100 | $97 | |
| Architect's Fee - Site/Building Design | $450,000 | $425,000 | $425,000 | $5,822 | |
| Architect's Fee - Supervision | $100,000 | $75,000 | $75,000 | $1,027 | |
| Building Permits | $75,000 | $75,000 | $75,000 | $1,027 | |
| Builder's Risk Insurance | $60,000 | $60,000 | $60,000 | $822 | |
| Engineering Fees | $75,000 | $75,000 | $75,000 | $1,027 | |
| Environmental Report | $20,000 | $20,000 | $20,000 | $274 | |
| Federal Labor Standards Monitoring | | | | $0 | |
| FHFC Administrative Fees | $131,000 | $131,000 | $130,625 | $1,789 | $130,625 |
| FHFC Application Fee | $3,000 | $3,000 | $3,500 | $48 | $3,500 |
| FHFC Credit Underwriting Fee | $30,000 | $30,000 | $31,759 | $435 | $31,759 |
| FHFC Compliance Fee | $400,000 | $229,477 | $229,477 | $3,144 | $229,477 |
| FHFC Other Processing Fee(s) | | $20,000 | $20,000 | $274 | $20,000 |
| Impact Fee | $250,000 | $200,000 | $200,000 | $2,740 | |
| Lender Inspection Fees / Const Admin | $35,000 | $35,000 | $35,000 | $479 | |
| Green Building Cert. (LEED, FGBC, NGBS) | $35,000 | $35,000 | $56,950 | $780 | |
| Home Energy Rating System (HERS) | | | | $0 | |
| Insurance | $75,000 | $75,000 | $75,000 | $1,027 | |
| Legal Fees - Organizational Costs | $160,000 | $90,000 | $90,000 | $1,233 | $45,000 |
| Local Subsidy Underwriting Fee | | | | $0 | |
| Market Study | $7,500 | $5,900 | $5,900 | $81 | $5,900 |
| Marketing and Advertising | $8,000 | $8,000 | $8,000 | $110 | $8,000 |
| Plan and Cost Review Analysis | | $3,700 | $3,700 | $51 | |
| Property Taxes | $50,000 | $50,000 | $50,000 | $685 | |
| Soil Test | $15,000 | $15,000 | $15,000 | $205 | |
| Survey | $40,000 | $40,000 | $40,000 | $548 | $10,000 |
| Title Insurance and Recording Fees | $90,000 | $90,000 | $90,000 | $1,233 | $22,500 |
| Traffic Study | | | | $0 | |
| Utility Connection Fees | $200,000 | $200,000 | $200,000 | $2,740 | |
| Soft Cost Contingency | $137,725 | $129,968 | $122,350 | $1,676 | |
| Other: | | | | $0 | |
| **Total General Development Costs:** | **$2,492,225** | **$2,153,145** | **$2,169,361** | **$29,717** | **$519,261** |

*Notes to the General Development Costs:*

1. Architect's Fees for Site/Building Design and Supervision are based on the Agreement between Owner and Architect, PQH Group Design, Inc., dated June 14, 2022.
2. Engineering Fees are based on the Proposal between the Owner and George F. Young, Inc. dated August 24, 2022.
3. The FHFC Administrative Fee is based on 5.5% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fees stated in RFA 2022-103 and RFA 2023-211. The total FHFC Credit Underwriting Fees consists of $1,708 for the PRL, $24,905 for credit underwriting and $5,146 for the Viability underwriting. The FHFC Compliance Fee is estimated based upon the 2023 Compliance Fee Calculator Spreadsheet for 73 units set aside for 50 years.
4. The FHFC Other Processing Fee(s) include the following:

- FHFC Credit Swap Fee - $15,000
- 10% Test Extension Fee - $5,000

Total - $20,000

5. Impact Fees and Utility Connection Fees were estimated by the Applicant.
6. Green Building Certification Fees are based on the Proposal by and between the Owner and My Sustainability Officer dated May 16, 2023, for FGBC Green Building Certification.
7. Soft cost contingency is within the 5% limit as allowed per RFA 2022-103 and Rule.
8. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Application Fee | | | | $0 | |
| Construction Loan Underwriting Fee | | | | $0 | |
| Construction Loan Origination Fee | | | | $0 | |
| Construction Loan Commitment Fee | $202,000 | $112,500 | $112,500 | $1,541 | |
| Construction Loan Closing Costs | $72,000 | $53,000 | $53,000 | $726 | |
| Construction Loan Interest | $600,000 | $975,000 | $1,942,324 | $26,607 | $795,698 |
| Permanent Loan Closing Costs | $210,000 | | | $0 | $0 |
| SAIL Commitment Fee | | $97,910 | $97,910 | $1,341 | $97,910 |
| SAIL Closing Costs | | $12,500 | $12,500 | $171 | $12,500 |
| SAIL-ELI Commitment Fee | | $4,290 | $4,290 | $59 | $4,290 |
| SAIL-ELI Closing Costs | | $6,500 | $6,500 | $89 | $6,500 |
| Misc Loan Origination Fee | | $25,491 | $22,450 | $308 | $22,450 |
| Misc Loan Closing Costs | | $12,500 | $12,500 | $171 | $12,500 |
| NHTF Subsidy Layering Review | | $1,951 | $1,951 | $27 | $1,951 |
| NHTF Commitment Fee | | $13,400 | $13,400 | $184 | $13,400 |
| NHTF Closing Costs | | $12,500 | $12,500 | $171 | $12,500 |
| Legal Fees - Financing Costs | | | | $0 | |
| Other: Syndicator's Origination Fee | | $50,000 | $50,000 | $685 | |
| **Total Financial Costs:** | **$1,084,000** | **$1,377,542** | **$2,341,825** | **$32,080** | **$979,699** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$21,931,225** | **$25,034,986** | **$26,015,484** | **$356,376** | **$1,550,067** |

*Notes to the Financial Costs:*

1. Construction Loan Commitment Fee is based on 75 bps of the actual construction loan amount provided by TD Bank up to $15,000,000 and currently sized by the Borrower at $15,000,000 ($112,500).
2. Construction Loan Interest is based on SMG's estimate. Interest is based on the construction completion and absorption estimates included in the construction schedule and Market Study. The estimate assumes an "all-in" interest rate of 8.72%, a construction/stabilization period of 25 months, and 57% of the loans outstanding (on average) during the construction schedule.
3. SAIL Commitment Fee and firm loan commitment issuance deadline extension fee are based on 1% of the SAIL (both fees are included in line item SAIL Commitment Fee).

4. SAIL-ELI Commitment Fee and firm loan commitment issuance deadline extension fee are based on 1% of the ELI Loan (both fees are included in line item SAIL-ELI Commitment Fee).
5. Misc Loan Origination Fee consists of a 1% Viability commitment fee based on the Viability loan amount.
6. NHTF Commitment Fee consists of a firm loan commitment issuance deadline extension fee based on 1% of the NHTF Loan.
7. FHFC closing costs are $6,500 for the ELI Loan and $12,500 for each of the Viability, SAIL and NHTF Loans (Viability closing costs are included within the Misc Loan Closing Costs).
8. Other Financial Costs are based on the Applicant's estimates, which appear reasonable.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Building | | | $0 | $0 | |
| Building Acquisition Cost | | | | $0 | |
| Developer Fee on Non-Land Acq. Costs | | | $0 | $0 | |
| **Total Non-Land Acquisition Costs:** | **$0** | **$0** | **$0** | **$0** | **$0** |

*Notes to the Non-Land Acquisition Costs:*

1. Since this is a new construction development, there are no non-land acquisition costs.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $3,508,996 | $4,025,785 | $3,983,069 | $54,563 | |
| DF to fund Operating Debt Reserve | $1,096,561 | $1,258,058 | $1,300,774 | $17,819 | |
| **Total Other Development Costs:** | **$4,605,557** | **$5,283,843** | **$5,283,843** | **$72,381** | **$0** |

*Notes to the Other Development Costs:*

1. Developer Fee does not exceed 21% of the Development's construction cost, exclusive of land acquisition costs and reserves, as required per Rule. Five percent (5%) of the Developer Fee must be placed in an operating subsidy reserve account to be held by FHFC or its Servicer. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|---|
| Land Acquisition Cost | | | | $0 | $0 | |
| Land | | | | $0 | $0 | |
| Land Lease Payment | $1,500,000 | $1,500,000 | $1,500,000 | $20,548 | $1,500,000 | |
| **Total Acquisition Costs:** | **$1,500,000** | **$1,500,000** | **$1,500,000** | **$20,548** | **$1,500,000** | **$0** |

*Notes to the Land Acquisition Costs:*

1. Applicant provided an executed Ground Lease Agreement, dated March 8, 2021, between Society of St. Vincent De Paul South Pinellas, Inc. ("Landlord") and Ability SVdP, LLC ("Tenant"). The lease is on 1.655 acres of real property owned by the Landlord in Pinellas County, Florida (Development site). The lease term began on the effective date of the Ground Lease Agreement and terminates 60 years from when the Tenant closes on Tenant's Development financing, or Commencement Date. The base rent is equal to the appraised value of the property, estimated at $1,500,000 and is payable to the Landlord on the Commencement Date. If Development financing proceeds are insufficient to pay the base rent in full, the Tenant must pay a minimum of $1,000,000 on the Commencement Date, with the remaining amount owed payable in equal annual increments secured by a promissory note for the remaining lease term, 1% simple interest, based on available cash flow. Payments will begin following construction completion, the initial leasing and occupancy of all units in the Development, and the release by lenders and investors of all completion and lease-up guarantees. Tenant is responsible for paying reasonable operating expenses of the Development, including real estate taxes, insurance premiums, required payments of principal and interest of any loans, compliance costs, utilities, building maintenance, painting and repairs, management fees, payroll administrative expenses, legal expenses, audit expenses and any other obligations of the Tenant and costs of capital improvements to the Development.

   The appraised value of the vacant land is $1,530,000, which supports the purchase price.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|---|
| Operating Deficit Reserve (Syndicator) | | | | $0 | $0 | |
| **Total Reserve Accounts:** | $0 | $0 | $0 | $0 | $0 | $0 |

*Notes to Reserve Accounts:*

1. Per a correspondence dated October 17, 2023, RJAHI will not require an additional Operating Deficit Reserve ("ODR"). As a Homeless development, FHFC is requiring a 5% ODR (or $1,300,774 to be funded through Developer Fee as reflected previously.

   At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| **TOTAL DEVELOPMENT COSTS:** | $28,036,782 | $31,818,829 | $32,799,327 | $449,306 | $3,050,067 |

*Notes to the Total Development Costs:*

1. Per RFA 2022-103, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The Applicant has indicated a construction type of Mid-Rise Masonry Construction, 5-6 stories, which had a maximum allowable per unit cost of $413,640. Based on changes to TDC limits as approved at previous FHFC Board meetings, most recently the April 1, 2022, Telephonic FHFC Board meeting, the maximum allowable per unit cost is $496,368.00. Vincentian Village's final TDC per unit is $428,757.90, which does not exceed the maximum allowable TDC per the RFA.

## Operating Pro forma

| OPERATING PRO FORMA | | | | ANNUAL | PER UNIT |
|---|---|---|---|---|---|
| INCOME | Gross Potential Rental Income | | | $826,092 | $11,316 |
| | Rent Subsidy (ODR) | | | | $0 |
| | Other Income: | | | | |
| | | Miscellaneous | | $13,140 | $180 |
| | | Washer/Dryer Rentals | | $17,520 | $240 |
| | | Cable/Satellite Income | | $0 | $0 |
| | Gross Potential Income | | | $856,752 | $11,736 |
| | Less: | | | | |
| | | Economic Loss - Percentage: | 0.0% | $0 | $0 |
| | | Physical Vacancy Loss - Percentage: | 4.0% | ($34,270) | ($469) |
| | | Collection Loss - Percentage: | 1.0% | ($8,568) | ($117) |
| **Total Effective Gross Revenue** | | | | $813,914 | $11,150 |
| EXPENSES | Fixed: | | | | |
| | | Real Estate Taxes | | $1,703 | $23 |
| | | Insurance | | $91,250 | $1,250 |
| | | Other | | $0 | $0 |
| | Variable: | | | | |
| | | Management Fee - Percentage: | 6.0% | $48,835 | $669 |
| | | General and Administrative | | $25,550 | $350 |
| | | Payroll Expenses | | $102,200 | $1,400 |
| | | Utilities | | $57,305 | $785 |
| | | Marketing and Advertising | | $3,650 | $50 |
| | | Maintenance and Repairs | | $32,850 | $450 |
| | | Grounds Maintenance and Landscaping | | $18,250 | $250 |
| | | Resident Programs | | $0 | $0 |
| | | Contract Services | | $14,600 | $200 |
| | | Security | | $0 | $0 |
| | | Other | | $0 | $0 |
| | Reserve for Replacements | | | $21,900 | $300 |
| **Total Expenses** | | | | $418,093 | $5,727 |
| **Net Operating Income** | | | | $395,822 | $5,422 |
| **Debt Service Payments** | | | | | |
| DEBT SERVICE | | First Mortgage - FHFC - Viability | | $22,450 | $308 |
| | | Second Mortgage - FHFC - SAIL | | $24,478 | $335 |
| | | Third Mortgage - FHFC - ELI | | $0 | $0 |
| | | Fourth Mortgage - FHFC - NHTF | | $0 | $0 |
| | | Fifth Mortgage - City of St. Petersburg | | $0 | $0 |
| | | First Mortgage Fees - FHFC - Viability | | $5,613 | $77 |
| | | Second Mortgage Fees - FHFC - SAIL | | $12,255 | $168 |
| | | Third Mortgage Fees - FHFC - ELI | | $3,855 | $53 |
| | | Fourth Mortgage Fees - FHFC - NHTF | | $3,855 | $53 |
| | | Fifth Mortgage Fees - City of St. Petersburg | | $0 | $0 |
| **Total Debt Service Payments** | | | | $72,505 | $993 |
| **Cash Flow After Debt Service** | | | | $323,317 | $4,429 |

| Debt Service Coverage Ratios | |
|---|---|
| DSC - First Mortgage plus Fees | 14.105 |
| DSC - Second Mortgage plus Fees | 6.109 |
| DSC - Third Mortgage plus Fees | 5.766 |
| DSC - Fourth Mortgage plus Fees | 5.459 |
| DSC - Fifth Mortgage plus Fees | 5.459 |
| DSC - All Mortgages and Fees | 5.459 |
| | |
| **Financial Ratios** | |
| Operating Expense Ratio | 51.4% |
| Break-Even Ratio | 57.6% |

*Notes to the Operating Pro forma and Ratios:*

1. The Development will be utilizing Housing Credits, SAIL, ELI and NHTF which will impose rent restrictions. Vincentian Village is projected to achieve 2022 Maximum Allowable HC Rents published by Florida Housing on all units based upon the Appraiser's estimate of achievable rents per comparable properties surveyed. The Appraiser utilized 19 existing Homeless or Homeless with Special Needs developments and the Shimberg Center to research and obtain average income information for the homeless, and then applied a 45% cost-burden ration to determine average rents for the one and two bedroom, 60% AMI homeless units. The homeless unit rents will be less than maximum 2022 HC rents. The Applicant engaged KN Consultants, LLC of Safety Harbor, FL to prepare a UA Energy Consumption Model Estimate which was approved by Florida Housing on November 2, 2022. The model reflects the residents only paying for electricity. No manager/employee units are anticipated at this time.

A rent roll for the Development is illustrated in the following table:

MSA/County: Tampa-St. Petersburg-Clearwater MSA / Pinellas County

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 3 | 656 | 22% | | | $338 | $86 | $252 | $1,404 | $1,404 | $1,404 | $1,404 | $50,544 |
| 1 | 1.0 | 8 | 656 | 33% | | | $508 | $86 | $422 | $1,404 | $1,404 | $1,404 | $1,404 | $134,784 |
| 1 | 1.0 | 1 | 656 | 60% | | | $924 | $86 | $838 | $1,404 | $1,404 | $1,404 | $1,404 | $16,848 |
| 1 | 1.0 | 5 | 656 | 60% | | | $924 | $86 | $838 | | $838 | $496 | $496 | $29,760 |
| 1 | 1.0 | 8 | 656 | 60% | | | $924 | $86 | $838 | | $581 | $581 | $581 | $55,776 |
| 1 | 1.0 | 25 | 656 | 60% | | | $924 | $86 | $838 | | $838 | $838 | $838 | $251,400 |
| 2 | 2.0 | 1 | 977 | 22% | | | $406 | $120 | $286 | $1,670 | $1,670 | $1,670 | $1,670 | $20,040 |
| 2 | 2.0 | 3 | 977 | 33% | | | $609 | $120 | $489 | $1,670 | $1,670 | $1,670 | $1,670 | $60,120 |
| 2 | 2.0 | 2 | 977 | 60% | | | $1,108 | $120 | $988 | $1,670 | $1,670 | $1,670 | $1,670 | $40,080 |
| 2 | 2.0 | 3 | 977 | 60% | | | $1,108 | $120 | $988 | | $462 | $462 | $462 | $16,632 |
| 2 | 2.0 | 3 | 977 | 60% | | | $1,108 | $120 | $988 | | $547 | $547 | $547 | $19,692 |
| 2 | 2.0 | 11 | 977 | 60% | | | $1,108 | $120 | $988 | | $988 | $988 | $988 | $130,416 |
| | | 73 | 55,271 | | | | | | | | | | | $826,092 |

2. The appraiser estimates a stabilized physical vacancy rate of 4% and a collection loss of 1%, resulting in a physical occupancy of 96% and an economic occupancy of 95%.

3. Real estate tax expense is based on the Appraiser's estimate.

4. Management Fees are based upon the draft Management Agreement provided by the Applicant that reflects a management fee in the amount of 6.0% of the gross collections.
5. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
6. Replacement Reserves in the amount of $300 per unit per year meet RFA 2022-103 and Rule requirements. RJAHI requires the replacement reserve to be increased annually by 3.00%.
7. The 15-year income and expense projection reflects an increasing debt service coverage ("DSC") through year 15. This projection is attached to this report as Exhibit 1.

## Section B

# Loan Conditions

# HC Allocation Recommendation and Contingencies

Special Conditions

These recommendations are contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Completion of the HUD Section 3 pre-construction conference.
2. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701 u and 24CFR Part 135).
3. Satisfactory receipt of the Affirmative Fair Housing Marketing Plan.
4. Applicant to provide a fully executed Management Agreement and Management Plan prior to closing.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Borrower to comply with any and all recommendations noted in the Plan and Cost Review.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. Viability, SAIL, ELI and NHTF Loan Proceeds shall be disbursed in an amount per Draw that does not exceed the ratio of the Viability, SAIL, ELI and NHTF loans, respectively, to the Total Development Cost during the construction or rehabilitation phase, unless otherwise approved by the Credit

Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

7. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

   Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

8. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.

9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing FHFC as co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by A.M. Best & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit ("LOC") issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.

11. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Operating Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.

12. Satisfactory resolution of any outstanding past due and/or noncompliance items.

13. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

15. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to Applicant or the Developer from the Reserve Account cause the Developer fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to FHFC, its Servicer and its Legal Counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its Legal Counsel <u>at least two weeks prior to loan closing</u>. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/member(s)/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners/members of the Borrower.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of Viability, SAIL, ELI and NHTF loan closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Viability, SAIL, ELI and NHTF loans naming FHFC as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the Operating Agreement or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.
6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:
    a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or

partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;

b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;

c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower’s Partnership/Operating Agreement and;

e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with local concurrency laws, as applicable.

9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.

10. Such other assignments, affidavits, certificates, financial statements, closing statements, and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing and its Legal Counsel, in connection with the loan(s).

11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507, and 420.5087 and 420.509, Florida Statutes, Rule Chapters 67-48, 67-53 and 67-60, F.A.C., RFA 2022-103, RFA 2023-211, Section 42 I.R.C., and any other State and Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the Viability, SAIL, ELI and NHTF Loans in form and substance satisfactory to Florida Housing and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), the Land Use Restriction Agreement(s), and Extended Low Income Housing Agreement(s).

3. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

4. Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.

5. Guarantors for the Viability Loan are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the permanent first mortgage Viability Loan as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant (“CPA”)

and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

6. Guarantors for the SAIL are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the combined permanent first mortgage Viability Loan and SAIL as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
7. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.
8. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
9. A mortgagee title insurance lender's policy naming Florida Housing as the insured second, third and fourth mortgage holder in the amount of the Loans is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.
10. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.
11. Replacement Reserves in the minimum amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Trustee, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of $22,229 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for year 1, then escalating at 3.00% per year thereafter. The initial Replacement Reserve will have limitations on the ability to be drawn. New construction or Redevelopment Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five years of replacement reserves per unit.

    The amount established as a Replacement Reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

12. GLE or other construction inspector acceptable for Florida Housing is to act as Florida Housing's inspector during the construction period.
13. Under the Development construction contract, a minimum of 10% retainage holdback on all construction draws will be withheld until construction is 50% complete and thereafter no additional retainage is withheld. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies RFA 2022-103 and Rule minimum requirement.
14. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
15. Closing of all funding sources prior to or simultaneous with the closing of the Viability, SAIL, ELI and NHTF loans.
16. Any other reasonable requirements of the Servicer, Florida Housing or its Legal Counsel.

## Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a preliminary annual Housing Credit allocation of $2,375,000. Please see the HC Allocation Calculation section of this report for further details.

**Contingencies**

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by SMG and the Florida Housing Finance Corporation by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. All items listed under the Special Conditions section of the Loan Conditions to Close.
2. Satisfactory resolution of any outstanding past due items and/or noncompliance items.
3. Any reasonable requirements of Florida Housing, SMG or its Legal Counsel.

**Exhibit 1**
**Vincentian Village**
**15 Year Income and Expense Projection**

| | FINANCIAL COSTS: | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | | |
| INCOME | Gross Potential Rental Income | | $826,092 | $842,614 | $859,466 | $876,655 | $894,189 | $912,072 | $930,314 | $948,920 | $967,898 | $987,256 | $1,007,002 | $1,027,142 | $1,047,684 | $1,068,638 | $1,090,011 |
| | Rent Subsidy (ODR) | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Other Income: | | | | | | | | | | | | | | | | |
| | Ancillary Income-Parking | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Miscellaneous | | $13,140 | $13,403 | $13,671 | $13,944 | $14,223 | $14,508 | $14,798 | $15,094 | $15,396 | $15,704 | $16,018 | $16,338 | $16,665 | $16,998 | $17,338 |
| | Washer/Dryer Rentals | | $17,520 | $17,870 | $18,228 | $18,592 | $18,964 | $19,343 | $19,730 | $20,125 | $20,527 | $20,938 | $21,357 | $21,784 | $22,220 | $22,664 | $23,117 |
| | Cable/Satellite Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Rent Concessions | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Alarm Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Gross Potential Income | | $856,752 | $873,887 | $891,365 | $909,192 | $927,376 | $945,923 | $964,842 | $984,139 | $1,003,822 | $1,023,898 | $1,044,376 | $1,065,263 | $1,086,569 | $1,108,300 | $1,130,466 |
| | Less: | | | | | | | | | | | | | | | | |
| | Economic Loss - Percentage: | | | | | | | | | | | | | | | | |
| | Physical Vacancy Loss - Percentage: | 4.0% | ($34,270) | ($34,955) | ($35,655) | ($36,368) | ($37,095) | ($37,837) | ($38,594) | ($39,366) | ($40,153) | ($40,956) | ($41,775) | ($42,611) | ($43,463) | ($44,332) | ($45,219) |
| | Collection Loss - Percentage: | 1.0% | ($8,568) | ($8,739) | ($8,914) | ($9,092) | ($9,274) | ($9,459) | ($9,648) | ($9,841) | ($10,038) | ($10,239) | ($10,444) | ($10,653) | ($10,866) | ($11,083) | ($11,305) |
| | **Total Effective Gross Revenue** | | $813,914 | $830,193 | $846,797 | $863,732 | $881,007 | $898,627 | $916,600 | $934,932 | $953,630 | $972,703 | $992,157 | $1,012,000 | $1,032,240 | $1,052,885 | $1,073,943 |
| EXPENSES | Fixed: | | | | | | | | | | | | | | | | |
| | Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Sub-Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Real Estate Taxes | | $1,703 | $1,754 | $1,807 | $1,861 | $1,917 | $1,974 | $2,033 | $2,094 | $2,157 | $2,222 | $2,289 | $2,357 | $2,428 | $2,501 | $2,576 |
| | Insurance | | $91,250 | $93,988 | $96,807 | $99,711 | $102,703 | $105,784 | $108,957 | $112,226 | $115,593 | $119,061 | $122,632 | $126,311 | $130,101 | $134,004 | $138,024 |
| | Other | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Variable: | | | | | | | | | | | | | | | | |
| | Management Fee - Percentage: | 6.0% | $48,835 | $49,812 | $50,808 | $51,824 | $52,860 | $53,918 | $54,996 | $56,096 | $57,218 | $58,362 | $59,529 | $60,720 | $61,934 | $63,173 | $64,437 |
| | General and Administrative | | $25,550 | $26,317 | $27,106 | $27,919 | $28,757 | $29,619 | $30,508 | $31,423 | $32,366 | $33,337 | $34,337 | $35,367 | $36,428 | $37,521 | $38,647 |
| | Payroll Expenses | | $102,200 | $105,266 | $108,424 | $111,677 | $115,027 | $118,478 | $122,032 | $125,693 | $129,464 | $133,348 | $137,348 | $141,469 | $145,713 | $150,084 | $154,587 |
| | Utilities | | $57,305 | $59,024 | $60,795 | $62,619 | $64,497 | $66,432 | $68,425 | $70,478 | $72,592 | $74,770 | $77,013 | $79,324 | $81,703 | $84,154 | $86,679 |
| | Marketing and Advertising | | $3,650 | $3,760 | $3,872 | $3,988 | $4,108 | $4,231 | $4,358 | $4,489 | $4,624 | $4,762 | $4,905 | $5,052 | $5,204 | $5,360 | $5,521 |
| | Maintenance and Repairs | | $32,850 | $33,836 | $34,851 | $35,896 | $36,973 | $38,082 | $39,225 | $40,401 | $41,613 | $42,862 | $44,148 | $45,472 | $46,836 | $48,241 | $49,689 |
| | Grounds Maintenance and Landscaping | | $18,250 | $18,798 | $19,361 | $19,942 | $20,541 | $21,157 | $21,791 | $22,445 | $23,119 | $23,812 | $24,526 | $25,262 | $26,020 | $26,801 | $27,605 |
| | Resident Programs | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Contract Services | | $14,600 | $15,038 | $15,489 | $15,954 | $16,432 | $16,925 | $17,433 | $17,956 | $18,495 | $19,050 | $19,621 | $20,210 | $20,816 | $21,441 | $22,084 |
| | Security | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Other-Pest Control | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Reserve for Replacements | | $21,900 | $22,557 | $23,234 | $23,931 | $24,649 | $25,388 | $26,150 | $26,934 | $27,742 | $28,575 | $29,432 | $30,315 | $31,224 | $32,161 | $33,126 |
| | **Total Expenses** | | $418,093 | $430,147 | $442,554 | $455,322 | $468,464 | $481,989 | $495,909 | $510,237 | $524,983 | $540,160 | $555,781 | $571,859 | $588,408 | $605,441 | $622,972 |
| | **Net Operating Income** | | $395,822 | $400,045 | $404,243 | $408,410 | $412,544 | $416,638 | $420,690 | $424,695 | $428,648 | $432,543 | $436,376 | $440,141 | $443,832 | $447,444 | $450,970 |
| | **Debt Service Payments** | | | | | | | | | | | | | | | | |
| DEBT SERVICE | First Mortgage - FHFC - Viability | | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 | $22,450 |
| | Second Mortgage - FHFC - SAIL | | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 | $24,478 |
| | Third Mortgage - FHFC - ELI | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Fourth Mortgage - FHFC - NHTF | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Fifth Mortgage - City of St. Petersburg | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | First Mortgage Fees - FHFC - Viability | | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 | $5,613 |
| | Second Mortgage Fees - FHFC - SAIL | | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 |
| | Third Mortgage Fees - FHFC - ELI | | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| | Fourth Mortgage Fees - FHFC - NHTF | | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| | Fifth Mortgage Fees - City of St. Petersburg | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | **Total Debt Service Payments** | | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 | $72,505 |
| | **Cash Flow After Debt Service** | | $323,317 | $327,540 | $331,738 | $335,905 | $340,039 | $344,133 | $348,185 | $352,190 | $356,143 | $360,038 | $363,871 | $367,636 | $371,327 | $374,939 | $378,465 |
| | | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | | 14.105 | 14.256 | 14.405 | 14.554 | 14.701 | 14.847 | 14.991 | 15.134 | 15.275 | 15.414 | 15.550 | 15.684 | 15.816 | 15.945 | 16.070 |
| | DSC - Second Mortgage plus Fees | | 6.109 | 6.174 | 6.239 | 6.303 | 6.367 | 6.430 | 6.493 | 6.554 | 6.615 | 6.676 | 6.735 | 6.793 | 6.850 | 6.906 | 6.960 |
| | DSC - Third Mortgage plus Fees | | 5.766 | 5.827 | 5.888 | 5.949 | 6.009 | 6.069 | 6.128 | 6.186 | 6.244 | 6.301 | 6.357 | 6.411 | 6.465 | 6.518 | 6.569 |
| | DSC - Fourth Mortgage plus Fees | | 5.459 | 5.517 | 5.575 | 5.633 | 5.690 | 5.746 | 5.802 | 5.857 | 5.912 | 5.966 | 6.019 | 6.070 | 6.121 | 6.171 | 6.220 |
| | DSC - Fifth Mortgage plus Fees | | 5.459 | 5.517 | 5.575 | 5.633 | 5.690 | 5.746 | 5.802 | 5.857 | 5.912 | 5.966 | 6.019 | 6.070 | 6.121 | 6.171 | 6.220 |
| | DSC - All Mortgages and Fees | | 5.459 | 5.517 | 5.575 | 5.633 | 5.690 | 5.746 | 5.802 | 5.857 | 5.912 | 5.966 | 6.019 | 6.070 | 6.121 | 6.171 | 6.220 |
| | **Financial Ratios** | | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | | 51.4% | 51.8% | 52.3% | 52.7% | 53.2% | 53.6% | 54.1% | 54.6% | 55.1% | 55.5% | 56.0% | 56.5% | 57.0% | 57.5% | 58.0% |
| | Break-Even Ratio | | 57.6% | 57.8% | 58.1% | 58.4% | 58.6% | 58.9% | 59.2% | 59.5% | 59.8% | 60.1% | 60.5% | 60.8% | 61.1% | 61.5% | 61.8% |

Vincentian Village
RFA 2022-103 / 2022-255CSN
RFA 2023-211 / 2023-253V
DESCRIPTION OF FEATURES AND AMENITIES

The Development will consist of:

73 units located in 1 mid-rise residential building.

Unit Mix:

Fifty (50) one bedroom/one bath units; and

Twenty-three (23) two bedroom/two bath units.

73 Total Units

All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

All features and amenities committed to and proposed by the Applicant that are not unit-specific shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

a. Federal Requirements and State Building Code Requirements for all Developments

All proposed Developments must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations and rules:

- Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes;
- The Fair Housing Act as implemented by 24 CFR 100;
- Section 504 of the Rehabilitation Act of 1973*; and
- Titles II and III of the Americans with Disabilities Act of 1990 as implemented by 28 CFR 35.

The above documents are available on the RFA Webpage.

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* All Developments must comply with Section 504 of the Rehabilitation Act of 1973, as implemented by 24 CFR Part 8 ("Section 504 and its related regulations"). All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

To the extent that a Development is not otherwise subject to Section 504 and its related regulations, the Development shall nevertheless comply with Section 504 and its related regulations as requirements of the Corporation funding program to the same extent as if the Development were subject to Section 504 and its related regulations in all respects. To that end, all Corporation funding shall be deemed "Federal financial assistance" within the meaning of that term as used in Section 504 and its related regulations for all Developments.

Note: Section 504 of the Rehabilitation Act of 1973 requirements are met through the Applicant's commitment to meet either the Level 1 or Level 2 requirements described in c. below.

b. General Features

(1) The following General Features must be provided for all proposed Developments:

- Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;
- Termite prevention;
- Pest control;
- Window covering for each window and glass door inside each unit;
- Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;
- At least two full bathrooms in all 3 bedroom or larger new construction units;
- Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:
    - o There must be a minimum of one Energy Star certified washer and one Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site

laundry facility; divide the total number of the Development's units by 15, and then round the equation's total up to the nearest whole number;

- At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
- If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

(2) All proposed Developments must include the following general features on the site.

For new construction units, a full-size range and oven must be incorporated in all units.

All rehabilitation units are expected to have a full-size range and oven unless found to be not physically feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of this RFA.

- A Community Building/dedicated space that includes:
  - At least one private office space with a door for resident purposes such as meeting with case managers and/or counselors; and
  - At least one enclosed training room with a door to conduct group training and educational activities for residents.

  Note: If the Development meets the definition of Scattered Sites, the Community Building/dedicated space must be located on the site with the most units.

c. Required Accessibility Features, regardless of the age of the Development

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

(1) Level 1 Accessibility Requirements

All Applicants that selected the Persons with Special Needs population of (a) Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that currently impairs or is likely to impair their physical mobility at question 2.b.(1) of Exhibit A; and/or (b) Persons receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits at question 2.b.(2) of Exhibit A shall be required to do the following:

(a) Set aside a minimum of 15 percent of the total units, rounded up, as fully accessible units in accordance with the 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. These fully accessible units must (A) be on an accessible route and provide mobility features that comply with the residential dwelling units provision of the 2010 ADA Standards for Accessible Design; and (B) be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development; and

(b) Set aside at least an additional 5 percent of the total units, rounded up, to be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. The units that are accessible to persons with visual and hearing impairments shall comply with the communication features described for Residential Dwelling units with Communication Features in the 2010 ADA Standards for Accessible Design.

The 2010 ADA Standard for Accessible Design can be found at http://www.ada.gov/regs2010/2010ADAStandards/2010ADAstandards.htm.

(2) Level 2 Accessibility Requirements

All Applicants that did <u>not</u> select the Persons with Special Needs population of (a) Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that currently impairs or is likely to impair their physical mobility at question 2.b.(1) of Exhibit A; and/or (b) Persons receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits at question 2.b.(2) of Exhibit A shall be required to do the following:

(a) Set aside a minimum of five percent of the total units, rounded up, as fully accessible units in accordance with the 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. These fully accessible units must (A) be on an accessible route and provide mobility features that comply with the residential dwelling units provision of the 2010 ADA Standards for Accessible Design*; and (B) be equally distributed among different unit sizes and Development types and must be dispersed throughout the Development (not located in the same area, or on a single floor); and

(b) Set aside at least one additional unit to be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design,* regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. The unit(s) that is accessible to persons with visual and hearing impairments shall comply with the communication features described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design*.

*The 2010 ADA Standard for Accessible Design can be found at http://www.ada.gov/regs2010/2010ADAStandards/2010ADAstandards.htm.

d. Required Green Building Features in all Developments

(1) All new construction units and, as applicable, all common areas must have the features listed below and all rehabilitation units are expected to have all of the following required Green Building features unless found to be not appropriate or feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of this RFA:

- Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);
- Low-flow water fixtures in bathrooms—WaterSense labeled products or the following specifications:
  - Toilets: 1.28 gallons/flush or less,
  - Urinals: 0.5 gallons/flush,
  - Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
  - Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

- Energy Star certified refrigerator;
- Energy Star certified dishwasher;
- Energy Star certified ventilation fan in all bathrooms;
- Water heater minimum efficiency specifications:
  - Residential Electric:
    - Up to 55 gallons = 0.95 EF or 0.92 UEF; or
    - More than 55 gallons = Energy Star certified; or
    - Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
  - Residential Gas (storage or tankless/instantaneous): Energy Star certified,
  - Commercial Gas Water Heater: Energy Star certified;
- Energy Star certified ceiling fans with lighting fixtures in bedrooms;
- Air Conditioning (in-unit or commercial):
  - Air-Source Heat Pumps – Energy Star certified:
    - ≥ 8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
    - ≥ 8.2 HSPF ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
  - Central Air Conditioners – Energy Star certified:
    - ≥15 SEER/ ≥12.5 EER* for split systems
    - ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.

  NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and one-bedroom units.
  - Package Terminal Air Conditioners (PTACs) – minimum Energy Efficiency Ratio (EER) required by the Florida Building Code – Energy Conservation standards (current edition);
  - Package Terminal Heat Pumps (PTHPs) – minimum Energy Efficiency Ratio (EER) and Coefficient of Performance (COP) required by the Florida Building Code – Energy Conservation standards (current edition);

NOTE: All other equipment types shall follow Florida Building Code – Energy Conservation, current edition requirements.

(2) In addition to the required Green Building features outlined in (1) above, proposed Developments with the Development Category of New Construction must achieve one of the following Green Building Certification programs:

________ Leadership in Energy and Environmental Design (LEED);

___X___ Florida Green Building Coalition (FGBC);

_______ Enterprise Green Communities; or

_______ ICC 700 National Green Building Standard (NGBS)

e. Required Resident Programs

The provision of community-based Services Coordination will be the responsibility of the Applicant, but may be in conjunction with public and/or private partnerships as approved by the Corporation in credit underwriting. All proposed Developments will be required to assist interested residents with the coordination of their community-based services. The purpose is to assist each resident to become aware of, access and/or maintain adequate and appropriate community-based services and resources. It is not the intent for this resident service to take the place of Services Coordination already provided for a resident by a program and/or agency as part of their supportive services plan. The focus shall be to assist residents not receiving community-based Services Coordination by another program and/or agency, as well as to assist those residents who need additional assistance with coordination of community-based services.

The approved provider of this service must have a minimum of five years' experience administering and providing supportive services including outreach, information and referral services, benefits counseling, community-based services planning and coordination, and/or other related supportive services. Such experience must demonstrate that the supportive services listed above have been oriented to the needs and preferences of each intended resident in assisting them to access services related to health care, independent activities of daily living, employment, income and housing. The provider of this resident service shall also provide, at credit underwriting, information demonstrating its mission, qualifications, experience, agreements and/or contracts with state and federal supportive services programs, professional staffing and experience in serving the intended residents described in question 2.b. of Exhibit A.

Community-based Services Coordination shall be offered and made available on-site and at no charge to the residents initially and regularly, and resident participation shall be voluntary. If the proposed Development consists of Scattered Sites, the community-based Services Coordination shall be equally available to residents of each unit on each Scattered Site. Resident participation shall not be a requirement for new or continued residency. The Applicant shall commit to submit a Resident Community-Based Service Coordination Plan at credit underwriting. The Resident Community-Based Service Coordination Plan shall adhere to guidelines developed by the Corporation, in conjunction with state agencies, or their designee(s), that administer publicly funded supportive services for the intended residents.

Property management and resident community-based Services Coordination should not be the responsibility of the same staff persons; the functions must be entirely separate.

# COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Vincentian Village
DATE: DECEMBER 1, 2023

In accordance with applicable Program Rule(s), the Borrower is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("Florida Housing" or "FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Borrower that the transaction can close within the allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

| CREDIT UNDERWRITING REQUIRED ITEMS: | STATUS Satis. /Unsatis. | NOTE |
|---|---|---|
| 1. The Development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | |
| 4. Pre-construction analysis ("PCA"). | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Borrower, general partner, principals, guarantors and general contractor. | Satis. | |

| | | |
|---|---|---|
| 11. Resumes and experience of Borrower, general contractor and management agent. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Unsatis. | 1 |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | Satis. | |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis. | |
| 22. Any additional items required by the credit underwriter. | Satis. | |

NOTES AND APPLICANT'S RESPONSES:

1. Applicant to provide a fully executed Management Agreement and Management Plan prior to closing.

## HC Allocation Calculation

| Section I: Qualified Basis Calculation | |
|---|---|
| | |
| Development Cost | $32,799,327 |
| Less Land Cost | ($1,500,000) |
| Less Federal Funds | $0 |
| Less Other Ineligible Cost | ($1,550,067) |
| Less Disproportionate Standard | $0 |
| | |
| Total Eligible Basis | $29,749,260 |
| Applicable Fraction | 100.00% |
| DDA/QCT Basis Credit | 130.00% |
| Qualified Basis | $38,674,038 |
| Housing Credit Percentage | 9.00% |
| Annual Housing Credit Allocation | $3,480,663 |

*Notes to the Qualified Basis Calculation:*

1. Other Ineligible Costs primarily include demolition, off-site work, a portion of site work, accounting fees, legal fees, FHFC Loan commitment fees, FHFC administrative, application, compliance and underwriting fees, market study, marketing and advertising, survey, title insurance, construction loan interest, and permanent financing costs.
2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. The Development is located within a Small Area Difficult Development Area (“SADDA”) 33705 and a Qualified Census Tract, 0216.00. Therefore, the 130% basis credit has been applied to the Eligible Basis.
4. The HC percentage is 9.00% per the Fiscal Year 2016 Omnibus Spending and Tax Bill passed by Congress.

| Section II: Gap Calculation | |
|---|---|
| | |
| Total Development Cost (Including Land and Ineligible Costs) | $32,799,327 |
| | |
| Less Mortgages | ($9,695,000) |
| Less Grants | $0 |
| Equity Gap | $23,104,327 |
| | |
| Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.92 |
| HC Required to Meet Gap | $25,115,911 |
| Annual HC Required | $2,511,591 |
| | |

*Notes to the Gap Calculation:*

1. Per Rule Chapter 67-48.0072(29)(g)(2)(b), Homeless or Persons with Special Needs Demographic Developments would only use its actual committed debt instead of the qualifying first mortgage calculation. "Mortgages" include the FHFC Viability Loan first mortgage, FHFC SAIL second mortgage, FHFC ELI third mortgage, FHFC NHTF fourth mortgage and the City of St. Petersburg fifth mortgage.
2. HC Syndication Pricing and Percentage to Investment Partnership are based upon the October 26, 2023, LOI from RJAHI.

| Section III: Summary | |
|---|---|
| | |
| HC per Applicant Request | $2,375,000 |
| HC per Qualified Basis | $3,480,663 |
| HC per Gap Calculation | $2,511,591 |
| | |
| Annual HC Recommended | $2,375,000 |
| | |

*Notes to the Summary:*

1. The Annual HC Recommended is limited by the Applicant's Request.

## Viability Loan Sizing Parameters and Metrics

| | | | | | | |
|---|---|---|---|---|---|---|
| Select the Development | | | Vincentian Village | | | |
| RFA of Active Award | | | RFA 2022-103 | | | |
| Demographic Commitment | | | Homeless | | | |
| Total Number of Units | | | 73 | | | |
| Existing Competitive Active Awards: | | | Set-Aside Units | | | |
| 9% HC Allocation | $ 2,375,000 | | 73 | | | |
| SAIL | $ 4,895,500 | | 73 | | | |
| ELI | $ 214,500 | | 11 | | | |
| NHTF | $ 1,340,000 | | 4 | | | |
| HOME | NA | | NA | | | |
| Tax Exempt Bond Financing: | | | | | | |
| If MMRB, how much is the Perm Amount? | | | NA | | | |
| Viability Funding Limits: | | | | | | |
| Gross Per Development Limit | | $ | 4,300,000 | | | |
| Maximum Per Unit Limit | | $ | 125,000 | | | |
| Net Per Developmentg Limit (same as gross) | | $ | 4,300,000 | | | |
| Maximum Limit from PU Limit (73 units x $125,000 PU) | | $ | 9,125,000 | Does the stated Eligible Request Amount need to be adjusted? | | |
| **Lesser of Net Per Development or PU Limit** | | **$** | **4,300,000** | | | |
| Viability Loan Sizing Parameters | | | | | | |
| a. Eligible Request Amount: | | | | Yes | | |
| Applicant's Request Amount | | $ | 2,549,130 | If so, how much should be deducted? | | |
| Per Development/PU Limit | | $ | 4,300,000 | | | |
| **Eligible Request Amount:** | | **$** | **2,549,130** | $ 304,130.00 | | |
| b. Gap Analysis for Viability Sizing Purposes Only: | | | | | | |
| Permanent Funding Sources: | | | DS w/ Fees | DSCR | | NCF |
| Traditional First Mortgage | $ - | $ | - | 0.0000x | $ | 395,822 |
| Viability | $ 2,245,000.00 | $ | 28,823 | 13.7329x | $ | 366,999 |
| SAIL | $ 4,895,500.00 | $ | 12,255 | 9.6359x | $ | 354,744 |
| ELI | $ 214,500.00 | $ | 3,855 | 8.8092x | $ | 350,889 |
| NHTF | $ 1,340,000.00 | $ | 4,373 | 8.0279x | $ | 346,516 |
| 0 City of St. Petersburg | $ 1,000,000.00 | $ | - | 8.0279x | $ | 346,516 |
| *<additional source>* | $ - | $ | - | 8.0279x | $ | 346,516 |
| *<additional source>* | $ - | $ | - | 8.0279x | $ | 346,516 |
| *<additional source>* | $ - | $ | - | 8.0279x | $ | 346,516 |
| *<additional source>* | $ - | $ | - | 8.0279x | $ | 346,516 |
| HC Equity | $ 21,847,815.00 | | | | | |
| Deferred Developer Fee (31.55%) | $ 1,256,512.00 | | | | | |
| Total Sources | $ 32,799,327.00 | $ | 49,306 | 8.0279x | $ | 346,516 |
| Additional First Mortgage *(Min 1st Sizing)* | $ - | $ | - | | | |
| Additional First Mortgage *(DCR Sizing)* | $ - | $ | - | | | |

| | | |
|---|---|---|
| Total Development Costs | $ | 32,799,327.00 |
| Maximum Developer Fee Percentage | | 21% |
| Total Developer Fee (excluding 5% Reserve) | $ | 3,983,069.00 |
| Minimum 30% Deferred Developer Fee | $ | 1,194,920.70 |

**Set-Asides for MMRB are expressed as the greater of MMRB Set-Asides or 4%HC Set-Asides for purposes of calculating Compliance Monitoring Fees on the MMRB loan.*

# Florida Housing Finance Corporation

*Credit Underwriting Report ("CUR")*

# Southwick Commons

## RFA 2020-205 (2021-269SN / 2020-543C)
## RFA 2023-211 (2023-248V)

### State Apartment Incentive Loan ("SAIL"), Extremely Low-Income Loan ("ELI") Loan, National Housing Trust Fund Loan ("NHTF"), Non-Competitive Housing Credits ("HC") and Construction Inflation Response Viability Funding ("Viability")

### SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits / Viability

**Section A: Report Summary**

**Section B: Viability, SAIL, ELI and NHTF Special and General Conditions and Housing Credit Allocation Recommendation and Contingencies**

**Section C: Supporting Information and Schedules**

**Prepared by**

**AmeriNat®**

***Final Report***

**December 1, 2023**

# Southwick Commons

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## Section A

## Report Summary

## Recommendation

AmeriNat® ("AmeriNat") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing") fund a Viability Loan in the amount of $6,310,452, a SAIL Loan in the amount of $7,000,000, an ELI Loan in the amount of $600,000, an NHTF loan in the amount of $1,089,548 and an annual 4% HC allocation in the amount of $2,839,230 to Southwick Commons, Ltd. ("Applicant") for the construction and permanent phase financing of Southwick Commons (the proposed "Development").

**DEVELOPMENT & SET-ASIDES**

Development Name: Southwick Commons

RFA/Program Numbers: RFA 2020-205 / 2021-269SN 2020-543C RFA 2023-211 (2023-248V)

Address: Approximately 175 feet southeast of the intersection of E 6th St. and Alabama Ave.

City: Apopka Zip Code: 32703 County: Orange County Size: Large

Development Category: New Construction Development Type: Garden Apts (1-3 Stories)

Construction Type: Steel and Masonry

Demographic Commitment:
Primary: Family for 100% of the Units

Unit Composition:
# of ELI Units: 29 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 0
# of Link Units: 15 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 5

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 2 | 723 | 22% | | | $362 | $96 | $266 | | $292 | $266 | $266 | $6,384 |
| 2 | 2.0 | 2 | 1,028 | 22% | | | $435 | $133 | $302 | | $302 | $302 | $302 | $7,248 |
| 3 | 2.0 | 1 | 1,352 | 22% | | | $502 | $168 | $334 | | $380 | $334 | $334 | $4,008 |
| 1 | 1.0 | 9 | 724 | 30% | | | $494 | $96 | $398 | | $398 | $398 | $398 | $42,984 |
| 2 | 2.0 | 15 | 1,028 | 30% | | | $593 | $133 | $460 | | $460 | $460 | $460 | $82,800 |
| 3 | 2.0 | 5 | 1,352 | 30% | | | $685 | $168 | $517 | | $517 | $517 | $517 | $31,020 |
| 1 | 1.0 | 34 | 724 | 60% | | | $988 | $96 | $892 | | $892 | $892 | $892 | $363,936 |
| 2 | 2.0 | 57 | 1,028 | 60% | | | $1,186 | $133 | $1,053 | | $1,053 | $1,053 | $1,053 | $720,252 |
| 3 | 2.0 | 24 | 1,352 | 60% | | | $1,370 | $168 | $1,202 | | $1,202 | $1,202 | $1,202 | $346,176 |
| 1 | 1.0 | 11 | 724 | 80% | | | $1,318 | $96 | $1,222 | | $1,222 | $1,222 | $1,222 | $161,304 |
| 2 | 2.0 | 23 | 1,028 | 80% | | | $1,582 | $133 | $1,449 | | $1,449 | $1,449 | $1,449 | $399,924 |
| 3 | 2.0 | 9 | 1,352 | 80% | | | $1,827 | $168 | $1,659 | | $1,659 | $1,659 | $1,659 | $179,172 |
| | | 192 | 192,986 | | | | | | | | | | | $2,345,208 |

Please note that the unit sizes shown represent the average square footage for each bedroom size. The actual total square footage for the units is 192,109 as noted in the Plan and Cost Review.

The Applicant selected Average Income Test; therefore, as required by the RFA, the Applicant must set aside 15% of the total units (29 units) as ELI Set-Aside units at 30% of AMI. Persons with Special Needs Set-Aside Commitment: The proposed Development must set aside fifty percent (50%) of the ELI Set-Aside units (15 units) as Link units for Persons with Special Needs. In order to meet the commitment to set aside ELI units as Link units for Persons with Special Needs, the Applicant must develop and execute a Link Memorandum of Understanding ("MOU") with at least one designated Special Needs Household Referral Agency ("Referral Agency") serving the county and intended population where the Development will be located (Orange County) and rent units to households referred by the Referral Agency with which the MOU is executed. FHFC approved the MOU as of March 24, 2022.

NHTF Units Set-Aside Commitment: The proposed Development must set aside five (5) units as NHTF Link units targeted for Persons with Special Needs. These units are required to be set aside for residents earning at or below 22% of AMI and are in addition to the fifty percent (50%) requirement for ELI set-aside units. Therefore, the Development will have a total of twenty (20) units targeted for Persons with Special Needs (ELI-15 units, NHTF-5 units). After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period.

A Tenant Selection Plan ("TSP"), as required by RFA 2020-205, was approved by FHFC on February 15, 2022.

Buildings: Residential - 3 Non-Residential - 1
Parking: Parking Spaces - 348 Accessible Spaces - 10

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| SAIL / ELI / HC | 15.104% | 29 | 30% | 50 |
| SAIL / HC | 62.500% | 120 | 60% | 50 |
| SAIL / HC | 22.396% | 43 | 80% | 50 |
| NHTF | 2.604% | 5 | 22% | 50 |

Absorption Rate: 35 units per month for 5.5 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%
Occupancy Comments Occupancy per the market study is 99.2% for restricted properties

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 12.84 Density: 15.21 Flood Zone Designation: X
Zoning: MU-D (Downtown - Mixed Use) Flood Insurance Required?: No

| DEVELOPMENT TEAM | | |
|---|---|---|
| Applicant/Borrower: | Southwick Commons, Ltd. | % Ownership |
| General Partner | Southwick Commons GP, LLC | 0.01% |
| Limited Partner | National Equity Fund, Inc. or an affiliate thereof | 99.99% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | Southwick Commons, Ltd. | |
| CC Guarantor 2: | Southwick Commons GP, LLC | |
| CC Guarantor 3: | Jonathan L. Wolf | |
| CC Guarantor 4: | Jonathan and Nancy Wolf Family Trust I, dated August 6, 2018 | |
| CC Guarantor 5: | Southwick Commons Property Developer, LLC | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | Southwick Commons, Ltd. | |
| OD Guarantor 2: | Southwick Commons GP, LLC | |
| OD Guarantor 3: | Jonathan L. Wolf | |
| OD Guarantor 4: | Jonathan and Nancy Wolf Family Trust I, dated August 6, 2018 | |
| OD Guarantor 5: | Southwick Commons Property Developer, LLC | |
| Bond Purchaser | JPMorgan Chase Bank, N.A. | |
| Developer: | Southwick Commons Property Developer, LLC | |
| Principal 1 | Jonathan L. Wolf | |
| General Contractor 1: | VCC, LLC | |
| Management Company: | Wendover Management, LLC | |
| Syndicator: | National Equity Fund, Inc. or an affiliate thereof | |
| Bond Issuer: | Orange County Housing Finance Authority | |
| Architect: | Slocum Platts Architects | |
| Market Study Provider: | Novogradac Consulting LLP | |
| Appraiser: | Novogradac Consulting LLP | |

PERMANENT FINANCING INFORMATION

| | 1st Source | 2nd Source | 3rd Source | 4th Source | 5th Source | Other |
|---|---|---|---|---|---|---|
| Lien Position | 1 | 2 | 3 | 4 | 5 | 6 |
| Lender/Grantor | Chase / OCHFA | FHFC - Viability | FHFC - SAIL | FHFC - ELI | FHFC - NHTF | Orange County Trust Funds |
| Amount | $12,650,000 | $6,310,452 | $7,000,000 | $600,000 | $1,089,548 | $2,000,000 |
| Underwritten Interest Rate | 5.94% | 1.00% | 1.00% | 0.00% | 0.00% | 1.00% |
| All In Interest Rate | 5.94% | 1.00% | 1.00% | 0.00% | 0.00% | 1.00% |
| Loan Term | 15 | 15 | 15 | 15 | 30 | 20 |
| Amortization | 40 | n/a | n/a | n/a | n/a | 20 |
| Market Rate/Market Financing LTV | 25.0% | 37.4% | 51.2% | 52.4% | 54.5% | 58.5% |
| Restricted Market Financing LTV | 60.0% | 89.9% | 123.0% | 125.9% | 131.0% | 140.5% |
| Loan to Cost - Cumulative | 19.5% | 29.3% | 40.1% | 41.0% | 42.7% | 45.8% |
| Loan to Cost - SAIL Only | | | 10.8% | | | |
| Debt Service Coverage | 1.21 | 1.12 | 1.03 | 1.02 | 1.02 | 1.00 |
| Operating Deficit & Debt Service Reserves | $703,706 | | | | | |
| # of Months covered by the Reserves | 3.6 | | | | | |

| | |
|---|---|
| Deferred Developer Fee | $6,006,624 |
| As-Is Land Value | $3,100,000 |
| Market Rent/Market Financing Stabilized Value | $50,700,000 |
| Rent Restricted Market Financing Stabilized Value | $21,100,000 |
| Projected Net Operating Income (NOI) - Year 1 | $1,056,881 |
| Projected Net Operating Income (NOI) - 15 Year | $1,186,826 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |
| Bond Structure | Direct Purchase |
| Housing Credit (HC) Syndication Price | $0.915 |
| HC Annual Allocation - Qualified in CUR | $2,839,230 |
| HC Annual Allocation - Equity Letter of Interest | $3,183,694 |

**CONSTRUCTION/PERMANENT SOURCES:**

| Source | Lender | Construction | Permanent | Perm Loan/Unit |
|---|---|---|---|---|
| Regulated Mortgage Lender | Chase / OCHFA | $19,000,000 | $12,650,000 | $65,885 |
| Regulated Mortgage Lender | Chase / OCHFA | $12,000,000 | $0 | $0 |
| Regulated Mortgage Lender | Chase / OCHFA | $2,992,775 | $0 | $0 |
| FHFC - Viability | FHFC | $6,310,452 | $6,310,452 | $32,867 |
| FHFC - SAIL | FHFC | $7,000,000 | $7,000,000 | $36,458 |
| FHFC - SAIL ELI | FHFC | $600,000 | $600,000 | $3,125 |
| FHFC - NHTF | FHFC | $1,089,548 | $1,089,548 | $5,675 |
| Local Government Subsidy | Orange County Trust Funds | $2,000,000 | $2,000,000 | $10,417 |
| HC Equity | NEF | $4,491,672 | $29,130,356 | $151,721 |
| Deferred Developer Fee | Developer | $9,302,533 | $6,006,624 | $31,285 |
| TOTAL | | $64,786,980 | $64,786,980 | $337,432 |

| | | | |
|---|---|---|---|
| Credit Underwriter: | AmeriNat Loan Services | | |
| Date of Final CUR: | 12/01/2023 | | |
| TDC PU Limitation at Application: | $269,300 | TDC PU Limitation at Credit Underwriting: | $317,621.22 |
| Minimum 1st Mortgage per Rule: | n/a | Amount Dev. Fee Reduced for TDC Limit: | $0 |

## Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the Application? | X | |
| Are all funding sources the same as shown in the Application? | | 1 |
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | X | |
| Does the Applicant have site control at or above the level indicated in the Application? | X | |
| Does the Applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 2 |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | X | |
| Is the Development in all other material respects the same as presented in the Application? | | 3, 4, 5, 6, 7, 8, 9, 10 |

The following are explanations of each item checked "No" in the table above:

1. The Applicant indicated Local HFA Bonds as a construction source in the amount of $28,000,000. Per Resolution No. 2023-B-05 approved by the Orange County Housing Finance Authority (“OCHFA”) Board of Directions as of June 20, 2023, an issuance of Multifamily Mortgage Revenue Bonds (“MMRB”) in an amount up to $31,000,000 has been approved for the Development.

National Equity Fund, Inc. ("NEF") is providing the equity in the transaction at $0.915/credit. This results in a total equity amount of $29,130,356, which is $9,093,308 more in equity proceeds than the term sheet indicated that was included as part of the application.

Per the Invitation to Credit Underwriting issued by FHFC on June 23, 2021, the Applicant was awarded $1,089,548 in National Housing Trust Fund ("NHTF") funds.

The Applicant included a $75,000 local contribution from Orange County. These funds are no longer available and do not appear as a source for the transaction.

The Applicant has added Orange County Affordable Housing Trust Funds in the amount of $2,000,000 as a source of construction/permanent financing. This source was not included as part of the original Application but is listed in the application for Viability funding.

JPMorgan Chase Bank, N.A. ("Chase"), was to provide $28,000,000 in construction and $14,000,000 in permanent financing. Chase will now provide $35,000,000 in total funding during construction ($31,000,000 in tax-exempt funding and $4,000,000 in taxable funding) and $12,650,000 in permanent financing.

2. Total Development Costs have decreased from $64,921,611 to $64,786,980 for a difference of $134,631 since the Application due to a decrease in Construction Costs.

3. The Applicant made the following modification to the unit mix of the Development via a letter dated August 19, 2022:

   Application

   58 one bedroom/one bathroom (9 ELI units)
   98 two bedroom/two bathroom (15 ELI units)
   39 three bedroom/two bathroom (6 ELI units)
   195 Total units

   Change Requested

   59 one bedroom/one bathroom (9 ELI units)
   97 two bedroom/ two bathroom (15 ELI units)
   39 three bedroom/two bathroom (6 ELI units)
   195 Total units

   FHFC staff approved this change as of September 27, 2022.

4. The Applicant made the following modification to the unit mix and set-asides of the Development via a letter dated May 2, 2023:

   Previously Approved Unit Mix Change

   59 one bedroom/one bathroom (9 ELI units)
   97 two bedroom/two bathroom (15 ELI units)

39 three bedroom/two bathroom (6 ELI units)
195 Total units

Current Unit Mix

56 one bedroom/one bathroom (9 ELI units)
97 two bedroom/ two bathroom (15 ELI units)
39 three bedroom/two bathroom (5 ELI units)
192 Total units

Previous Set-Asides

30 units @ 30% AMI
120 units @ 60% AMI
45 units @ 80% AMI
195 Total units

Current Set-Asides

29 units @ 30% AMI
120 units @ 60% AMI
43 units @ 80% AMI
192 Total units

FHFC staff approved this change as of May 9, 2023 (See Waiver Requests).

5. At the June 17, 2022 FHFC Board meeting, an extension of the firm loan commitment issuance date deadline from June 29, 2022 to December 29, 2022 was approved.

6. At the December 9, 2022 FHFC Board meeting, an extension of the firm loan commitment issuance date deadline from December 29, 2022 to June 29, 2023 was approved (See Waiver Requests).

7. The Applicant submitted a Rule waiver request which was approved at the July 21, 2023 FHFC Board meeting for an extension of the firm loan commitment issuance date deadline from June 29, 2023 to December 29, 2023 (See Waiver Requests).

8. The General Contractor in the transaction, RBK3, LLC d/b/a Robert B. Kennedy Construction, has been replaced by VCC, LLC, who provided a satisfactory prior experience chart and General Contractor Certification.

9. On July 12, 2023, the Borrower verified that the Application mistakenly indicated that it was the first phase of a multiphase development. It is not the first phase of a multiphase development.

10. The Applicant indicated 2 residential buildings in the original application. However, the proposed development will consist of 3 residential buildings. A request from the Applicant for this change and approval from FHFC staff is a condition to closing.

These changes have no substantial material impact to the Viability, SAIL, ELI, NHTF, and HC recommendations for the Development.

Does the Development Team have any Florida Housing Financed Developments on the Past Due/Noncompliance Report?

According to the October 18, 2023 Asset Management Noncompliance Report, the Development Team has no noncompliance items.

According to the October 18, 2023, Florida Housing Past Due Report, the Development Team has no past due items.

This recommendation is subject to satisfactory resolution of any outstanding noncompliance items and/or past due items prior to or at the time of loan closing and the issuance of the Annual HC allocation recommendation herein.

Strengths:

1. The Development Team has demonstrated the ability to successfully develop and operate affordable multifamily rental communities using a variety of different subsidies.

2. A Market Study performed by Novogradac Consulting LLP (“Novogradac”) dated August 2, 2023 concludes that the Development should benefit from the rental rate advantage it will have over market rents. Based on the proposed rents, the Development will have between a 22% and 84% rental rate advantage compared to the average achievable market rents for the area.

3. Novogradac identified 10 properties with a total of 3,147 units as comparable to the Development that are located in the Comparable Market Area (“CMA”). The comparable properties have a weighted average occupancy rate of 97.0%.

Other Considerations:

1. In accordance with RFA 2020-205, FHFC limits the Total Development Cost (“TDC”) per unit for all Developments categorized by the construction type of the units as indicated by the Applicant in the RFA. The maximum TDC per unit for the construction specified by the Applicant (Garden Style), inclusive of a $7,500/unit add-on for using tax-exempt bonds per the RFA and an 8.00% escalation rate applied to the base $366,319.80 per unit allowable as approved at the April 1, 2022 Telephonic FHFC Board meeting, is $403,725.38 per unit. With a total of 192 units, the maximum TDC for the Development is therefore $77,515,272.96 (192 units @ $403,725.38 per unit). The TDC as underwritten equals $60,983,274 or $317,621.22 per unit. As such, the Development does not exceed the per unit maximum TDC and is eligible for funding as a result.

2. Per Rule Chapter 67-48 F.A.C., the minimum debt service coverage shall be 1.10x for the SAIL loan, including all superior mortgages. The combined first mortgage, Viability loan and SAIL loan debt service coverage is 1.03x. However, if the Applicant defers at least 35 percent of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as

projected cash flow, the minimum debt service coverage shall be 1.00 for the SAIL loan, including all superior mortgages. The transaction has been underwritten accordingly.

3. Based upon the estimates of the Operating Pro Forma, the amount of Deferred Developer Fee may not be paid back in 15 years. To the extent the Deferred Developer Fee is not paid by the end of year 12, the Guarantors shall be obligated to contribute to the Applicant an amount equal to the unpaid Deferred Developer Fee. As such, any risk associated with any tax credit recapture resulting from the nonpayment of any Developer Fee is assumed by the Guarantors. The Guarantors have sufficient financial capacity to make a loan to the partnership, if needed. Language documenting this payment should be present in the Limited Partnership Agreement, once drafted.

4. To the underwriter's knowledge, no construction cost exceeding 20% is subcontracted to any one entity.

5. To the underwriter's knowledge, no construction cost shall be subcontracted to any entity that has common ownership or is an Affiliate of the General Contractor or Developer.

Issues and Concerns:

1. The General Contractor in the transaction, VCC, LLC, has an active lawsuit against them which was noted in Public Records. Details of the suit are as follows:

   *Suncoast Projects, LLC v. VCC, LLC, et al; Dade County, FL; 2020-027180-CA-01*

   Suncoast Projects, LLC d/b/a Hub Steel performed structural steel work on a project. Hub Steel was terminated for convenience and later sued for unpaid sums due for work performed and for delay allegedly caused by VCC. VCC has counterclaims for costs to remedy defective work. Hub Steel's claims total approximately $3.2MM. VCC's counterclaim exceeds $4.2MM. The matter is pending in arbitration and is presently set for a final hearing in February 2024. While no specific projection of an outcome can be made, VCC is hopeful of prevailing and awarded a judgment against Hub Steel.

   Mitigant:

   VCC, LLC provided bank statements and an audited financial statement for the year ending December 31, 2022 indicating sufficient cash reserves to offset a judgment entered against them. Please see pages C13 – C15 of this report for further detail.

Waiver Requests:

1. According to RFA 2020-205, the Corporation will review the limited partnership agreement or limited liability company operating agreement language on reserves for compliance with the RFA requirement. If the limited partnership agreement or limited liability company operating agreement does not specifically state that the parties will comply with the Corporation's RFA requirements, the Corporation will require an amendment of the agreement and will not issue IRS form(s) 8609 until the amendment is executed and provided to the Corporation. The RFA includes language restricting the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. The RFA also requires the Corporation to review the limited partnership agreement or limited liability company operating agreement language

on reserves for compliance with the RFA requirement. While Florida Housing will continue to require the Applicant to adhere to all requirements in the RFA including the restrictions on the disposition of any funds in an operating deficit reserve account, Florida Housing will not monitor the limited partnership agreement or limited liability company operating agreement language for compliance with these requirements, as this would require analysis of a legal contract. This deviation in process was included as an Information Item in the April 29, 2022 FHFC Board Meeting.

2. The Applicant submitted a Rule waiver request which was approved at the December 9, 2022 FHFC Board meeting for an extension of the firm loan commitment issuance date deadline from December 29, 2022 to June 29, 2023.

3. The Applicant submitted a Rule waiver request which was approved at the July 21, 2023 FHFC Board meeting for an extension of the firm loan commitment issuance date deadline from June 29, 2023 to December 29, 2023.

4. The Application submitted a Rule waiver request which was approved at the April 28, 2023 FHFC Board meeting to decrease the total number of units from 195 to 192.

<u>Special Conditions:</u>

1. Receipt of an executed Management Agreement is a condition precedent to loan closing.

2. Completion of the HUD Section 3 pre-construction conference is a condition precedent to loan closing.

3. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24 CFR Part 135).

4. Per Rule Chapter 67-48 F.A.C (the “Rule”), the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. The combined first mortgage, Viability loan and SAIL loan debt service coverage is 1.03x. However, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to show permanent Deferred Developer Fee of at least 35% as the SAIL Loan DSC is 1.03x and is a condition precedent to loan closing.

5. A request from the Applicant for the change in the number of residential buildings and approval by FHFC staff.

<u>Additional Information:</u>

1. Florida Housing’s SAIL Program, per Rule Chapter 67-48, has a loan maximum that is 25% of Total Development Costs (“TDC”) unless it qualifies as an exception. Southwick Commons meets this requirement. It also qualifies as an exception to the Rule because the Applicant has requested SAIL with Non-Competitive HC and it has committed to set aside at least 5% of the total units for ELI households.

2. Per the Rule, the minimum DSC shall be 1.10x to 1.00 for the SAIL loan and all superior mortgages. However, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to show permanent Deferred Developer Fee of at least 35% as the SAIL Loan DSC is 1.03x.

3. Based upon the estimates of the Operating Pro Forma, the amount of Deferred Developer Fee may not be paid back in 15 years. To the extent the Deferred Developer Fee is not paid by the end of year 12, the Guarantors shall be obligated to contribute to the Applicant an amount equal to the unpaid Deferred Developer Fee. As such, any risk associated with any tax credit recapture resulting from the nonpayment of any Developer Fee is assumed by the Guarantors. The Guarantors have sufficient financial capacity to make a loan to the partnership, if needed. Language documenting this payment should be present in the Limited Partnership Agreement, once drafted.

Recommendation:

AmeriNat recommends FHFC fund a Viability Loan in the amount of $6,310,452, a SAIL Loan in the amount of $7,000,000, an ELI Loan in the amount of $600,000, an NHTF Loan in the amount of $1,089,548 and an annual 4% HC allocation in the amount of $2,839,230 to the Applicant for the construction and permanent phase financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the Viability, SAIL, ELI & NHTF Loan Special and General Closing Conditions and HC Allocation Recommendation and Contingencies (Section B). This recommendation is only valid for six months from the date of the report. The reader is cautioned to refer to these sections for complete information.

| | |
|---|---|
| Prepared by: | Reviewed by: |
| George J. Repity | Kyle Kuenn |
| Senior Credit Underwriter | Multifamily Chief Credit Underwriter |

## Overview

**Construction Financing Sources:**

| Source | Lender | Applicant's Total | Applicant's Revised Total | Underwriter's Total | Interest Rate | Debt Service During Construction |
|---|---|---|---|---|---|---|
| Regulated Mortgage Lender | Chase / OCHFA | $34,500,000 | $19,000,000 | $19,000,000 | 7.541% | $1,432,790 |
| Regulated Mortgage Lender | Chase / OCHFA | $0 | $12,000,000 | $12,000,000 | 8.47% | $1,016,400 |
| Regulated Mortgage Lender | Chase / OCHFA | $0 | $3,968,886 | $2,992,775 | 8.57% | $256,481 |
| FHFC - Viability | FHFC | $6,310,452 | $6,310,452 | $6,310,452 | 0.00% | $0 |
| FHFC - SAIL | FHFC | $7,000,000 | $7,000,000 | $7,000,000 | 0.00% | $0 |
| FHFC - SAIL ELI | FHFC | $600,000 | $600,000 | $600,000 | 0.00% | $0 |
| FHFC - NHTF | FHFC | $1,089,548 | $1,089,548 | $1,089,548 | 0.00% | $0 |
| Local Government Subsidy | Orange County Trust Funds | $2,000,000 | $2,000,000 | $2,000,000 | 1.00% | $20,000 |
| HC Equity | NEF | $4,285,431 | $4,491,672 | $4,491,672 | | |
| Deferred Developer Fee | Developer | $9,136,180 | $7,439,016 | $9,302,533 | | |
| | **Total :** | **$64,921,611** | **$63,899,574** | **$64,786,980** | | **$2,725,671** |

Proposed Construction Mortgage Loan:

An executed term sheet (the "Term Sheet") issued by JPMorgan Chase Bank, N.A. ("Chase") dated November 15, 2023, illustrates the proposed terms of a construction/permanent loan funded through the purchase of up to $31,000,000 in MHRB from OCHFA. The Term Sheet also indicates a taxable subordinate loan of up to $4,000,000 for a total construction period loan of $35,000,000. A taxable loan in the amount of $2,992,775 is needed to balance the Sources and Uses for the transaction. The loans will have an initial term of 30 months. Two six-month extensions are available at a charge of 0.125% of the loan balance and the amount remaining on the original commitments.

Per the Term Sheet, the $35,000,000 in construction loan proceeds will have the following terms:

- $19,000,000 will be locked at Construction Loan closing at a fixed rate equal to 150 basis points ("bps") over the 2-Year SOFR, currently 4.741%, for an indicative rate of 6.241%. AmeriNat added 0.30% for the County Bond Administrative Fee and an underwriting cushion of 1.00% for an all-in rate of 7.541%.
- $12,000,000 will float at a variable rate equal to the one-month Term SOFR, currently 5.32%, plus 185 bps for an indicative rate of 7.17%. AmeriNat added 0.30% for the County Bond Administrative Fee and an underwriting cushion of 1.00% for an all-in rate of 8.47%.
- $4,000,000 will float at a variable rate equal to the one-month Term SOFR, currently 5.32%, plus 225 bps for an indicative rate of 7.57%. AmeriNat added an underwriting cushion of 1.00% for an all-in rate of 8.57%.

Any SOFR less than 3.00% shall be deemed to be 3.00%. The construction interest reserve for Chase will be calculated with a cushion determined by the lender.

Proposed Second Mortgage Loan - Viability:

AmeriNat reviewed a Notice of Preliminary Award from Florida Housing, dated June 14, 2023, with a preliminary Viability Loan in the amount of $6,310,452. Based on the parameters listed in RFA 2023-211, a Viability Loan in the amount of $6,310,452 has been sized. The Viability Loan is non-amortizing with an interest rate of 1.00% over the life of the loan with annual payments based upon available cash flow. The Viability Loan will have a total term of 18.5 years, of which 42 months is for the construction/stabilization period and 15 years for the permanent period as permitted by RFA 2023-211. As required by the first mortgage lender and permitted by RFA 2023-211, the Viability Loan will be coterminous with the first mortgage. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the Viability Loan, all principal and unpaid interest will be due.

Proposed Third Mortgage Loan - SAIL:

The Applicant applied to Florida Housing for a $7,000,000 SAIL loan under RFA 2020-205 for the construction/permanent financing of the Development. The SAIL loan total term will be 18.5 years, including a 42-month construction/stabilization period and a 15-year permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL loan term will be co-terminus with the first mortgage.

The SAIL loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with annual payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the SAIL loan, all principal and unpaid interest will be due. Annual payments of all applicable fees will be required. SAIL loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the SAIL loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Fourth Mortgage: FHFC – ELI

The Applicant requested an ELI loan of $600,000 for the construction/permanent financing of the Development. The ELI loan shall be non-amortizing with a 0.00% interest rate over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set-aside requirement must be maintained through the entire 50-year Compliance Period. The ELI loan total term will be 18.5 years including a 42-month construction/stabilization period and a 15-year permanent term. As required by the first mortgage lender and by RFA 2020-205, the ELI loan will be coterminous with the First Mortgage. ELI loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the ELI loan to Total Development Costs, unless approved by the credit underwriter.

Proposed Fifth Mortgage: FHFC – NHTF

Per an Invitation to Enter Credit Underwriting from FHFC dated June 23, 2021, the Applicant received a preliminary commitment for an NHTF loan of $1,089,548 for the construction/permanent financing of the Development. The NHTF loan shall be a non-amortizing loan with an interest rate of 0.00% per annum for a total term of 33.5 years, including a 42-month construction/stabilization period and a 30-year permanent period.. The principal of the loan will be forgiven at maturity provided the units for which the

NHTF loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period. The NHTF loan funding will subsidize additional deep targeted units for Persons with Special Needs (NHTF Link units) at 22% of AMI. The NHTF Link units will be in addition to the requirement to set aside 50% of the total units as ELI set-aside units and the required number of Link Units for Persons with Special Needs. As such, the Development will be required to set aside five (5) units as NHTF Link units, in addition to the ELI Set-Aside units. After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitments must be maintained throughout the entire 50-year Compliance Period. NHTF loan proceeds shall be disbursed during the construction phase in an amount per construction draw which does not exceed the ratio of the NHTF loan to Total Development Costs, unless approved by the credit underwriter.

<u>Proposed Sixth Mortgage – Orange County Trust Funds</u>

The Applicant provided a letter of intent from the Orange County Housing and Community Development Division for a loan in the amount of $2,000,000. Terms of the loan include a 20-year term and amortization with an interest rate of 1.00% compounded monthly. Neighborhood Lending Partners will serve as the underwriter and servicer of the loan.

<u>Additional Construction Sources of Funds:</u>

The Applicant provided an LOI dated July 5, 2023 from National Equity Fund, Inc. ("NEF") that outlines the terms and conditions of the purchase of the HC. NEF will provide a net equity investment of $29,130,356 in exchange for a 99.99% limited partnership ownership interest and a proportionate share of the total HC allocation estimated by NEF to be $31,836,940. The HC allocation will be syndicated at a rate of approximately $0.915 per $1.00 of delivered tax credits. An initial HC equity installment of $4,491,672 will be available at construction loan closing, which satisfies the 15% RFA 2020-205 requirement. No other installments are payable during the construction period.

<u>Deferred Developer Fee</u>:

The Applicant will be required to defer $9,302,533 or 100.0% of the total developer fee during the construction phase subject to the terms outlined in Section B of this report.

**Permanent Financing Sources:**

| Source | Lender | Applicant's Total | Applicant's Revised Total | Underwriter's Total | Interest Rate | Amortization Years | Term Years | Annual Debt Service |
|---|---|---|---|---|---|---|---|---|
| Regulated Mortgage Lender | Chase / OCHFA | $14,250,000 | $12,650,000 | $12,650,000 | 5.94% | 40 | 15 | $828,884 |
| FHFC - Viability | FHFC | $6,310,452 | $6,310,452 | $6,310,452 | 1.00% | n/a | 15 | $63,105 |
| FHFC - SAIL | FHFC | $7,000,000 | $7,000,000 | $7,000,000 | 1.00% | n/a | 15 | $70,000 |
| FHFC - SAIL ELI | FHFC | $600,000 | $600,000 | $600,000 | 0.00% | n/a | 15 | $0 |
| FHFC - NHTF | FHFC | $1,089,548 | $1,089,548 | $1,089,548 | 0.00% | n/a | 30 | $0 |
| Local Government Subsidy | Orange County Trust Funds | $2,000,000 | $2,000,000 | $2,000,000 | 1.00% | 20 | 20 | $20,000 |
| HC Equity | NEF | $27,322,434 | $26,762,549 | $29,130,356 | | | | |
| Deferred Developer Fee | Developer | $6,349,177 | $7,487,025 | $6,006,624 | | | | |
| | Total : | $64,921,611 | $63,899,574 | $64,786,980 | | | | $981,988 |

Proposed First Mortgage Loan:

The $31,000,000 construction loan and $2,992,775 taxable loan are expected to be paid down to $12,650,000 with equity, Viability, SAIL, ELI, and NHTF proceeds. Per a Term Sheet dated November 15, 2023, terms and conditions of the permanent loan include a 15-year term and a 40-year amortization period. The Term Sheet indicates monthly principal and interest payments will be based upon an interest rate that will be locked at Construction Loan closing. The applicable interest rate will be based on the 10-Year SOFR Swap Rate (currently 4.14%) plus a 1.80% spread for an all-in rate of 5.94%. The forward period will be 36 months, plus one six-month extension. The Borrower must convert to the permanent loan on or before 42 months from Construction Loan closing. This “Outside Conversion Date” is the construction loan closing date advanced by the sum of (i) the number of months of the initial construction loan term and (ii) the maximum number of months available under the extension options.

The following conditions must be met in order to convert to permanent financing: a 1.20x debt service coverage ratio (“DSC”) with a 1.15x all-in DSC including all loans requiring debt service payment (to be calculated by Chase); a 90% economic and physical occupancy; and a pro forma forecast showing that in the first 10 years following conversion the annual DSC (based on annual revenue growth of 2% and annual expense growth of 3% ) is not less than 1.00x to 1.00.

An annual Trustee Fee of $5,000 and a 0.30% County Bond Administrative Fee due on the outstanding bond amount are included as part of the Development’s pro forma.

Proposed Second Mortgage Loan - Viability:

AmeriNat reviewed a Notice of Preliminary Award from Florida Housing, dated June 14, 2023, with a preliminary Viability Loan in the amount of $6,310,452. Based on the sizing parameters in RFA 2023-211, AmeriNat has sized the Viability Loan in the amount of $6,310,452. The Viability Loan is non-amortizing with an interest rate of 1.00% over the life of the loan with annual payments based upon available cash flow as determined by Florida Housing. The Viability loan total term will be 18.5 years, including a 42-month construction/stabilization period and a 15-year permanent period. As required by the first mortgage lender and permitted by RFA 2023-211, the Viability Loan will be coterminous with the first mortgage. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the Viability Loan, all principal and unpaid interest will be due. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month.

Proposed Third Mortgage Loan – SAIL:

The Applicant applied to Florida Housing for a SAIL loan of $7,000,000 under RFA 2020-205 for the construction/permanent financing of the Development. The SAIL loan will have a total term of 18.5 years, including a 42-month construction/stabilization period and a 15-year permanent period. As required by the first mortgage lender and permitted by Rule 67-48, the SAIL loan term will be co-terminus with the first mortgage. The Loan shall be non-amortizing with a 1.00% interest rate over the life of the loan with annual payments based upon available cash flow as determined by Florida Housing. Any unpaid interest will be deferred until cash flow is available. However, at maturity of the SAIL loan, all principal and unpaid interest will be due. Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month and an annual Compliance Monitoring Multiple Program Fee of $1,023.

Proposed Fourth Mortgage Loan – ELI:

The Applicant requested an ELI loan of $600,000 for the construction/permanent financing of the Development. The ELI loan shall be non-amortizing with a 0.00% interest rate over the life of the loan with principal forgivable at maturity provided the units are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set-aside requirement must be maintained throughout the entire 50-year Compliance Period. The ELI loan total term will be 18.5 years including a 42-month construction/stabilization period. As requested by the first mortgage lender and permitted by RFA 2020-205, the ELI loan will be coterminous with the First Mortgage. Annual payments of all applicable fees will be required. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month and an annual Compliance Monitoring Multiple Program Fee of $1,023.

Proposed Fifth Mortgage Loan – NHTF:

Per an Invitation to Enter Credit Underwriting from FHFC dated June 23, 2021, the Applicant received a preliminary commitment for an NHTF loan of $1,089,548 for the construction/permanent financing of the Development. The NHTF loan shall be a non-amortizing loan with an interest rate of 0.00% per annum for a total term of 33.5 years, including a 42-month construction/stabilization period and a 30-year permanent period. The principal of the loan will be forgiven at maturity provided the units for which the NHTF loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50-year Compliance Period. The NHTF loan funding will subsidize additional deep targeted units for Persons with Special Needs (NHTF Link units) at 22% of AMI. The NHTF Link units will be in addition to the requirement to set aside 50% of the total units as ELI set-aside units and the required number of Link Units for Persons with Special Needs. As such, the Development will be required to set aside five (5) units as NHTF Link units, in addition to the ELI Set-Aside units. After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitments must be maintained throughout the entire 50-year Compliance Period. Fees include an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month and an annual Compliance Monitoring Multiple Program Fee of $1,023.

Sixth Mortgage – Orange County Trust Funds

The Applicant provided a letter of intent from the Orange County Housing and Community Development Division for a loan in the amount of $2,000,000. Terms of the loan include a 20-year term and amortization with an interest rate of 1.00% compounded monthly. Neighborhood Lending Partners will serve as the underwriter and servicer of the loan.

Additional Permanent Sources of Funds:

According to the LOI, NEF will purchase a 99.99% interest in the limited partnership at loan closing at a syndication rate of $0.915 per dollar of HC for a total net HC equity investment of $29,130,356 to be paid as follows:

| Capital Contributions | Amount | Percent of Total | Due upon |
|---|---|---|---|
| 1st Installment | $4,491,672 | 15.42% | Admission of NEF to the Limited Partnership and comencement of construction |
| 2nd Installment | $4,491,672 | 15.42% | (i) Substantial completion of 100% of Project construction; (ii) Temporary (or, if available, Final) Certificates of Occupancy; (iii) Architect's certification indicating that all the work has been completed substantially in accordance with plans and specifications; (iv) Owner's title insurance policy in final form; (v) Company Prepared Draft Cost Certification verifying the Tax Credit basis and 50% test; (vi) No-earlier-than payment date of 1/1/25 |
| 3rd Installment | $19,404,273 | 66.61% | (i) 100% Qualified Occupancy of all Project Tax Credit Units; (ii) Funding of the Project's permanent loan and receipt of executed permanent loan documents in approved form; (iii) Payment of any amounts required by the General Partner's Development Completion Guaranty; (iv) Achievement of Stabilized Occupancy (generally defined as at least 90% occupancy with a Debt Coverage Ratio of 1.15x or better for a three consecutive month period after construction completion); (v) Completion of any outstanding punch list items; (vi) Updated title search as standard in Georgia; (vii) "As-Built" ALTA survey; (viii) Final lien waivers from the General Contractor; (ix) If applicable, receipt (or evidence of filing) of real estate tax abatement; (x) Final Certificates of Occupancy, if not previously provided; (xi) Final Cost Certification verifying the Tax Credit basis; (xii) Funding of Project reserves (or funding with the proceeds of this installment) at the required levels; (xiii) If applicable, satisfaction of radon testing requirements; (xiv) Recorded Extended Use Agreement; and (xv) No-earlier-than payment date of: 11/1/25 |
| 4th Installment | $742,739 | 2.55% | (i) The first year's tax return and K-1; (ii) Fully executed Form 8609 for all Project buildings; and (iii) Occurrence of the following no-earlier-than payment date: 4/1/26 |
| Total: | $29,130,356 | 100% | |

| | |
|---|---|
| Annual Credits Per Syndication Agreement | $3,183,694 |
| Total Credits Per Syndication Agreement | $31,836,940 |
| Calculated HC Rate: | $0.915 |
| Limited Partner Ownership Percentage | 99.99% |
| Proceeds During Construction | $4,491,672 |

Deferred Developer Fee:

The Applicant will be required to permanently defer $6,006,624, or 64.6% of the total Developer Fee after stabilization subject to the terms outlined in Section B of this report. RFA 2020-205 indicates FHFC will allow up to 100 percent of the eligible Developer Fee to be deferred and used as a source on the Development Cost Pro Forma without the requirement to show evidence of ability to fund.

As illustrated in Viability RFA 2023-211, the Developer is required to defer a minimum of 30% of the Developer Fee. Additionally, as the Development has a combined DSC of 1.03x as underwritten for the first mortgage Viability and SAIL loans, the Applicant must defer at least 35% of Developer Fee following the last disbursement of all permanent sources of funding identified in this report.

Based upon the estimates of the Operating Pro Forma, the amount of Deferred Developer Fee may not be paid back in 15 years. To the extent the Deferred Developer Fee is not paid by the end of year 12, the Guarantors shall be obligated to contribute to the Applicant an amount equal to the unpaid Deferred Developer Fee. As such, any risk associated with any tax credit recapture resulting from the nonpayment of any Developer Fee is assumed by the Guarantors. The Guarantors have sufficient financial capacity to make a loan to the partnership, if needed. Language documenting this payment should be present in the Limited Partnership Agreement, once drafted.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| New Rental Units | $34,710,000 | $29,143,340 | $29,143,340.25 | $151,788 | |
| Site Work | $1,500,000 | $4,277,755 | $4,277,755.00 | $22,280 | $2,000,000 |
| Constr. Contr. Costs subject to GC Fee | $36,210,000 | $33,421,095 | $33,421,095.25 | $174,068 | $2,000,000 |
| General Conditions | $0 | $1,756,739 | $1,756,739.00 | $9,150 | |
| Overhead | $0 | $668,422 | $668,421.90 | $3,481 | |
| Profit | $5,048,400 | $1,919,581 | $1,919,581.47 | $9,998 | |
| Payment and Performance Bonds | $0 | $232,024 | $232,024.38 | $1,208 | |
| Total Construction Contract/Costs | $41,258,400 | $37,997,861 | $37,997,862.00 | $197,906 | $2,000,000 |
| Hard Cost Contingency | $2,055,420 | $1,888,292 | $1,899,893.00 | $9,895 | |
| FF&E paid outside Constr. Contr. | $500,000 | $400,000 | $400,000.00 | $2,083 | |
| **Total Construction Costs:** | **$43,813,820** | **$40,286,153** | **$40,297,755.00** | **$209,884** | **$2,000,000** |

*Notes to Actual Construction Costs:*

1. A Standard Form of Agreement Between the Owner and Contractor where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price in the amount $37,997,862.00 (the "Construction Contract") has been provided. The Construction Contract was entered into as of October 13, 2023 and is executed by the Applicant and VCC, LLC ("General Contractor"). It indicates construction completion within 578 days from the date of commencement. The Construction Contract indicates retainage of ten percent (10%) will be withheld until 50% of the work is complete based on the Schedule of Values, at which point no additional retainage shall be withheld.

2. GLE Associates, Inc. ("GLE") provided a Plan & Cost Review ("PCR"), dated November 14, 2023, for the Development. The PCR stated the overall cost to construct the Development is $37,997,862 or $197,905.53 per unit. It is GLE's opinion that the cost per unit is appropriate for the scope of work indicated as comparables range between $193,992 and $225,294 per unit. The construction progress schedule submitted for GLE's review shows a 578-day duration for substantial completion; the construction contract indicates 578 days to substantial completion. GLE stated this time is adequate for the construction of the Development.

   GLE identified the following allowances listed in the Construction Contract:

   $85,000 – Temporary Power
   $50,000 – Clubhouse Millwork
   $10,000 – Clubhouse Fireplace
   $80,000 – Light Fixtures
   $150,000 – Underground Sleeving
   $85,000 – Clubhouse Access / Control / CCTV
   $46,000 – Permanent Generator
   $20,000 – Gazebo
   $50,000 – Play Structure
   $30,000 – Monument Sign
   $250,000 – Landscape/Irrigation
   $44,126 – Traffic Control

$55,000 – Asphalt & Curb Repairs
$955,126 Total

GLE opined that the allowances are within an acceptable range for the scope of work indicated.

3. A 5% hard cost contingency was utilized by AmeriNat and is the maximum permitted by the RFA 2020-205 and Rule Chapters 67-48 and 67-21. The General Contractor's fee stated herein is for credit underwriting purposes only, and the final General Contractor's fee will be determined pursuant to the final cost certification process as per Rule 67-21 F.A.C.

4. General Contractor's Fee (consisting of general requirements, overhead, and profit) is based upon the schedule of values attached to the Construction Contract and does not exceed 14.00% of allowable hard costs as per the RFA and Rule Chapters 67-21 and 67-48. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapter 67-21.

5. The General Contractor will secure a Payment and Performance Bond to secure the Construction Contract and an estimate of its cost is shown outside of the Construction Contract. Receipt of an executed P&P bond is a condition precedent to loan closing.

6. FF&E Paid outside of the Construction Contract consists of common area furniture, outdoor furniture/equipment/playground equipment, and certain security fixtures and equipment not already included in the Construction Contract.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $25,000 | $25,000 | $25,000 | $130 | $12,500 |
| Appraisal | $10,000 | $15,000 | $14,000 | $73 | |
| Architect's Fee - Landscape | $0 | $55,000 | $55,000 | $286 | |
| Architect's Fee - Site/Building Design | $450,000 | $350,000 | $177,000 | $922 | |
| Architect's Fee - Supervision | $25,000 | $25,000 | $23,000 | $120 | |
| Building Permits | $192,000 | $192,000 | $192,000 | $1,000 | |
| Builder's Risk Insurance | $192,000 | $192,000 | $192,000 | $1,000 | |
| Engineering Fees | $250,000 | $250,000 | $311,140 | $1,621 | |
| Environmental Report | $15,000 | $15,000 | $15,000 | $78 | $15,000 |
| FHFC Administrative Fees | $268,772 | $261,001 | $256,066 | $1,334 | $256,066 |
| FHFC Application Fee | $90,395 | $3,000 | $3,000 | $16 | $3,000 |
| FHFC Credit Underwriting Fee | $23,891 | $23,891 | $29,475 | $154 | $29,475 |
| FHFC Compliance Fee | $220,904 | $220,904 | $291,244 | $1,517 | $291,244 |
| Impact Fee | $295,875 | $1,141,138 | $1,141,138 | $5,943 | |
| Lender Inspection Fees / Const Admin | $30,000 | $75,000 | $122,520 | $638 | |
| Green Building Cert. (LEED, FGBC, NAHB) | $40,000 | $50,000 | $44,975 | $234 | |
| Insurance | $100,000 | $100,000 | $100,000 | $521 | $100,000 |
| Legal Fees - Organizational Costs | $500,000 | $500,000 | $500,000 | $2,604 | $300,000 |
| Market Study | $10,000 | $10,000 | $9,500 | $49 | $9,500 |
| Marketing and Advertising | $125,000 | $125,000 | $125,000 | $651 | $125,000 |
| Plan and Cost Review Analysis | $0 | $0 | $6,200 | $32 | |
| Property Taxes | $50,000 | $106,000 | $85,000 | $443 | |
| Soil Test | $7,500 | $7,500 | $7,500 | $39 | |
| Survey | $20,000 | $55,000 | $55,000 | $286 | $27,500 |
| Title Insurance and Recording Fees | $150,000 | $150,000 | $150,000 | $781 | $150,000 |
| Utility Connection Fees | $744,576 | $1,856,777 | $1,856,777 | $9,671 | |
| Soft Cost Contingency | $129,575 | $127,625 | $289,376 | $1,507 | |
| **Total General Development Costs:** | **$3,965,488** | **$5,931,836** | **$6,076,911** | **$31,651** | **$1,319,285** |

*Notes to the General Development Costs:*

1. AmeriNat reflects actual costs for the appraisal, market study, and plan and cost review analysis.

2. AmeriNat reflects the costs associated with the Architect's and Engineer's fees as stated in agreements between the Applicant and the professionals which were reviewed by AmeriNat.

3. FHFC Administrative Fee is based upon a fee of 9% of the annual HC allocation recommendation made herein.

4. FHFC Credit Underwriting Fee includes the SAIL & ELI Credit Underwriting Fee ($14,479), multiple program fees for NHTF and 4% HC ($4,850 each), Viability Underwriting Fee ($4,996) and a $300 credit reporting fee.

5. Impact Fees are based on the schedule provided by the Applicant.

6. Lender Inspection Fees / Construction Admin costs are based on proposals for building envelope, threshold, and materials testing and inspections provided by the Applicant, site inspections by GLE, and construction loan administration for draw processing.

7. The Applicant provided an executed agreement for Florida Green Building Coalition ("FBGC") Certification between the Applicant and Trifecta Construction Solutions.

8. A soft cost contingency of 5.00% has been underwritten, which is consistent with underwriting standards and may be utilized by the Applicant in the event soft costs exceed these estimates as permitted by RFA 2020-205 and Rule Chapters 67-21 and 67-48.

9. The remaining general development costs appear reasonable.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Origination Fee | $325,605 | $288,105 | $155,000 | $807 | |
| Construction Loan Closing Costs | $100,000 | $50,000 | $50,000 | $260 | |
| Construction Loan Interest | $2,517,340 | $3,237,973 | $2,568,122 | $13,376 | $1,112,639 |
| Permanent Loan Origination Fee | $106,875 | $94,875 | $94,875 | $494 | $94,875 |
| Permanent Loan Closing Costs | $50,000 | $50,000 | $50,000 | $260 | $50,000 |
| Bridge Loan Interest | $0 | $0 | $1,466,577 | $7,638 | $734,399 |
| Local HFA Bond Underwriting Fee | $0 | $0 | $16,009 | $83 | $16,009 |
| Local HFA Bond Cost of Issuance | $571,992 | $519,492 | $519,492 | $2,706 | $519,492 |
| SAIL Commitment Fee | $0 | $0 | $70,000 | $365 | $70,000 |
| SAIL Closing Costs | $0 | $0 | $12,500 | $65 | $12,500 |
| SAIL-ELI Commitment Fee | $0 | $0 | $6,000 | $31 | $6,000 |
| SAIL-ELI Closing Costs | $0 | $0 | $6,500 | $34 | $6,500 |
| Misc Loan Origination Fee | $0 | $20,000 | $20,000 | $104 | $20,000 |
| Misc Loan Closing Costs | $0 | $5,000 | $5,000 | $26 | $5,000 |
| NHTF Closing Costs | $0 | $0 | $12,500 | $65 | $12,500 |
| Placement Agent/Underwriter Fee | $0 | $0 | $35,000 | $182 | $35,000 |
| Initial TEFRA Fee | $0 | $500 | $1,000 | $5 | $1,000 |
| Other: FHFC Firm Commitment Extension Fee | $0 | $86,895 | $86,895 | $453 | $86,895 |
| Other: Predevelopment Loan fees and Interest | $175,754 | $175,754 | $0 | $0 | $0 |
| Other: Syndication Closing Costs | $55,000 | $55,000 | $55,000 | $286 | $55,000 |
| Other: FHFC Viability Commitment Fee | $0 | $0 | $63,105 | $329 | $63,105 |
| Other: FHFC Viability Closing Costs | $0 | $0 | $12,500 | $65 | $12,500 |
| **Total Financial Costs:** | **$3,902,566** | **$4,583,594** | **$5,306,075** | **$27,636** | **$2,913,414** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$51,681,874** | **$50,801,583** | **$51,680,741** | **$269,171** | **$6,232,699** |

*Notes to the Financial Costs*

1. Financial costs were derived from the representations illustrated in the LOI's for equity and construction and permanent financing and appear reasonable to AmeriNat.

2. An interest reserve for the Construction Loans is supported by the Construction Loan terms illustrated in the LOI provided by Chase, the duration of construction referenced in the Construction Contract and the resultant calculation completed by AmeriNat through the use of a construction draw schedule provided by the Applicant.

3. The SAIL, ELI and Viability Commitment Fees represent 1.00% of each respective loan amount. The FHFC Firm Loan Commitment Extension Fee is 1.00% of the SAIL / ELI / NHTF loan amounts, respectively.

4. The SAIL, NHTF and Viability Closing Costs are $12,500 each and the ELI Closing Costs are $6,500 for FHFC legal fees.

5. For the Local HFA Cost of Issuance, applicable costs and the appropriate line items were included in this section based on the representations contained in the development budget.

6. The remaining Financial Costs appear reasonable.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $9,302,737 | $9,144,285 | $9,152,533 | $47,669 | |
| DF to Excess Land Costs | $0 | $0 | $150,000 | $781 | $150,000 |
| **Total Other Development Costs:** | **$9,302,737** | **$9,144,285** | **$9,302,533** | **$48,451** | **$150,000** |

*Notes to the Developer Fee on Non-Acquisition Costs:*

1. The total Developer Fee does not exceed 18.00% of the Total Development Costs exclusive of Land Costs and Reserves, which is permitted by the RFA 2020-205 and Rule Chapters 67-48 and 67-21.

2. Deferred Fee to Excess Land Costs is shown as a subset of Developer Fee to represent the $150,000 difference between the purchase price of the property for the Development ($3,250,000) and the appraised value for the parcel ($3,100,000).

3. During construction, the Developer shall only be allowed to draw a maximum of fifty percent (50%) of the total developer fee, but in no case more than the payable developer fee during construction (the "Developer's Overhead"). No more than thirty-five percent (35%) of Developer's Overhead will be funded at Loan closing. The remainder of the Developer's Overhead will be disbursed during construction on a pro rata basis, based upon the percentage of completion of the Development, as approved and reviewed by Florida Housing and the Servicer. The remaining unpaid developer fee shall be considered attributable to "Developer's Profit" and will not be funded until the Development has achieved one hundred percent (100%) lien free completion, and only after Retainage has been released.

   AmeriNat estimates payable Developer Fee at closing to be $0.00, the Developer’s Overhead is estimated to be $0.00, and the Developer’s Profit is estimated to be $3,295,909, which will be funded following 100% lien free completion. The remaining $6,006,624 will be permanently deferred and will be paid from the Development’s cash flow from operations.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Land | $3,250,000 | $3,250,000 | $3,100,000 | $16,146 | $3,100,000 |
| **Total Acquisition Costs:** | **$3,250,000** | **$3,250,000** | **$3,100,000** | **$16,146** | **$3,100,000** |

*Notes to Land Acquisition Costs:*

1. AmeriNat received and reviewed a Purchase and Sale Agreement (“P&SA”) between the Applicant and Taurus Apopka City Center, LLC, A Florida limited liability company, executed as of November 18, 2020 to acquire the Development’s site.

2. An Appraisal performed by Novogradac dated August 16, 2023 identifies an “as is” market value of the real estate as of July 26, 2023 to be $3,100,000. The lesser of the purchase price and the appraised value was used for underwriting purposes. As previously noted, the difference between the purchase price and appraised value is shown as a subset of Developer Fee.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Operating Deficit Reserve (Syndicator) | $687,000 | $703,706 | $703,706 | $3,665 | $703,706 |
| **Total Reserve Accounts:** | **$687,000** | **$703,706** | **$703,706** | **$3,665** | **$703,706** |

*Notes to Reserve Accounts*

1. Operating Deficit Reserve ("ODR") is based on the requirements of NEF and equates to approximately three months of debt service. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance remains in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to Applicant or the Developer from the Reserve Account cause the Developer fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to FHFC, its Servicer and its Legal Counsel.

   In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| **TOTAL DEVELOPMENT COSTS:** | **$64,921,611** | **$63,899,574** | **$64,786,980** | **$337,432** | **$10,186,405** |

*Notes to Total Development Costs*:

1. Total Development Costs have increased from $64,921,611 to $64,786,980 for a difference of $134,631 since the Application due to increases in General Development and Financial Costs.

## OPERATING PRO FORMA

| FINANCIAL COSTS: | | Year 1 | Year 1 Per Unit |
|---|---|---|---|
| OPERATING PRO FORMA | | | |
| INCOME: | Gross Potential Rental Income | $2,345,208 | $12,215 |
| | Other Income | | |
| | Miscellaneous | $134,400 | $700 |
| | Gross Potential Income | $2,479,608 | $12,915 |
| | Less: | | |
| | Economic Loss Percentage: 5.00% | $123,980 | $646 |
| **Total Effective Gross Income** | | **$2,355,628** | **$12,269** |
| EXPENSES: | Fixed: | | |
| | Real Estate Taxes | $211,766 | $1,103 |
| | Insurance | $182,400 | $950 |
| | Variable: | | |
| | Management Fee Percentage: 5.00% | $117,781 | $613 |
| | General and Administrative | $62,400 | $325 |
| | Payroll Expenses | $263,600 | $1,373 |
| | Utilities | $182,400 | $950 |
| | Marketing and Advertising | $9,600 | $50 |
| | Maintenance and Repairs/Pest Control | $182,400 | $950 |
| | Contract Services | $19,200 | $100 |
| | Security | $9,600 | $50 |
| | Reserve for Replacements | $57,600 | $300 |
| **Total Expenses** | | **$1,298,747** | **$6,764** |
| **Net Operating Income** | | **$1,056,881** | **$5,505** |
| **Debt Service Payments** | | | |
| | First Mortgage - Chase / OCHFA | $828,884 | $4,317 |
| | Second Mortgage - FHFC Viability | $63,105 | $329 |
| | Third Mortgage - FHFC SAIL | $70,000 | $365 |
| | Fourth Mortgage - FHFC SAIL / ELI | $0 | $0 |
| | Fifth Mortgage - FHFC NHTF | $0 | $0 |
| | Sixth Mortgage - Orange County Trust Funds | $20,000 | $104 |
| | First Mortgage - HFA Admin & Trustee Fees | $42,950 | $224 |
| | Second Mortgage Fees - Viability PLS | $11,232 | $59 |
| | Third Mortgage Fees - SAIL PLS & CM | $12,255 | $64 |
| | Fourth Mortgage Fees - ELI PLS & CM | $3,855 | $20 |
| | Fifth Mortgage - NHTF PLS & CM | $3,855 | $20 |
| | Sixth Mortgage - Orange County Trust Funds | $0 | $0 |
| Total Debt Service Payments | | $1,056,135 | $5,501 |
| Cash Flow after Debt Service | | $746 | $4 |
| | | | |
| **Debt Service Coverage Ratios** | | | |
| | DSC - First Mortgage plus Fees | 1.21x | |
| | DSC - Second Mortgage plus Fees | 1.12x | |
| | DSC - Third Mortgage plus Fees | 1.03x | |
| | DSC - Fourth Mortgage plus Fee | 1.02x | |
| | DSC - Fifth Mortgage plus Fees | 1.02x | |
| | DSC - Sixth and All Mortgages and Fees | 1.00x | |
| **Financial Ratios** | | | |
| | Operating Expense Ratio | 55.13% | |
| | Break-even Economic Occupancy Ratio (all debt) | 95.22% | |

*Notes to the Operating Pro forma and Ratios:*

1. The Development will be utilizing Housing Credits in conjunction with SAIL, ELI, & NHTF which will impose rent restrictions. Under the SAIL and HC programs, the Development will set aside 15.104% of its total units (29 units) at or below 30% of AMI. Additional restrictions imposed by SAIL and HC programs consist of 62.500% of the total units (120 units) at or below 60% of AMI and 22.396% of the total units (43 units) at or below 80% of AMI. For the NHTF program, the Development will set aside 2.604% of the total units (5 units) at or below 22% of AMI. Overall, the maximum Housing Credit rents for 2023 published on FHFC's website for the Development are achievable as confirmed by the appraiser. Utility allowances were derived from the most recent utility allowance schedule published by the Orlando Housing Authority, effective as of October 2022. A rent roll for the Development property is illustrated in the following table:

MSA (County): Orlando-Kissimmee-Sanford (Orange)

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 2 | 723 | 22% | | | $362 | $96 | $266 | | $292 | $266 | $266 | $6,384 |
| 2 | 2.0 | 2 | 1,028 | 22% | | | $435 | $133 | $302 | | $302 | $302 | $302 | $7,248 |
| 3 | 2.0 | 1 | 1,352 | 22% | | | $502 | $168 | $334 | | $380 | $334 | $334 | $4,008 |
| 1 | 1.0 | 9 | 724 | 30% | | | $494 | $96 | $398 | | $398 | $398 | $398 | $42,984 |
| 2 | 2.0 | 15 | 1,028 | 30% | | | $593 | $133 | $460 | | $460 | $460 | $460 | $82,800 |
| 3 | 2.0 | 5 | 1,352 | 30% | | | $685 | $168 | $517 | | $517 | $517 | $517 | $31,020 |
| 1 | 1.0 | 34 | 724 | 60% | | | $988 | $96 | $892 | | $892 | $892 | $892 | $363,936 |
| 2 | 2.0 | 57 | 1,028 | 60% | | | $1,186 | $133 | $1,053 | | $1,053 | $1,053 | $1,053 | $720,252 |
| 3 | 2.0 | 24 | 1,352 | 60% | | | $1,370 | $168 | $1,202 | | $1,202 | $1,202 | $1,202 | $346,176 |
| 1 | 1.0 | 11 | 724 | 80% | | | $1,318 | $96 | $1,222 | | $1,222 | $1,222 | $1,222 | $161,304 |
| 2 | 2.0 | 23 | 1,028 | 80% | | | $1,582 | $133 | $1,449 | | $1,449 | $1,449 | $1,449 | $399,924 |
| 3 | 2.0 | 9 | 1,352 | 80% | | | $1,827 | $168 | $1,659 | | $1,659 | $1,659 | $1,659 | $179,172 |
| | | 192 | 192,986 | | | | | | | | | | | $2,345,208 |

2. A 5.00% total economic vacancy rate was concluded by the appraisal and was relied upon by AmeriNat for underwriting purposes.

3. Ancillary Income is comprised of income related to multifamily operations in the form of vending income, late charges, pet deposits, forfeited security deposits, etc.

4. AmeriNat utilized a real estate tax expense of $1,103 per unit based upon the conclusions of the appraisal which calculated the tax burden, assuming the arms-length sale transaction of the Development, market-oriented capitalization rate, and reasonable NOI in addition to a 70% assessment to sales price ratio.

5. AmeriNat utilized an estimate of $950 per unit for insurance, which is consistent with the appraisal. The figure is consistent with insurance expenses for restricted rent comparables presented by the appraiser, which ranged from $426 to $955 per unit. The Development will be located in flood zone "X". Zone "X" is an area outside of the 100-year flood plain which does not require flood insurance.

6. A draft management agreement (the "Agreement") between Wendover Management, LLC and the Applicant illustrates a management fee payable on the first day of each month equal to $2,500 or five percent (5.00%) of gross income, whichever is greater. Management is to begin 90 days prior to first certificate of occupancy. The term of the agreement begins upon execution and continues for one year with automatic one-year renewals unless the agreement is terminated by either party. The

appraisal concluded a management fee of 5.00%. The greater of the actual and concluded management agreement fee has been applied for the purposes of this analysis. Receipt of an executed Agreement is a condition precedent to loan closing.

7. Replacement Reserves are budgeted at $300 per unit per year, which is consistent with RFA 2020-205 and Rules 67-48 and 67-21 minimum requirement.

8. The MMRB Loan includes a 0.30% Administrative fee due to the OCHFA on the outstanding Bonds and a $5,000 annual Trustee Fee.

9. The Viability loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $236 and a maximum monthly fee of $936, and an hourly fee of $198 for extraordinary services..

10. The SAIL loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amounts, with a minimum monthly fee of $236 and a maximum monthly fee of $936, and an hourly fee of $198 for extraordinary services. The annual Multiple Program Compliance Monitoring Fee is $1,023.

11. The ELI Loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $236 and a maximum monthly fee of $936, and an hourly fee of $198 for extraordinary services. The annual Multiple Program Compliance Monitoring Fee is $1,023.

12. The NHTF Loan has an annual Permanent Loan Servicing Fee based on 25 basis points of the outstanding loan amount, with a minimum monthly fee of $236 and a maximum monthly fee of $936, and an hourly fee of $198 for extraordinary services. The annual Multiple Program Monitoring Fee is $1,023.

13. Based upon an estimated Net Operating Income (“NOI”) of $1,056,881 for the proposed Development’s initial year of stabilized operations; the first mortgage loan can be supported by operations at a 1.21x to 1.00 DSC. The combined amount of the first mortgage loan, Viability Loan and SAIL Loan can be supported by operations at a 1.03x to 1.00 DSC, and all debt and fees can be supported by operations at 1.00x to 1.00 DSC.

    Per the Rule, the minimum DSC shall be 1.10x to 1.00 for the SAIL loan and all superior mortgages. The combined first mortgage, Viability loan and SAIL loan debt service coverage is 1.03x. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages.

14. A 15-year Operating Pro forma attached hereto as Exhibit 1 reflects rental income increasing at an annual rate of 2% and expenses increasing at an annual rate of 3%.

15. The Break-even Economic Occupancy Ratio includes all debt; however, payments of interest on the FHFC debt are based on available cash flow. This ratio would improve to 88.5% if these interest and associated servicing payments were not included.

# Section B

## Viability, SAIL, ELI, and NHTF Loan Special and General Loan Closing Conditions and Contingencies

## Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer, at least two weeks prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Receipt of an executed Management Agreement.

2. Completion of the HUD Section 3 pre-construction conference.

3. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24 CFR Part 135).

4. Per Rule 67-48, the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. The combined first mortgage, Viability loan and SAIL loan debt service coverage is 1.03x.However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to show permanent Deferred Developer Fee of at least 35% as the SAIL Loan DSC is 1.03x and is a condition precedent to loan closing.

5. A request from the Applicant for the change in the number of residential buildings and approval by FHFC staff.

## General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and the Servicer at least two weeks prior to real estate loan closing. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Borrower is to comply with any and all recommendations noted in the Plan and Cost Review prepared by GLE Associates, Inc.

2. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). An acceptable alternative to this requirement is receipt and satisfactory review of a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

3. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule

(see below), documentation of the closing costs, and draft loan closing statement must also be provided. The final sources and uses of funds schedule will be attached to the Loan Agreements as the approved Development budget.

4. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. Viability, SAIL, ELI, & NHTF loan proceeds shall be disbursed during the construction phase in an amount per Draw that does not exceed the ratio of the Viability, SAIL, ELI, & NHTF loan to the Total Development Cost, unless approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

5. Construction Period Developer Fee shall be the lesser of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

   Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

6. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

7. Evidence of insurance coverage pursuant to the Request for Application ("RFA") governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

8. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

9. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, as applicable.

10. A copy of the Amended and Restated Limited Partnership Agreement ("LPA") reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting

Report. The LPA shall be in a form and of financial substance satisfactory to Servicer, Florida Housing, and its Legal Counsel.

11. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in Rule Chapters 67-21.0025 (5) and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

12. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications.

13. Satisfactory resolution of any outstanding past due and/or noncompliance items.

14. An Operating Deficit Reserve ("ODR") in the collective amount of approximately three months of operating expenses and debt service will be permitted within the Applicant's budget, unless the credit underwriter deems a larger reserve is necessary. The calculation of Developer Fee will be exclusive of the budgeted ODR and any ODR "proposed or required by a limited partner or other lender" in excess of the amount of the ODR deemed satisfactory by the credit underwriter will be a subset of Developer Fee. At the end of the compliance period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in Rule Chapters 67-48 and 67-21. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its legal counsel.

15. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

This recommendation is contingent upon the review and approval by Florida Housing, and its Legal Counsel <u>at least two weeks prior to real estate loan closing</u>. Failure to submit and to receive approval of these items within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/managers(s) of the Borrower, the guarantors, and any limited partners of the Borrower.

2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and

shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of Viability, SAIL, ELI, & NHTF loan closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower is to comply with any and all recommendations noted in the updated Environmental Audit Report(s) and all other environmental reports related to the property, as deemed appropriate by Florida Housing in its sole discretion.

4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Viability, SAIL, ELI, & NHTF loan naming Florida Housing as the insured. All endorsements required by Florida Housing shall be provided.

5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the loans have been satisfied.

6. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:

    a. The legal existence and good standing of the Borrower and of any partnership or limited-liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, and of any corporate guarantor and any manager;
    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all loan documents;
    c. The loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
    d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower’s Partnership Agreement and;
    e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with local concurrency laws, if applicable.

9. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing or its Legal Counsel, in connection with the Viability, SAIL, ELI, & NHTF loans.

10. UCC Searches for the Borrower, its partnerships, as requested by counsel.

11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

## Additional Conditions

This recommendation is also contingent upon the following additional conditions.

1. Compliance with all applicable provisions of 420.507, 420.5087 and 420.509, Florida Statutes, Rule Chapter 67-21 F.A.C, Rule Chapter 67-48 F.A.C., Rule Chapter 67-53, F.A.C., Rule Chapter 67-60, F.A.C., Section 42 I.R.C., RFA 2020-205, RFA 2023-211, and any other applicable State and Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the Viability, SAIL, ELI, & NHTF loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note, the Loan Agreement(s), the Mortgage and Security Agreement, and the Land Use Restriction Agreement(s), Extended Low-income Housing Agreement(s) and Final Cost Certificate.

3. For the Viability Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met including achievement of a 1.15 Debt Service Coverage on the combined permanent First Mortgage and Viability Loan as determined by FHFC or the Servicer, and 90% occupancy and 90% of Gross Potential rental income, net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent CPA and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

4. For the SAIL Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met including achievement of a 1.15 Debt Service Coverage on the combined permanent First Mortgage, Viability Loan and SAIL Loan as determined by FHFC or the Servicer, and 90% occupancy and 90% of Gross Potential rental income, net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent CPA and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three years following the final certificate of occupancy.

5. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

6. Guarantors to provide the standard Florida Housing Construction Completion Guaranty; to be released upon lien-free completion as approved by the Servicer.

7. Guarantors are to provide the standard Florida Housing Environmental Indemnity Guaranty.

8. Guarantors are to provide the standard Florida Housing Guaranty of Recourse Obligations.

9. A mortgagee title insurance policy naming Florida Housing as the insured in the amount of the Viability, SAIL, ELI, & NHTF loans is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

10. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee, the Fiscal Agent or the Servicer. In the event the reserve account is held by the Servicer, the release of funds shall be at Florida Housing's sole discretion.

11. Replacement Reserves funds in the amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account to be maintained by the First Mortgagee/Credit Enhancer, the Fiscal Agent, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA 2020-205 and Rules 67-21 and 67-48, in the amount of $57,600 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for Years 1 and 2, followed by $300 per unit per year thereafter. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The initial replacement reserve will have limitations on the ability to be drawn. The amount established as a replacement reserve shall be adjusted based on a capital needs assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required. Beginning no later than the 10th year after the first residential building receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequent assessments are required every five years thereafter.

12. GLE Associates, Inc. or other construction inspector acceptable to Florida housing is to act as Florida Housing's inspector during the construction period.

13. Under terms of the construction contract, a minimum of 10% retainage holdback on all construction draws until the Development is 50% complete and thereafter no additional retainage is withheld as required per the Construction Contract. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy which satisfies RFA 2020-205 and Rule minimum requirement.

14. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or Servicer, if applicable.

15. Closing of all funding sources simultaneous with or prior to closing of the Viability, SAIL, ELI, & NHTF loans.

16. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

## Housing Credit Allocation Recommendation

AmeriNat recommends an annual Housing Credit allocation in the amount of $2,839,230 for the construction and permanent financing of Southwick Commons. Please refer to Exhibit 3 - HC Allocation Calculation for further detail.

**HC Contingencies**

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by AmeriNat and FHFC. Failure to resolve these contingencies within this timeframe may result in forfeiture of the HC allocation:

1. Closing of all funding sources prior to or simultaneous with the Viability, SAIL, ELI, & NHTF loans.

2. GLE Associates, Inc. is to act as construction phase inspector for Florida Housing.

3. Purchase of the HC by the Syndicator or its assigns under terms consistent with the assumptions of this report.

4. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

5. Satisfactory resolution of any outstanding past due items and/or noncompliance items.

6. Any other reasonable requirements of Florida Housing or its Servicer.

## Exhibit 1
## Southwick Commons
## 15 Year Operating Pro forma

| | FINANCIAL COSTS: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | |
| INCOME: | Gross Potential Rental Income | **$2,345,208** | **$2,392,112** | **$2,439,954** | **$2,488,753** | **$2,538,529** | **$2,589,299** | **$2,641,085** | **$2,693,907** | **$2,747,785** | **$2,802,741** | **$2,858,795** | **$2,915,971** | **$2,974,291** | **$3,033,777** | **$3,094,452** |
| | Other Income | | | | | | | | | | | | | | | |
| | Miscellaneous | $134,400 | $137,088 | $139,830 | $142,626 | $145,479 | $148,388 | $151,356 | $154,383 | $157,471 | $160,620 | $163,833 | $167,110 | $170,452 | $173,861 | $177,338 |
| | Gross Potential Income | **$2,479,608** | **$2,529,200** | **$2,579,784** | **$2,631,380** | **$2,684,007** | **$2,737,688** | **$2,792,441** | **$2,848,290** | **$2,905,256** | **$2,963,361** | **$3,022,628** | **$3,083,081** | **$3,144,742** | **$3,207,637** | **$3,271,790** |
| | Less: | | | | | | | | | | | | | | | |
| | Economic Loss Percentage: 5.00% | $123,980 | $126,460 | $128,989 | $131,569 | $134,200 | $136,884 | $139,622 | $142,414 | $145,262 | $148,168 | $151,131 | $154,154 | $157,237 | $160,381 | $163,589 |
| | **Total Effective Gross Income** | **$2,355,628** | **$2,402,741** | **$2,450,795** | **$2,499,811** | **$2,549,808** | **$2,600,804** | **$2,652,820** | **$2,705,876** | **$2,759,994** | **$2,815,194** | **$2,871,497** | **$2,928,927** | **$2,987,506** | **$3,047,256** | **$3,108,201** |
| EXPENSES: | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | $211,766 | $218,119 | $224,663 | $231,402 | $238,344 | $245,495 | $252,860 | $260,445 | $268,259 | $276,307 | $284,596 | $293,134 | $301,928 | $310,986 | $320,315 |
| | Insurance | $182,400 | $187,872 | $193,508 | $199,313 | $205,293 | $211,452 | $217,795 | $224,329 | $231,059 | $237,991 | $245,130 | $252,484 | $260,059 | $267,861 | $275,896 |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee Percentage: 5.00% | $117,781 | $120,137 | $122,539 | $124,990 | $127,490 | $130,040 | $132,641 | $135,293 | $137,999 | $140,759 | $143,574 | $146,446 | $149,375 | $152,362 | $155,410 |
| | General and Administrative | $62,400 | $64,272 | $66,200 | $68,186 | $70,232 | $72,339 | $74,509 | $76,744 | $79,046 | $81,418 | $83,860 | $86,376 | $88,967 | $91,637 | $94,386 |
| | Payroll Expenses | $263,600 | $271,508 | $279,653 | $288,043 | $296,684 | $305,585 | $314,752 | $324,195 | $333,921 | $343,938 | $354,256 | $364,884 | $375,831 | $387,105 | $398,719 |
| | Utilities | $182,400 | $187,872 | $193,508 | $199,313 | $205,293 | $211,452 | $217,795 | $224,329 | $231,059 | $237,991 | $245,130 | $252,484 | $260,059 | $267,861 | $275,896 |
| | Marketing and Advertising | $9,600 | $9,888 | $10,185 | $10,490 | $10,805 | $11,129 | $11,463 | $11,807 | $12,161 | $12,526 | $12,902 | $13,289 | $13,687 | $14,098 | $14,521 |
| | Maintenance and Repairs/Pest Control | $182,400 | $187,872 | $193,508 | $199,313 | $205,293 | $211,452 | $217,795 | $224,329 | $231,059 | $237,991 | $245,130 | $252,484 | $260,059 | $267,861 | $275,896 |
| | Contract Services | $19,200 | $19,776 | $20,369 | $20,980 | $21,610 | $22,258 | $22,926 | $23,614 | $24,322 | $25,052 | $25,803 | $26,577 | $27,375 | $28,196 | $29,042 |
| | Security | $9,600 | $9,888 | $10,185 | $10,490 | $10,805 | $11,129 | $11,463 | $11,807 | $12,161 | $12,526 | $12,902 | $13,289 | $13,687 | $14,098 | $14,521 |
| | Reserve for Replacements | $57,600 | $57,600 | $57,600 | $57,600 | $57,600 | $57,600 | $57,600 | $57,600 | $57,600 | $57,600 | $59,328 | $61,108 | $62,941 | $64,829 | $66,774 |
| | **Total Expenses** | **$1,298,747** | **$1,334,804** | **$1,371,918** | **$1,410,122** | **$1,449,448** | **$1,489,929** | **$1,531,598** | **$1,574,492** | **$1,618,646** | **$1,664,097** | **$1,712,612** | **$1,762,555** | **$1,813,967** | **$1,866,892** | **$1,921,376** |
| | **Net Operating Income** | **$1,056,881** | **$1,067,937** | **$1,078,877** | **$1,089,689** | **$1,100,359** | **$1,110,875** | **$1,121,221** | **$1,131,384** | **$1,141,348** | **$1,151,096** | **$1,158,885** | **$1,166,372** | **$1,173,539** | **$1,180,364** | **$1,186,826** |
| | **Debt Service Payments** | | | | | | | | | | | | | | | |
| | First Mortgage - Chase / OCHFA | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 | $828,884 |
| | Second Mortgage - FHFC Viability | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 | $63,105 |
| | Third Mortgage - FHFC SAIL | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 | $70,000 |
| | Fourth Mortgage - FHFC SAIL / ELI | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Fifth Mortgage - FHFC NHTF | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Sixth Mortgage - Orange County Trust Funds | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 |
| | First Mortgage - HFA Admin & Trustee Fees | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 | $42,950 |
| | Second Mortgage Fees - Viability PLS | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 | $11,232 |
| | Third Mortgage Fees - SAIL PLS & CM | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 | $12,255 |
| | Fourth Mortgage Fees - ELI PLS & CM | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| | Fifth Mortgage - NHTF PLS & CM | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| | Sixth Mortgage - Orange County Trust Funds | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Total Debt Service Payments | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** | **$1,056,135** |
| | Cash Flow after Debt Service | **$746** | **$11,802** | **$22,742** | **$33,553** | **$44,224** | **$54,739** | **$65,086** | **$75,249** | **$85,213** | **$94,961** | **$102,750** | **$110,237** | **$117,403** | **$124,228** | **$130,690** |
| | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | **1.21x** | **1.22x** | **1.24x** | **1.25x** | **1.26x** | **1.27x** | **1.29x** | **1.30x** | **1.31x** | **1.32x** | **1.33x** | **1.34x** | **1.35x** | **1.35x** | **1.36x** |
| | DSC - Second Mortgage plus Fees | **1.12x** | **1.13x** | **1.14x** | **1.15x** | **1.16x** | **1.17x** | **1.19x** | **1.20x** | **1.21x** | **1.22x** | **1.22x** | **1.23x** | **1.24x** | **1.25x** | **1.25x** |
| | DSC - Third Mortgage plus Fees | **1.03x** | **1.04x** | **1.05x** | **1.06x** | **1.07x** | **1.08x** | **1.09x** | **1.10x** | **1.11x** | **1.12x** | **1.13x** | **1.13x** | **1.14x** | **1.15x** | **1.15x** |
| | DSC - Fourth Mortgage plus Fee | **1.02x** | **1.03x** | **1.05x** | **1.06x** | **1.07x** | **1.08x** | **1.09x** | **1.10x** | **1.11x** | **1.12x** | **1.12x** | **1.13x** | **1.14x** | **1.14x** | **1.15x** |
| | DSC - Fifth Mortgage plus Fees | **1.02x** | **1.03x** | **1.04x** | **1.05x** | **1.06x** | **1.07x** | **1.08x** | **1.09x** | **1.10x** | **1.11x** | **1.12x** | **1.13x** | **1.13x** | **1.14x** | **1.15x** |
| | DSC - Sixth and All Mortgages and Fees | **1.00x** | **1.01x** | **1.02x** | **1.03x** | **1.04x** | **1.05x** | **1.06x** | **1.07x** | **1.08x** | **1.09x** | **1.10x** | **1.10x** | **1.11x** | **1.12x** | **1.12x** |
| | **Financial Ratios** | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | **55.13%** | **55.55%** | **55.98%** | **56.41%** | **56.85%** | **57.29%** | **57.73%** | **58.19%** | **58.65%** | **59.11%** | **59.64%** | **60.18%** | **60.72%** | **61.26%** | **61.82%** |
| | Break-even Economic Occupancy Ratio (all debt) | **95.22%** | **94.78%** | **94.37%** | **93.97%** | **93.60%** | **93.25%** | **92.92%** | **92.61%** | **92.32%** | **92.05%** | **91.85%** | **91.67%** | **91.52%** | **91.38%** | **91.26%** |

**Southwick Commons**
**RFA 2020-205 (2021-269SN / 2020-543C)**
**RFA 2023-211 (2023-248V)**

## DESCRIPTION OF FEATURES AND AMENITIES

**A.** The Development will consist of:

192 Garden Apartments located in 3 residential buildings

Unit Mix:

Fifty-six (56) one bedroom/one bath units;

Ninety-seven (97) two bedrooms/two bath units;

Thirty-nine (39) three bedrooms/two bath units;

192 Total Units

**B.** All units are expected to meet all requirements as outlined below. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Federal Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments.

**C.** All Developments must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;
2. Termite prevention;
3. Pest control;
4. Window covering for each window and glass door inside each unit;

5. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

6. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:

    - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number;
    - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
    - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

7. At least two full bathrooms in all 3 bedroom or larger new construction units;

8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;

9. All Family Demographic Developments must provide a full-size range and oven in all units.

**D.** Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

**E.** The Development must provide the following Accessibility Features in all units:

1. Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;

2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

**F.** All Family Demographic Developments must provide reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design.

At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit and toilet in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit and toilet, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

**G.** Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher;

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
   - Residential Electric:
     i. Up to 55 gallons = .95 EF or .92 UEF; or
     ii. More than 55 gallons = Energy Star certified; or
     iii. Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;

- Residential Gas (storage or tankless/instantaneous): Energy Star certified
- Commercial Gas Water Heater: Energy Star certified;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
   i. Air-Source Heat Pumps – Energy Star certified:
      a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
      b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
   ii. Central Air Conditioners – Energy Star certified:
      a. ≥15 SEER/ ≥12.5 EER* for split systems
      b. ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.

      NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and 1 bedroom units;

In addition to the required Green Building Features outlined above, proposed Developments with a Development Category of New Construction or Redevelopment, with or without acquisition, must commit to achieve one of the following Green Building Certification programs:

______ Leadership in Energy and Environmental Design (LEED); or

__X___Florida Green Building Coalition (FGBC); or

______ ICC 700 National Green Building Standard (NGBS); or

______ Enterprise Building Communities.

**H.** The Applicant must provide the following Resident Programs:

The quality of the Resident Programs committed to by the Applicant is subject to approval of the Board of Directors. The availability of the Resident Programs must be publicized on an ongoing basis such as through community newsletters, bulletin board posts, or flyers.

1. Family Support Coordinator

   A Family Support Coordinator must be provided at no cost to the resident. The Family Support Coordinator shall assist residents in assessing needs and obtaining services, with the goal of promoting successful tenancies and helping residents achieve and maintain maximum independence and self-sufficiency. Responsibilities shall include linking residents with public and private resources in the community to provide needed assistance, develop and oversee on-site programs and activities based on the needs and interests of residents, and support residents in organizing group activities to build community and to address and solve problems such as crime and drug activity. The duties of the Family Support Coordinator shall not be performed by property management staff. The Coordinator shall be on-site and available to residents at least 20 hours per week, within the hours of 9 a.m. and 8 p.m. The Coordinator may be an employee of the Development or, through an agreement, an employee of a third-party agency or organization that provides these services.

2. Financial Management Program

The Applicant or its Management Company shall provide a series of classes to provide residents training in various aspects of personal financial management. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. If the Development consists of Scattered Sites, the Resident Program must be held on the Scattered Site with the most units. Residents residing at the other sites of a Scattered Site Development must be offered transportation, at no cost to them, to the classes. The topic areas must include, but not be limited to:

- Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
- Tax preparation including do's and don'ts, common tips, and how and where to file, including electronically;
- Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
- Retirement planning & savings options including preparing a will and estate planning; and
- Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.

Different topic areas must be selected for each session, and no topic area may be repeated consecutively.

~~0.~~3. Adult Literacy

The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Various literacy programming can be offered that strengthens participants' reading, writing skills, and comprehension, but at a minimum, these must include English proficiency and basic reading education.

Training must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

## HC Allocation Calculation

**Section I – Qualified Basis Calculation**

| | |
|---|---|
| Total Development Cost | $64,786,980 |
| Less Land Costs | $3,250,000 |
| Less Other Ineligible Costs | $6,936,405 |
| Total Eligible Basis | $54,600,575 |
| Applicable Fraction | 100% |
| DDA/QCT Basis Credit, if applicable | 130% |
| Qualified Basis | $70,980,748 |
| Housing Credit Percentage (Federal allocation) | 4.00% |
| Annual Housing Credit Allocation | $2,839,230 |
| | |

Notes to the Eligible Basis Calculation:

1. "Other Ineligible Costs" include, but are not limited to, site work, accounting fees, environmental report, legal fees, market study, Florida Housing compliance, administrative, application, and underwriting fees, title insurance/recording fees, marketing/advertising fees, title insurance and recording fee, survey, various fees associated with the Viability, SAIL, ELI, and NHTF funding, a portion of construction loan interest, permanent loan related costs, Local HFA Bond cost of issuance costs, and reserves.

2. The Development is 100% set-aside; therefore, the applicable fraction is 100%.

3. Per the Application, the Development is located in a QCT (176.00); therefore, a 130% basis credit was applied.

4. Per the FY 2021 Omnibus Consolidated Appropriations Act passed by Congress as of December 21, 2020, a permanent 4% minimum HC rate was established. For the purposes of this report, a HC percentage of 4.00% has therefore been applied.

**Section II - Gap Calculation**

| | |
|---|---|
| Total Development Cost (including land and ineligible costs) | $64,786,980 |
| Less Mortgages | $29,650,000 |
| Equity Gap | $35,136,980 |
| HC Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.915 |
| HC Required to meet Equity Gap | $38,401,656 |
| Annual HC Required | $3,840,166 |
| | |

Notes to the Gap Calculation:

1. Mortgages include a first mortgage from Chase, second, third, fourth and fifth mortgages to be provided by FHFC, and a sixth mortgage to be provided by Orange County.

2. The HC Syndication Pricing and Percentage to the Investment Partnership are based upon the LOI from NEF dated July 5, 2023. Please note that the actual HC Syndication Pricing is $0.915077558550938.

**Section III - Summary**

| | |
|---|---|
| HC Per Qualified Basis | $2,839,230 |
| HC Per GAP Calculation | $3,840,166 |
| | |
| **Annual HC Recommended** | $2,839,230 |
| | |
| HC Proceeds Recommended | $25,978,558 |
| | |

Notes to the Summary:

1. The Annual HC recommended is based upon the lesser of the Qualified Basis or Gap Calculation; therefore, the Qualified Basis Calculation amount applies.

**Section IV – Tax Credit 50% Test**

| | |
|---|---|
| Total DEPRECIABLE Cost | $54,600,575 |
| Plus: Land Cost | $3,250,000 |
| Equals Aggregate Basis | $57,850,575 |
| | |
| Tax Exempt Bond Amount | $31,000,000 |
| Tax Exempt Proceeds Used for Building and Land | $31,000,000 |
| | |
| Tax Exempt Proceeds as a Percentage of Aggregate Basis | 53.59% |
| | |

Notes to the Tax Credit 50% Test:

1. Based upon this analysis, the 50% Test is satisfactory.

# COMPLETENESS AND ISSUES CHECKLIST

**DEVELOPMENT NAME:** Southwick Commons
**DATE:** December 1, 2023

In accordance with the applicable Program Rule(s), the Applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by FHFC. The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Applicant that the transaction can close within the allowed timeframe. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

| **FINAL REVIEW** | **STATUS** | **NOTE** |
|---|---|---|
| **REQUIRED ITEMS:** | **Satis. / Unsatis.** | |
| 1. The development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | |
| 4. Pre-construction analysis ("PCA"). | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors, and general contractor. | Satis. | |
| 11. Resumes and experience of applicant, general contractor, and management agent. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Unsatis. | 1 |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | N/A | |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |

# COMPLETENESS AND ISSUES CHECKLIST

| FINAL REVIEW<br><br>REQUIRED ITEMS: | STATUS<br><br>Satis. / Unsatis. | NOTE |
|---|---|---|
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis | |
| 22. Any additional items required by the Credit Underwriter. | Unsatis. | 2, 3, 4, 5 |

**NOTES AND DEVELOPER RESPONSES:**

1. Receipt of an executed Management Agreement is a condition precedent to loan closing.

2. Completion of the HUD Section 3 pre-construction conference is a condition precedent to loan closing.

3. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701u and 24 CFR Part 135).

4. Per Rule 67-48, the minimum DSC ratio shall be 1.10x for the SAIL Loan, including all superior mortgages. The combined first mortgage and SAIL loan debt service coverage is 1.03x. However, per Rule 67-48, if the Applicant defers at least 35% of its Developer Fee following the last disbursement of all permanent sources of funding identified in the final credit underwriting report and, in the case of a Housing Credit Development, the final cost certification documentation, and when the primary expected source of repayment has been identified as projected cash flow, the minimum DSC shall be 1.00x for the SAIL Loan, including all superior mortgages. The Applicant will be required to show permanent Deferred Developer Fee of at least 35% as the SAIL Loan DSC is 1.03x and is a condition precedent to loan closing.

5. A request from the Applicant for the change in the number of residential buildings and approval by FHFC staff.

# Viability Loan Sizing

**Viability Loan Sizing Parameters and Metrics**

| | | | |
|---|---|---|---|
| Select the Development | | Southwick Commons | |
| RFA of Active Award | | RFA 2020-205 | |
| Demographic Commitment | | Family | |
| Total Number of Units | | 192 | |
| Existing Competitive Active Awards: | | Set-Aside Units | |
| 9% HC Allocation | NA | NA | |
| SAIL | $ 7,000,000 | 192 | |
| ELI | $ 600,000 | 30 | |
| NHTF | $ 1,089,548 | 5 | |
| HOME | NA | NA | |
| Tax Exempt Bond Financing: | | | |
| If MMRB, how much is the Perm Amount? | $ 12,650,000 | NA | |
| Viability Funding Limits: | | | |
| Gross Per Development Limit | | $ 15,000,000 | |
| Maximum Per Unit Limit | | $ 38,000 | |
| Net Per Developmentg Limit ($15,000,000, less $8,689,548) | | $ 6,310,452 | |
| Maximum Limit from PU Limit (192 units x $38,000 PU) | | $ 7,296,000 | Does the stated Eligible Request Amount need to be adjusted? |
| **Lesser of Net Per Development or PU Limit** | | **$ 6,310,452** | |
| Viability Loan Sizing Parameters | | | |
| a. Eligible Request Amount: | | | No |
| Applicant's Request Amount | | $ 6,310,452 | If so, how much should be deducted? |
| Per Development/PU Limit | | $ 6,310,452 | |
| **Eligible Request Amount:** | | **$ 6,310,452** | |

b. Gap Analysis for Viability Sizing Purposes Only:

| | Permanent Funding Sources: | | DS w/ Fees | DSCR | NCF |
|---|---|---|---|---|---|
| | Traditional First Mortgage | $ 12,650,000.00 | $ 869,869 | 1.2150x | $ 187,012 |
| | Viability | $ 6,310,452.00 | $ 74,337 | 1.1193x | $ 112,675 |
| | SAIL | $ 7,000,000.00 | $ 82,255 | 1.0296x | $ 30,420 |
| | ELI | $ 600,000.00 | $ 3,855 | 1.0258x | $ 26,565 |
| | NHTF | $ 1,089,548.00 | $ 3,855 | 1.0220x | $ 22,710 |
| 0 | Orange County Trust Funds | $ 2,000,000.00 | $ 20,000 | 1.0026x | $ 2,710 |
| | *<additional source>* | $ - | $ - | 1.0026x | $ 2,710 |
| | *<additional source>* | $ - | $ - | 1.0026x | $ 2,710 |
| | *<additional source>* | $ - | $ - | 1.0026x | $ 2,710 |
| | *<additional source>* | $ - | $ - | 1.0026x | $ 2,710 |
| | HC Equity | $ 29,130,356.00 | | | |
| | Deferred Developer Fee (64.57%) | $ 6,006,624.00 | | | |
| | Total Sources | $ 64,786,980.00 | $ 1,054,171 | 1.0026x | $ 2,710 |
| | Additional First Mortgage *(Min 1st Sizing)* | $ - | | | |
| | Additional First Mortgage *(DCR Sizing)* | $ - | $ - | | |

| | |
|---|---|
| Total Development Costs | $64,786,980 |
| Maximum Developer Fee Percentage | 18% |
| Total Developer Fee | $9,302,533 |
| Minimum 30% Deferred Developer Fee | $ 2,790,759.90 |

**Set-Asides for MMRB are expressed as the greater of MMRB Set-Asides or 4%HC Set-Asides for purposes of calculating Compliance Monitoring Fees on the MMRB loan.*

# Florida Housing Finance Corporation

**Credit Underwriting Report**

# Founders Point

**State Apartment Incentive Loan ("SAIL") and Construction Inflation Response Viability Funding ("Viability")**

**RFA 2022-102 (2022-262S)**
**RFA 2023-211 (2023-239V)**

**SAIL Financing for Smaller Developments for Persons with Special Needs**

**Section A: Report Summary**

**Section B: SAIL and Viability Special and General Conditions**

**Section C: Supporting Information and Schedules**

**Prepared by**

**First Housing Development Corporation of Florida**

**FINAL REPORT**

**December 1, 2023**

# Founders Point

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# Section A

# Report Summary

## Recommendation

First Housing Development Corporation of Florida ("First Housing", "FHDC", or "Servicer") recommends a Viability Loan in the amount of $1,124,691 and a SAIL Loan in the amount of $3,750,000 for the construction and permanent financing of Founders Point ("Development").

**DEVELOPMENT & SET-ASIDES**

Development Name: Founders Point

RFA/Program Numbers: RFA 2022-102 / 2022-262S; RFA 2023-211 / 2023-239V

Address: 2901 31st Street South

City: St. Petersburg Zip Code: 33712 County: Pinellas County Size: Large

Development Category: New Construction Development Type: Garden Apts (1-3 Stories)

Construction Type: Wood Frame

Demographic Commitment:
Primary: Persons with Special Needs for 80% of the Units

Unit Composition:
# of ELI Units: 3 ELI Units Are Restricted to 33% AMI, or less. Total # of units with PBRA? 15
# of Link Units: 0 Are the Link Units Demographically Restricted? 0 # of NHTF Units: 0

Pinellas County, Tampa-St. Petersburg-Clearwater MSA

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 1 | 560 | 33% | $ 815 | | $ 538 | $ 98 | $ 440 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 15,600 |
| 1 | 1.0 | 6 | 560 | 50% | $ 815 | | $ 815 | $ 98 | $ 717 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 93,600 |
| 1 | 1.0 | 2 | 639 | 33% | $ 815 | | $ 538 | $ 98 | $ 440 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 31,200 |
| 1 | 1.0 | 6 | 639 | 50% | $ 815 | | $ 815 | $ 98 | $ 717 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 93,600 |
| | | 15 | 9,032 | | | | | | | | | | | $ 234,000 |

According to Request for Applications 2022-102 ("RFA"), at least 80% of the total units (12 units) must consist of Permanent Supportive Housing for Persons with Special Needs and at least 20% of the total units (3 units) must consist of Permanent Supportive Housing for individuals and families that meet the definition of Homeless Households (which may be the same units set aside for Persons with Special Needs). The Applicant must irrevocably commit to the Persons with Special Needs and Homeless individuals and families demographic commitment for a minimum of 30 years.

The Applicant selected the following defined population of Persons with Special Needs that the Development proposes to serve for a minimum of 12 years:

- Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that neither currently impairs nor is likely to impair their physical mobility, such as persons with a mental illness.
- After the initial 12 years, the Applicant may submit a request to FHFC that allows the Applicant to commit to a different population(s) demographic commitment if the appropriate Level 1 or Level 2 Accessibility Requirements are met at the Development for the population(s).

Per the RFA, all Applicants must commit to set aside 20 percent of the total units (3 units) in the proposed Development to serve Extremely Low Income ("ELI") Households. However, after 15 years, all of the ELI set-aside units may convert to serve residents at or below 60% of Area Medium Income ("AMI"); however, the Persons with Special Needs set-aside requirement must be maintained throughout the entire 30-year Compliance Period.

The Tenant Selection Plan was approved by FHFC on July 14, 2022. The Resident Community Based Service Coordination Plan has not yet been approved by FHFC and is a condition to closing.

All Applicants must meet the following requirements specific to its commitment, pursuant to RFA 2022-102, to serve Homeless households:

1. Have an executed agreement to participate in the Continuum of Care's Homeless Management Information System ("HMIS"); and will contribute data on the Development's tenants to the Continuum of Care's HMIS data system or, if serving Survivors of Domestic Violence, is providing aggregate data reports to the Continuum of Care. The executed agreement shall be required at least 6 months prior to the expected placed-in-service date.

2. Commit to a housing provider in the Continuum of Care's Homeless Coordinated Entry system as required by the U.S. Department of Housing and Urban Development.

Buildings: Residential - 2 Non-Residential - 0
Parking: Parking Spaces - 11 Accessible Spaces - 5

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| SAIL/ELI | 20% | 3 | 33% | 30 |
| SAIL | 80% | 12 | 60% | 30 |
| HOME-Investment Partnership ("IP") | 100% | 15 | 50% | 30 |
| HOME-American Rescue Plan ("ARP") | 30% | 5 | 50% | 30 |
| Section 8 PBV | 100% | 15 | N/A | 20 |

Absorption Rate 25 units per month for 1 months.

Occupancy Rate at Stabilization: Physical Occupancy 95.00% Economic Occupancy 94.00%
Occupancy Comments N/A - New Construction

Site Acreage: 0.71 Density: 21.13 Flood Zone Designation: X
Zoning: NSM-1, Neighborhood Suburban Multifamily Flood Insurance Required?: No

| DEVELOPMENT TEAM | | % Ownership |
|---|---|---|
| Applicant/Borrower: | Pinellas Affordable Living, Inc. | |
| Manager | Pinellas Affordable Living, Inc. | 100.00% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | Pinellas Affordable Living, Inc. | |
| CC Guarantor 2: | Boley Centers, Inc. | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | Pinellas Affordable Living, Inc. | |
| OD Guarantor 2: | Boley Centers, Inc. | |
| Developer: | Pinellas Affordable Living, Inc. | |
| Co-Developer: | Boley Centers, Inc. | |

| DEVELOPMENT TEAM (cont) | |
|---|---|
| General Contractor 1: | Bandes Construction Company, Inc. |
| Management Company: | Boley Centers, Inc. |
| Architect: | Ws Architecture, pllc |
| Market Study Provider: | Meridian Appraisal Group, Inc. ("Meridian") |
| Appraiser: | Meridian |

| PERMANENT FINANCING INFORMATION | | | | |
|---|---|---|---|---|
| | 1st Source | 2nd Source | 3rd Source | 4th Source |
| Lien Position | 1st | 2nd | 3rd | 4th |
| Lender/Grantor | FHFC - Viability | FHFC - SAIL | Pinellas County - HOME-ARP | City of St. Petersburg - HOME-IP |
| Amount | $1,124,691 | $3,750,000 | $665,816 | $320,817 |
| Underwritten Interest Rate | 1.00% | 0.00% | 0.00% | 0.00% |
| All In Interest Rate | 1.00% | 0.00% | 0.00% | 0.00% |
| Loan Term | 15 | 15 | 15 | 30 |
| Amortization | 0 | 0 | 0 | 0 |
| Market Rate/Market Financing LTV | 37% | 162% | 184% | 195% |
| Restricted Market Financing LTV | 54% | 233% | 265% | 280% |
| Loan to Cost - Cumulative | 18% | 78% | 88% | 94% |
| Loan to Cost - SAIL Only | N/A | 60% | N/A | N/A |
| Debt Service Coverage | 9.48 | 4.97 | 4.97 | 4.97 |
| Operating Deficit & Debt Service Reserves | $245,772 | | | |
| # of Months covered by the Reserves | 25.4 | | | |

| | |
|---|---|
| Deferred Developer Fee | $404,631 |
| As-Is Land Value | $330,000 |
| Market Rent/Market Financing Stabilized Value | $3,010,000 |
| Rent Restricted Market Financing Stabilized Value | $2,090,000 |
| Projected Net Operating Income (NOI) - Year 1 | $133,498 |
| Projected Net Operating Income (NOI) - 15 Year | $162,986 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |

Based on the operating pro forma analysis contained herein, the Development will support operations of the Viability and SAIL Loans with an estimated Debt Service Coverage of 4.97x. Per Rule 67-48.0072(11) F.A.C., limits maximum Debt Service Coverage to 1.50x for the SAIL Loan and all superior mortgages. However, the Development has deep subsidy in the form of 3 ELI units which serve tenants whose income is 33% or less of AMI. As such, exceeding the maximum threshold of 1.50x is permitted.

The market combined loan to value for the Viability and SAIL Loans is 162%. For SAIL developments, the amount of the SAIL Loan combined with any superior mortgage shall be less than the value of the Development. However, per Florida Statute 420.5087(5), FHFC may waive this requirement for developments in rural areas or urban infill areas which have market rate rents that are less than the allowable rents pursuant to applicable state and federal guidelines, and for developments which reserve units for ELI persons. Since the Development is setting aside 20% of the units to ELI persons, the Development is exempt from the requirement.

Florida Housing's SAIL Program has a loan maximum that is 25% of Total Development Costs unless it qualifies as an exception. The Development qualifies as an exception to Rule 67-48.009(2) because the Applicant has set aside at least 80% of the total units for residents that qualify as Persons with Special Needs over the life of the loan.

ELI Loan

According to RFA 2022-102, "a Development utilizing any type of federal or state administered project based rental assistance for a unit can apply the unit towards the requirement to set aside 20 percent of the total units as ELI units if the unit serves ELI Households. FHFC will verify any project based rental assistance during credit underwriting and, if the unit designated as ELI is also receiving project based rental assistance, the ELI funding will be reduced for that unit." Since the Development has been awarded Project-Based Vouchers ("PBV") by the St. Petersburg Housing Authority ("SPHA") for all 15 units, the ELI portion of the SAIL Loan is $0.

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| Source | Lender | Construction | Permanent | Perm Loan/Unit |
| FHFC - Viability | FHFC | $1,124,691 | $1,124,691 | $74,979 |
| FHFC - SAIL | FHFC | $3,750,000 | $3,750,000 | $250,000 |
| Local Government Subsidy | Pinellas County - HOME-ARP | $665,816 | $665,816 | $44,388 |
| Local Government Subsidy | City of St. Petersburg - HOME-IP | $320,817 | $320,817 | $21,388 |
| Deferred Developer Fee | Pinellas Affordable Living, Inc. | $404,631 | $404,631 | $26,975 |
| TOTAL | | $6,265,955 | $6,265,955 | $417,730 |

Credit Underwriter: First Housing
Date of Final CUR:
TDC PU Limitation at Application: $300,111 TDC PU Limitation at Credit Underwriting: $380,129
Minimum 1st Mortgage per Rule: N/A Amount Dev. Fee Reduced for TDC Limit: $0

Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the Application? | X | |
| Are all funding sources the same as shown in the Application? | | 1. |

| | | |
|---|---|---|
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | X | |
| Does the applicant have site control at or above the level indicated in the Application? | X | |
| Does the applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 2. |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | N/A | |
| Is the Development in all other material respects the same as presented in the Application? | X | |

The following are explanations of each item checked "No" in the table above:

1. Since the Application, Pinellas County and the City of St. Petersburg have awarded the Development $665,816 in HOME-ARP funds and $320,817 in HOME-IP funds, respectively, which is an increase from $75,000 for each in the Application. The Applicant also subsequently applied for $1,124,691 in Construction Inflation Response Viability Funds under RFA 2023-211, and First Housing has calculated the award amount in this underwriting memo to be $1,124,691. In addition, since the Development was awarded PBV for 15 units, the ELI Loan amount has been reduced from $214,500 to $0, per the terms of RFA 2022-102.

2. The Total Development Cost ("TDC") has increased by a total of $2,151,455 from $4,114,500 to $6,265,955, or 52.3%, since the Application. This change is primarily due to an increase in construction costs.

The above changes have no substantial material impact to the SAIL or Viability recommendation for this Development.

Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?

According to the FHFC Asset Management Noncompliance Report, dated October 18, 2023, the Development has the following noncompliance item(s) not in the correction period:

- None

According to the FHFC Past Due Report, dated October 18, 2023, the Development Team has the following past due item(s):

- Salt Creek Apartments, Ltd. – failure to provide proof of adequate replacement reserves.
- Butterfly Grove – property policy does not indicate FHFC as a mortgagee and loss payee

Closing of the loans is conditioned upon verification that any outstanding past due and/or noncompliance items noted at the time closing have been satisfied.

Strengths:

1. The Principals, Developer, and Management Company are experienced in affordable multifamily housing.

2. The Principals have sufficient experience and substantial financial resources to develop and operate the proposed Development.

Other Considerations:

None

Mitigating Factors:

None

Waiver Requests/Special Conditions:

None

Issues and Concerns:

None

Mitigating Factors:

None

Additional Information:

1. Based on the TDC per unit limitations in affect as of the April 1, 2022 FHFC Telephonic Board Meeting, FHFC has set the TDC for RFA 2022-102, exclusive of land costs and Operating Deficit Reserves ("ODR"), to $388,944 per unit for a new construction, garden-style (1-3 stories), non-Enhanced Structural System ("ESS") Development located in Pinellas County. The Development's per unit TDC, less land costs and ODR is $380,129 per unit, which meets the TDC requirement and includes the 90% Persons with Special Needs demographic multiplier.

2. Receipt of a final Agreement to Enter into a Housing Assistance Payments ("AHAP") Contract from HUD is a condition to close.

Recommendation:

First Housing recommends a Viability Loan in the amount of $1,124,691 and a SAIL Loan in the amount of $3,750,000 for the construction and permanent financing of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the SAIL and Viability Loan Special and General Conditions (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

Prepared by:

Brian Borer
Underwriter

Reviewed by:

Edward Busansky
Senior Vice President

## Overview

### Construction Financing Sources:

| Construction Sources | Lender | Application | Revised Applicant | Underwriter | Construction Interest Rate | Annual Construction Debt Service |
|---|---|---|---|---|---|---|
| FHFC - Viability | FHFC | $0 | $1,124,691 | $1,124,691 | 1.00% | $11,247 |
| FHFC - SAIL | FHFC | $3,964,500 | $3,750,000 | $3,750,000 | 0.00% | $0 |
| Local Government Subsidy | Pinellas County - HOME-ARP | $75,000 | $665,816 | $665,816 | 0.00% | $0 |
| Local Government Subsidy | City of St. Petersburg - HOME-IP | $75,000 | $320,817 | $320,817 | 0.00% | $0 |
| Deferred Developer Fee | Pinellas Affordable Living, Inc. | $0 | $146,598 | $404,631 | | |
| **Total** | | **$4,114,500** | **$6,007,922** | **$6,265,955** | | **$11,247** |

<u>FHFC Viability Loan</u>:

First Housing reviewed a Notice of Preliminary Award from Florida Housing, dated June 14, 2023, with a preliminary Viability Loan in the amount of $1,124,691. Based on the sizing parameters in RFA 2023-211, First Housing has sized the Viability Loan to $1,124,691. Please see Exhibit 2 in this CUR for the Viability sizing worksheet.

The Viability Loan is non-amortizing with an interest rate of 1% over the life of the loan with annual payments based upon available cash flow. The Viability Loan will have a total term of 16.5 years, of which 1.5 years is for the construction/stabilization period and 15 years is for the permanent period. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the Viability Loan, all principal and unpaid interest will be due.

<u>FHFC SAIL Loan</u>:

First Housing reviewed an invitation to enter credit underwriting, dated June 30, 2022, from FHFC with a preliminary SAIL Loan in an amount up to $3,750,000 and a preliminary ELI Loan in the amount of $214,500. However, since the Development was awarded PBV for 15 units, the ELI Loan amount has been reduced from $214,500 to $0, per the terms of the RFA.

The SAIL Loan is non-amortizing with an interest rate of 0% over the life of the loan. The SAIL Loan will have a total term of 16.5 years, of which 1.5 years is for the construction/stabilization period and 15 years is for the permanent period. Annual payments of all applicable fees will be required. At the maturity of the SAIL Loan, all principal will be due. First Housing is estimating a SAIL loan in the amount of $3,750,000 during construction.

Pinellas County HOME-ARP:

First Housing reviewed a Conditional Funding Recommendation letter, dated May 19, 2023, in which Pinellas County Housing and Community Development staff propose to recommend $665,816 in construction/permanent financing for Founders Point. The source of funds will be from the Pinellas County American Rescue Plan allocation. There will be no application fees, origination fees, or points associated with the loan and it will have an interest rate of 0% for the term of the loan. The loan must mature after or in conjunction with the Viability and SAIL Loans, and it will be forgiven at the end of the affordability period. In addition, since the Development is receiving more than $200,000 in HOME-ARP funds, it is subject to compliance with HUD's Section 3 requirements.

City of St. Petersburg HOME-IP:

First Housing reviewed a Letter of Intent, dated June 13, 2023, in which the City of St. Petersburg allocates $320,817 in HOME Investment Partnership funds for the construction and permanent financing of the Development. The interest rate will be 0% per annum and the deferred loan will be forgiven at the end of the 30-year term if the Applicant adheres to the terms of the agreement.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer $404,631, or 51.4%, of the total Developer Fee of $786,473.

**Permanent Financing Sources:**

| Permanent Sources | Lender | Application | Revised Applicant | Underwriter | Term Yrs. | Amort. Yrs. | Interest Rate | Annual Debt Service |
|---|---|---|---|---|---|---|---|---|
| FHFC - Viability | FHFC | $0 | $1,124,691 | $1,124,691 | 15 | 0 | 1.00% | $11,247 |
| FHFC - SAIL | FHFC | $3,964,500 | $3,750,000 | $3,750,000 | 15 | 0 | 0.00% | $0 |
| Local Government Subsidy | Pinellas County - HOME-ARP | $75,000 | $665,816 | $665,816 | 15 | 0 | 0.00% | $0 |
| Local Government Subsidy | City of St. Petersburg - HOME-IP | $75,000 | $320,817 | $320,817 | 30 | 0 | 0.00% | $0 |
| Deferred Developer Fee | Pinellas Affordable Living, Inc. | $0 | $146,598 | $404,631 | | | | |
| **Total** | | **$4,114,500** | **$6,007,922** | **$6,265,955** | | | | **$11,247** |

FHFC Viability Loan:

First Housing reviewed a Notice of Preliminary Award from Florida Housing, dated June 14, 2023, with a preliminary Viability Loan in the amount of $1,124,691. Based on the sizing parameters in RFA 2023-211, First Housing has sized the Viability Loan to $1,124,691. Please see Exhibit 2 in this CUR for the Viability sizing worksheet.

The Viability Loan is non-amortizing with an interest rate of 1% over the life of the loan with annual payments based upon available cash flow. The Viability Loan will have a total term of 16.5 years, of which 1.5 years is for the construction/stabilization period and 15 years is for the permanent period. Annual payments of all applicable fees will be required. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the Viability Loan, all principal and unpaid interest will be due.

Fees includes an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month.

FHFC SAIL Loan:

First Housing reviewed an invitation to enter credit underwriting, dated June 30, 2022, from FHFC with a preliminary SAIL Loan in an amount up to $3,750,000 and a preliminary ELI Loan in the amount of $214,500. However, since the Development was awarded PBV for 15 units, the ELI Loan amount has been reduced from $214,500 to $0, per the terms of the RFA.

The SAIL Loan is non-amortizing with an interest rate of 0% over the life of the loan. The SAIL Loan will have a total term of 16.5 years, of which 1.5 years is for the construction/ stabilization period and 15 years is for the permanent period. Annual payments of all applicable fees will be required. At the maturity of the SAIL Loan, all principal will be due. First Housing is estimating a SAIL Loan in the amount of $3,750,000 for the permanent period.

Annual SAIL compliance monitoring is comprised of a base fee of $183 per month plus an additional fee per set-aside unit of $11.24 per year, subject to a minimum of $286 per month, and subject to an annual increase of 3 percent of the prior year's fee. The annual permanent loan servicing fee is 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month.

Pinellas County HOME-ARP:

First Housing reviewed a Conditional Funding Recommendation letter, dated May 19, 2023, in which Pinellas County Housing and Community Development staff propose to recommend $665,816 in construction/permanent financing for Founders Point. The source of funds will be from the Pinellas County American Rescue Plan allocation. There will be no application fees, origination fees, or points associated with the loan and it will have an interest rate of 0% for the life of the loan. The loan must mature after or in conjunction with the Viability and SAIL Loans, and it will be forgiven at the end of the affordability period. In addition, since the Development is receiving more than $200,000 in HOME-ARP funds, it is subject to compliance with HUD's Section 3 requirements.

City of St. Petersburg HOME-IP:

First Housing reviewed a Letter of Intent, dated June 13, 2023, in which the City of St. Petersburg allocates $320,817 in HOME Investment Partnership funds for the construction and permanent financing of the Development. The interest rate will be 0% and the deferred loan will be forgiven at the end of the 30-year term if the Applicant adheres to the terms of the agreement.

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $404,631, or 51.4%, of the total $786,473 Developer Fee. Therefore, the Applicant is meeting the Viability requirement of deferring at least 30% of the Developer Fee.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| New Rental Units | $2,568,950 | $2,994,500 | $3,014,500 | $200,967 |
| Site Work | $0 | $611,000 | $611,000 | $40,733 |
| **Constr. Contr. Costs subject to GC Fee** | **$2,568,950** | **$3,605,500** | **$3,625,500** | **$241,700** |
| General Conditions | $0 | $211,440 | $0 | $0 |
| Profit | $359,652 | $293,560 | $505,000 | $33,667 |
| Builder's Risk Insurance | $0 | $25,000 | $25,000 | $1,667 |
| Payment and Performance Bonds | $0 | $32,500 | $32,500 | $2,167 |
| **Total Construction Contract/Costs** | **$2,928,602** | **$4,168,000** | **$4,188,000** | **$279,200** |
| Hard Cost Contingency | $146,430 | $209,400 | $209,400 | $13,960 |
| PnP Bond paid outside Constr. Contr. | $37,000 | $0 | $0 | $0 |
| Other: Camera Allowance | $0 | $10,000 | $0 | $0 |
| Other: Key Fobs/Door Locks Allowance | $0 | $10,000 | $0 | $0 |
| **Total Construction Costs:** | **$3,112,032** | **$4,397,400** | **$4,397,400** | **$293,160** |

Notes to Construction Costs:

1. The Applicant has provided an executed construction contract dated May 24, 2023. This is a Standard Form of Agreement between Owner, Pinellas Affordable Living, Inc., and General Contractor (“GC”), Bandes Construction Company, Inc., where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price (“GMP”) in the amount of $4,188,000. Per the terms of the contract, substantial completion is to be achieved no later than 355 days from the date of commencement. Holdback for retainage will be 10% until 50% construction completion, reduced to 0% thereafter. Per the terms of the GMP, no retainage will be held for “Bonds and Insurance.”

2. The GC Contract includes a $10,000 allowance for cameras and a $10,000 allowance for key fobs/door locks, both of which are included in the GMP total. GLE Associates, Inc. (“GLE”) prepared a plan and cost analysis report (“PCA”) for First Housing. Due to the de minimis amounts of the allowances, GLE did not provide a separate statement as to whether the allowance amounts are acceptable, however they did conclude that the individual line item costs as well as the total GMP cost were appropriate and within an acceptable range.

3. The GC fee is within the maximum 14% of hard costs allowed by RFA 2022-102 and Rule Chapter 67-48.

4. Hard Cost Contingency is 5.0% of the total construction contract, which is within the allowable 5% of total hard costs for new construction developments as required by RFA 2022-102 and Rule Chapter 67-48.

5. The GC has budgeted for P&P Bonds to secure the construction contract.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| Accounting Fees | $0 | $10,000 | $10,000 | $667 |
| Appraisal | $5,000 | $5,000 | $5,500 | $367 |
| Architect's Fee - Site/Building Design | $75,000 | $75,000 | $75,000 | $5,000 |
| Architect's Fee - Supervision | $25,000 | $25,000 | $25,000 | $1,667 |
| Building Permits | $25,000 | $45,000 | $45,000 | $3,000 |
| Builder's Risk Insurance | $10,000 | $25,000 | $25,000 | $1,667 |
| Engineering Fees | $20,000 | $20,000 | $20,000 | $1,333 |
| Environmental Report | $15,362 | $5,000 | $5,000 | $333 |
| FHFC Administrative Fees | $4,796 | $26,116 | $0 | $0 |
| FHFC Application Fee | $1,500 | $3,000 | $2,000 | $133 |
| FHFC Credit Underwriting Fee | $15,000 | $0 | $20,059 | $1,337 |
| FHFC Compliance Fee | $15,000 | $0 | $0 | $0 |
| Impact Fee | $30,990 | $30,990 | $30,990 | $2,066 |
| Lender Inspection Fees / Const Admin | $15,000 | $25,000 | $25,000 | $1,667 |
| Green Building Cert. (LEED, FGBC, NAHB) | $2,500 | $5,000 | $5,000 | $333 |
| Insurance | $7,850 | $7,850 | $7,850 | $523 |
| Legal Fees - Organizational Costs | $25,000 | $25,000 | $25,000 | $1,667 |
| Market Study | $0 | $5,000 | $5,500 | $367 |
| Plan and Cost Review Analysis | $0 | $5,000 | $3,500 | $233 |
| Soil Test | $10,000 | $10,000 | $10,000 | $667 |
| Survey | $10,000 | $20,000 | $20,000 | $1,333 |
| Title Insurance and Recording Fees | $20,362 | $0 | $0 | $0 |
| Utility Connection Fees | $20,000 | $20,000 | $20,000 | $1,333 |
| Soft Cost Contingency | $19,000 | $25,613 | $19,269 | $1,285 |
| **Total General Development Costs:** | **$372,360** | **$418,569** | **$404,668** | **$26,978** |

Notes to General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. Since there are no Housing Credits included in this transaction, First Housing did not include FHFC Administrative Fees. In addition, no upfront Compliance Fee is required, although ongoing Compliance Monitoring Fees will be billed on an annual basis.

3. FHFC Application Fee is equal to $1,500 for the SAIL Loan plus $500 for the Viability Loan.

4. The FHFC Credit Underwriting Fee line item is equal to the sum of $14,913 for the SAIL Loan, plus $5,146 for the Viability Loan.

5. First Housing adjusted Soft Cost Contingency to equal 5% of General Development Costs excluding Soft Cost Contingency, as allowed for new construction developments under the RFA 2022-102 and Rule Chapter 67-48.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| SAIL Commitment Fee | $0 | $59,400 | $75,000 | $5,000 |
| SAIL Closing Costs | $0 | $12,500 | $12,500 | $833 |
| Other: SAIL-ELI Extension Fee | $0 | $0 | $2,145 | $143 |
| Other: Viability Commitment Fee | $0 | $0 | $11,247 | $750 |
| Other: Viability Closing Costs | $0 | $0 | $12,500 | $833 |
| **Total Financial Costs:** | **$0** | **$71,900** | **$113,392** | **$7,559** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$3,484,392** | **$4,887,869** | **$4,915,460** | **$327,697** |

Notes to Financial Costs:

1. SAIL Commitment Fee and the SAIL firm loan commitment issuance deadline extension fee are both equal to 1% of the SAIL Loan amount.

2. Other: SAIL-ELI Extension Fee is equal to 1% of the SAIL-ELI loan amount for the SAIL ELI firm loan commitment issuance deadline extension fee.

3. Other: Viability Commitment Fee is equal to 1% of the Viability Loan amount.

4. First Housing included closing costs of $12,500 for each of the Viability and SAIL Loans to account for FHFC legal counsel closing fees.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| **Total Non-Land Acquisition Costs:** | **$0** | **$0** | **$0** | **$0** |

Notes to Non-Land Acquisition Costs:

1. Since this is new construction, there are no non-land acquisition costs.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| Developer Fee - Unapportioned | $469,699 | $614,644 | $786,473 | $52,432 |
| **Total Other Development Costs:** | **$469,699** | **$614,644** | **$786,473** | **$52,432** |

Notes to Other Development Costs:

1. The recommended Developer Fee does not exceed 16% of Total Development Cost before Developer Fee, land, and Operating Deficit Reserve ("ODR") as allowed by RFA 2022-102 and Rule Chapter 67-48.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| Land | $0 | $345,000 | $225,000 | $15,000 |
| Other: Assignment of Land Contract | $0 | $0 | $93,250 | $6,217 |
| **Total Acquisition Costs:** | **$0** | **$345,000** | **$318,250** | **$21,217** |

Notes to Acquisition Costs:

1. Applicant is the current owner of the subject land based on the August 28, 2020, Warranty Deed reviewed by First Housing. William Abramson and Doris Abramson et al conveyed a fee simple interest in the land to the Applicant for $225,000.

2. Other: Assignment of Land Contract is the amount paid by the Applicant to have an existing, third-party land contract assigned to it so that the land could be purchased. Confirmation of the amount was provided to First Housing in the form of the settlement statement from the land closing.

3. First Housing reviewed an appraisal of the Development prepared by Meridian and dated July 27, 2023, which concluded to a $330,000 as-is value of the land. This valuation supports the purchase price, including the amount of the assignment.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| Operating Deficit Reserve (FHFC) | $160,409 | $160,409 | $245,772 | $16,385 |
| **Total Reserve Accounts:** | **$160,409** | **$160,409** | **$245,772** | **$16,385** |

Notes to Reserve Accounts:

1. ODR in the amount of $245,772 is equal to 5% of Development Costs (excluding Developer Fee and Land) and is within the maximum 5% allowed in RFA 2022-102. In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding

Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement) and, in the case of a Development with a Homeless Households or Persons with Special Needs Demographic Commitment, another operating deficit reserve whereby its final disposition remains under this same restriction. The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in RFA 2022-102.

At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in Rule Chapter 67-48. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Legal Counsel, and its Servicer.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit |
|---|---|---|---|---|
| **TOTAL DEVELOPMENT COSTS:** | **$4,114,500** | **$6,007,922** | **$6,265,955** | **$417,730** |

Notes to Total Development Costs:

1. Total Development Costs have increased by a total of $2,151,455 from $4,114,500 to $6,265,955, or 52.3%, since the Application. This change is primarily due to an increase in construction costs.

# Operating Pro Forma – Founders Point

| FINANCIAL COSTS: | | | | | Year 1 | Year 1 Per Unit |
|---|---|---|---|---|---|---|
| OPERATING PRO FORMA | | | | | | |
| INCOME: | Gross Potential Rental Income | | | | **$234,000** | **$15,600** |
| | Other Income | | | | | |
| | | Ancillary Income | | | $2,700 | **$180** |
| | Gross Potential Income | | | | **$236,700** | **$15,780** |
| | Less: | | | | | |
| | | Physical Vac. Loss | Percentage: | 5.00% | $11,835 | **$789** |
| | | Collection Loss | Percentage: | 1.00% | $2,367 | **$158** |
| **Total Effective Gross Income** | | | | | **$222,498** | **$14,833** |
| EXPENSES: | Fixed: | | | | | |
| | | Real Estate Taxes | | | $0 | **$0** |
| | | Insurance | | | $18,000 | **$1,200** |
| | Variable: | | | | | |
| | | Management Fee | Percentage: | 4.00% | $8,900 | **$593** |
| | | General and Administrative | | | $5,250 | **$350** |
| | | Payroll Expenses | | | $15,000 | **$1,000** |
| | | Utilities | | | $15,000 | **$1,000** |
| | | Marketing and Advertising | | | $600 | **$40** |
| | | Maintenance and Repairs/Pest Control | | | $8,250 | **$550** |
| | | Grounds Maintenance and Landscaping | | | $3,000 | **$200** |
| | | Contract Services | | | $750 | **$50** |
| | | Security | | | $9,750 | **$650** |
| | Reserve for Replacements | | | | $4,500 | **$300** |
| **Total Expenses** | | | | | **$89,000** | **$5,933** |
| **Net Operating Income** | | | | | **$133,498** | **$8,900** |
| **Debt Service Payments** | | | | | | |
| | 1st Mortgage - FHFC - Viability | | | | $11,247 | **$750** |
| | 2nd Mortgage - FHFC - SAIL | | | | $0 | **$0** |
| | 3rd Mortgage - Pinellas County - HOME-ARP | | | | $0 | **$0** |
| | 4th Mortgage - City of St. Petersburg - HOME-IP | | | | $0 | **$0** |
| | 1st Mortgage Fees - FHFC - Viability | | | | $2,832 | **$189** |
| | 2nd Mortgage Fees - FHFC - SAIL | | | | $12,807 | **$854** |
| | 3rd Mortgage Fees - Pinellas County - HOME-ARP | | | | $0 | **$0** |
| | 4th Mortgage Fees - City of St. Petersburg - HOME-IP | | | | $0 | **$0** |
| Total Debt Service Payments | | | | | **$26,886** | **$1,792** |
| Cash Flow after Debt Service | | | | | **$106,612** | **$7,107** |

| | |
|---|---|
| **Debt Service Coverage Ratios** | |
| DSC - 1st Mortgage plus Fees | **9.48x** |
| DSC - 2nd Mortgage plus Fees | **4.97x** |
| DSC - 3rd Mortgage plus Fees | **4.97x** |
| DSC - 4th Mortgage plus Fees | **4.97x** |
| **Financial Ratios** | |
| Operating Expense Ratio | **40.00%** |
| Break-even Economic Occupancy Ratio (all debt) | **49.20%** |

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing SAIL which will impose rent restrictions. The HC rents are based on the 2023 maximum LIHTC rents published on FHFC's website for Pinellas County less the applicable utility allowance. Gross Potential Income is based on First Housing's concluded rents in the table below. Founders Point has been awarded 15 PBV from the SPHA. According to the June 12, 2023 rent determination letter from SPHA reviewed by First Housing, gross rent of $1,398 was finalized along with a $98 utility allowance for each unit, resulting in a net rent of $1,300. Receipt of an AHAP Contract is a condition to closing.

Pinellas County, Tampa-St. Petersburg-Clearwater MSA

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 1 | 560 | 33% | $ 815 | | $ 538 | $ 98 | $ 440 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 15,600 |
| 1 | 1.0 | 6 | 560 | 50% | $ 815 | | $ 815 | $ 98 | $ 717 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 93,600 |
| 1 | 1.0 | 2 | 639 | 33% | $ 815 | | $ 538 | $ 98 | $ 440 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 31,200 |
| 1 | 1.0 | 6 | 639 | 50% | $ 815 | | $ 815 | $ 98 | $ 717 | $ 1,300 | $ 1,300 | $ 1,300 | $ 1,300 | $ 93,600 |
| | | 15 | 9,032 | | | | | | | | | | | $ 234,000 |

2. The appraisal included a vacancy and collection loss rate of 6%, which First Housing found acceptable.

3. Apartments typically earn additional income in the form of vending income, late charges, pet deposits, and forfeited security deposits. Only a minor amount of Ancillary Income is expected at the Development and the appraiser included $2,700, which appears reasonable.

4. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

5. It is expected that the Development will qualify for a real estate tax exemption since it will be owned by a 501(c)(3) non-profit, so First Housing has underwritten $0 in Real Estate Taxes. An opinion letter from legal counsel regarding real estate tax exemption will be required at closing.

6. First Housing received an executed management agreement dated April 27, 2023, between the Applicant and Boley Centers, Inc. ("Management Agent") in which the Management Agent will be paid a monthly management fee equal to $40 per unit, per month. The

appraiser concluded to a management fee in the amount of 4% of Effective Gross Income, which appears reasonable to First Housing.

7. The owner will pay for water, sewer, trash, pest control and common area electric. The resident will be responsible for electricity, cable, and internet.

8. Since the Development contains 15 units and will only have part-time staff shared with other properties, the appraiser included $1,000 per unit for Payroll.

9. The Development will have security and the appraiser included $9,750 for this line item, which equates to $650 per unit.

10. Replacement Reserves of $300 per unit is the minimum required per RFA 2022-102 and Rule 67-48.

11. Refer to Exhibit 1, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

# Section B

# Viability and SAIL Loan Special and General Conditions

## Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the Viability and SAIL closing date.

1. Final loan documents for the third and fourth construction/permanent mortgages with terms which are not substantially different than those utilized in this credit underwriting report.

2. Receipt and satisfactory review of the final signed, sealed "approved for construction" plans and specifications by the Construction Consultant and the Servicer.

3. A letter from the architect or civil engineer indicating the plans have been prepared in conformance with the geotechnical report.

4. Receipt and satisfactory review of an AHAP Contract from HUD.

5. Acceptable opinion letter from counsel regarding the real estate tax exemption for the Development.

6. First Housing pulled a D&B Report dated October 16, 2023, on the GC, Bandes Construction Company. The report revealed one $352 tax lien in South Carolina and four lawsuits. According to a November 8, 2023 letter reviewed by First Housing from Walters Levine & DeGrave, attorneys at law, Stuart J. Levine notes that the tax lien has been resolved and had nothing to do with Bandes. In addition, two of the lawsuits listed in the D&B Report were resolved years ago, and one lawsuit listed involving Edmund Schang cannot be located in Pinellas County records. Mr. Levine also notes that the remaining lawsuit involving Advanced Roofing, Inc. is expected to be resolved shortly in favor of Bandes. Confirmation of the lawsuit status explanations above by FHFC counsel, plus removal of the tax lien, are conditions to closing.

7. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing.

8. Any cost increases to the GC Contract will have to be evaluated and approved by the Servicer through the change order process at the time of the actual change order.

9. Receipt of Resident Community Based Services Coordination Plan approved by FHFC.

10. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

## General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development Team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C. of an Applicant or a Developer).

2. GLE Associates, Inc. ("GLE") is to act as construction inspector during the construction phase.

3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development Costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

4. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

   Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its Legal Counsel, as

well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

6. Building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

7. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications, if applicable.

8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.

9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. Viability loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the Viability Loan to the Total Development Costs, unless approved by First Housing. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the SAIL Loan to the Total Development Costs, unless approved by First Housing. The closing draw must include appropriate backup and ACH wiring instructions.

10. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

11. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect the Corporation’s interest, issued in the name of the General Contractor, from a company rated at least “A-” by AMBest & Co., or a Corporation-approved alternate security for the General Contractor’s performance such as a letter of credit issued by a financial institution with a senior long term (or equivalent) credit rating of at least “Baa3” by Moody’s, or at least “BBB-” by Standard & Poor’s or Fitch, or a financial rating of at

least 175 by IDC Financial Publishing. The LOC must include “evergreen” language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

12. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

13. Borrower is to comply with any and all recommendations noted in the Plan and Cost Analysis, prepared by GLE.

14. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee, and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing, and its Legal Counsel **at least two weeks prior to Real Estate Loan Closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing Counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/principal(s)/manager(s) of the Borrower, the guarantor, and any limited partners of the Borrower.

2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

4. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loans naming FHFC as the insured. All endorsements required by FHFC shall be provided.

5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.

6. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to Florida Housing addressing the following matters:

   a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;

b. Authorization, execution, and delivery by the Borrower and the guarantor, of all Loan(s) documents;

c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

d. The Borrower's and the Guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower’s Partnership Agreement and;

e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with the local concurrency laws, if applicable.

9. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing or its Legal Counsel, in connection with the Loan(s).

10. UCC Searches for the Borrower, its partnerships, as requested by Counsel.

11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

## Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5087, Florida Statutes, Rule 67-48 F.A.C. (SAIL), Rule Chapter 67-53, F.A.C., Rule Chapter 67-60 F.A.C., RFA 2022-102, RFA 2023-211, and any other State or Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the Viability and SAIL loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s).

3. Guarantors to provide the standard FHFC Construction Completion Guaranty, to be released upon lien-free completion, as approved by the Servicer.

4. For the Viability Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage on the Viability Loan as determined by FHFC, or the Servicer, and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

5. For the SAIL Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage on the combined Viability Loan and SAIL Loan as determined by FHFC, or the Servicer, and 90% occupancy, and 90% of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

6. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.

7. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.

8. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. The form of the title policy must be approved prior to closing.

9. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.

10. Replacement Reserves in the amount of $300 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule Chapter 67-48 F.A.C., in the amount of $4,500 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for years 1 and 2, followed by $300 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. New construction developments shall not be allowed to draw during the first five (5) years or until the establishment of a minimum balance equal to the accumulation of five (5) years of replacement reserves per unit. The amount established as a replacement reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the tenth year after the first residential building in the development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("initial replacement reserve date"). A subsequent CNA is required no later than the 15$^{th}$ year after the initial Replacement Reserve Date and subsequently every five (5) years thereafter.

11. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The construction contract specifies a 10% retainage of each application for payment. After the completed work has reached 50% of the GMP, no retainage will be deducted

from progress payments thereafter. This meets RFA 2022-102 and Rule Chapter 67-48 minimum requirements.

12. Closing of all funding sources prior to or simultaneous with the Viability and SAIL Loans.

13. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.

14. Satisfactory resolution of any outstanding past due and/or noncompliance items.

15. Any other reasonable requirements of the Servicer, Florida Housing, or its Legal Counsel.

## 15-Year Pro Forma

| | FINANCIAL COSTS: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | |
| INCOME: | Gross Potential Rental Income | **$234,000** | **$238,680** | **$243,454** | **$248,323** | **$253,289** | **$258,355** | **$263,522** | **$268,792** | **$274,168** | **$279,652** | **$285,245** | **$290,950** | **$296,769** | **$302,704** | **$308,758** |
| | Other Income | | | | | | | | | | | | | | | |
| | Ancillary Income | $2,700 | $2,754 | $2,809 | $2,865 | $2,923 | $2,981 | $3,041 | $3,101 | $3,163 | $3,227 | $3,291 | $3,357 | $3,424 | $3,493 | $3,563 |
| | Gross Potential Income | **$236,700** | **$241,434** | **$246,263** | **$251,188** | **$256,212** | **$261,336** | **$266,563** | **$271,894** | **$277,332** | **$282,878** | **$288,536** | **$294,307** | **$300,193** | **$306,197** | **$312,321** |
| | Less: | | | | | | | | | | | | | | | |
| | Physical Vac. Loss Percentage: 5.00% | $11,835 | $12,072 | $12,313 | $12,559 | $12,811 | $13,067 | $13,328 | $13,595 | $13,867 | $14,144 | $14,427 | $14,715 | $15,010 | $15,310 | $15,616 |
| | Collection Loss Percentage: 1.00% | $2,367 | $2,414 | $2,463 | $2,512 | $2,562 | $2,613 | $2,666 | $2,719 | $2,773 | $2,829 | $2,885 | $2,943 | $3,002 | $3,062 | $3,123 |
| | **Total Effective Gross Income** | **$222,498** | **$226,948** | **$231,487** | **$236,117** | **$240,839** | **$245,656** | **$250,569** | **$255,580** | **$260,692** | **$265,906** | **$271,224** | **$276,648** | **$282,181** | **$287,825** | **$293,581** |
| EXPENSES: | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Insurance | $18,000 | $18,540 | $19,096 | $19,669 | $20,259 | $20,867 | $21,493 | $22,138 | $22,802 | $23,486 | $24,190 | $24,916 | $25,664 | $26,434 | $27,227 |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee Percentage: 4.00% | $8,900 | $9,078 | $9,260 | $9,445 | $9,634 | $9,826 | $10,023 | $10,223 | $10,428 | $10,636 | $10,849 | $11,066 | $11,287 | $11,513 | $11,743 |
| | General and Administrative | $5,250 | $5,408 | $5,570 | $5,737 | $5,909 | $6,086 | $6,269 | $6,457 | $6,651 | $6,850 | $7,056 | $7,267 | $7,485 | $7,710 | $7,941 |
| | Payroll Expenses | $15,000 | $15,450 | $15,914 | $16,391 | $16,883 | $17,389 | $17,911 | $18,448 | $19,002 | $19,572 | $20,159 | $20,764 | $21,386 | $22,028 | $22,689 |
| | Utilities | $15,000 | $15,450 | $15,914 | $16,391 | $16,883 | $17,389 | $17,911 | $18,448 | $19,002 | $19,572 | $20,159 | $20,764 | $21,386 | $22,028 | $22,689 |
| | Marketing and Advertising | $600 | $618 | $637 | $656 | $675 | $696 | $716 | $738 | $760 | $783 | $806 | $831 | $855 | $881 | $908 |
| | Maintenance and Repairs/Pest Control | $8,250 | $8,498 | $8,752 | $9,015 | $9,285 | $9,564 | $9,851 | $10,146 | $10,451 | $10,764 | $11,087 | $11,420 | $11,763 | $12,115 | $12,479 |
| | Grounds Maintenance and Landscaping | $3,000 | $3,090 | $3,183 | $3,278 | $3,377 | $3,478 | $3,582 | $3,690 | $3,800 | $3,914 | $4,032 | $4,153 | $4,277 | $4,406 | $4,538 |
| | Contract Services | $750 | $773 | $796 | $820 | $844 | $869 | $896 | $922 | $950 | $979 | $1,008 | $1,038 | $1,069 | $1,101 | $1,134 |
| | Security | $9,750 | $10,043 | $10,344 | $10,654 | $10,974 | $11,303 | $11,642 | $11,991 | $12,351 | $12,722 | $13,103 | $13,496 | $13,901 | $14,318 | $14,748 |
| | Reserve for Replacements | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 | $4,500 |
| | **Total Expenses** | **$89,000** | **$91,446** | **$93,964** | **$96,555** | **$99,222** | **$101,967** | **$104,793** | **$107,702** | **$110,696** | **$113,777** | **$116,949** | **$120,214** | **$123,575** | **$127,034** | **$130,595** |
| | **Net Operating Income** | **$133,498** | **$135,502** | **$137,523** | **$139,562** | **$141,617** | **$143,688** | **$145,776** | **$147,879** | **$149,996** | **$152,129** | **$154,275** | **$156,434** | **$158,606** | **$160,791** | **$162,986** |
| | **Debt Service Payments** | | | | | | | | | | | | | | | |
| | 1st Mortgage - FHFC - Viability | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 | $11,247 |
| | 2nd Mortgage - FHFC - SAIL | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | 3rd Mortgage - Pinellas County - HOME-ARP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | 4th Mortgage - City of St. Petersburg - HOME-IP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | 1st Mortgage Fees - FHFC - Viability | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 | $2,832 |
| | 2nd Mortgage Fees - FHFC - SAIL | $12,807 | $13,191 | $13,587 | $13,995 | $14,414 | $14,847 | $15,292 | $15,751 | $16,224 | $16,710 | $17,212 | $17,728 | $18,260 | $18,808 | $19,372 |
| | 3rd Mortgage Fees - Pinellas County - HOME-ARP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | 4th Mortgage Fees - City of St. Petersburg - HOME- | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Total Debt Service Payments | **$26,886** | **$27,270** | **$27,666** | **$28,073** | **$28,493** | **$28,926** | **$29,371** | **$29,830** | **$30,302** | **$30,789** | **$31,290** | **$31,807** | **$32,339** | **$32,886** | **$33,451** |
| | Cash Flow after Debt Service | **$106,612** | **$108,232** | **$109,857** | **$111,488** | **$113,124** | **$114,763** | **$116,405** | **$118,049** | **$119,694** | **$121,339** | **$122,984** | **$124,627** | **$126,268** | **$127,904** | **$129,536** |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| | DSC - 1st Mortgage plus Fees | **9.48** | **9.62** | **9.77** | **9.91** | **10.06** | **10.21** | **10.35** | **10.50** | **10.65** | **10.81** | **10.96** | **11.11** | **11.27** | **11.42** | **11.58** |
| | DSC - 2nd Mortgage plus Fees | **4.97** | **4.97** | **4.97** | **4.97** | **4.97** | **4.97** | **4.96** | **4.96** | **4.95** | **4.94** | **4.93** | **4.92** | **4.90** | **4.89** | **4.87** |
| | DSC - 3rd Mortgage plus Fees | **4.97** | **4.97** | **4.97** | **4.97** | **4.97** | **4.97** | **4.96** | **4.96** | **4.95** | **4.94** | **4.93** | **4.92** | **4.90** | **4.89** | **4.87** |
| | DSC - 4th Mortgage plus Fees | **4.97** | **4.97** | **4.97** | **4.97** | **4.97** | **4.97** | **4.96** | **4.96** | **4.95** | **4.94** | **4.93** | **4.92** | **4.90** | **4.89** | **4.87** |
| | **Financial Ratios** | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | **40.00%** | **40.29%** | **40.59%** | **40.89%** | **41.20%** | **41.51%** | **41.82%** | **42.14%** | **42.46%** | **42.79%** | **43.12%** | **43.45%** | **43.79%** | **44.14%** | **44.48%** |
| | Break-even Economic Occupancy Ratio (all debt) | **49.20%** | **49.41%** | **49.63%** | **49.86%** | **50.09%** | **50.33%** | **50.57%** | **50.82%** | **51.08%** | **51.35%** | **51.62%** | **51.89%** | **52.18%** | **52.47%** | **52.76%** |

# SAIL & VIABILITY CREDIT UNDERWRITING REPORT



## Viability Loan Sizing Parameters and Metrics

| | | |
|---|---|---|
| Select the Development | | Founders Point |
| RFA of Active Award | | RFA 2022-102 |
| Demographic Commitment | | PSN |
| Total Number of Units | | 15 |
| Existing Competitive Active Awards: | | Set-Aside Units |
| 9% HC Allocation | NA | NA |
| SAIL | $ 3,750,000 | 15 |
| ELI | NA | 0 |
| NHTF | NA | NA |
| HOME | NA | NA |
| Tax Exempt Bond Financing: | | |
| If MMRB, how much is the Perm Amount? | | NA |
| Viability Funding Limits: | | |
| Gross Per Development Limit | | $ 4,300,000 |
| Maximum Per Unit Limit | | $ 125,000 |
| Net Per Developmentg Limit (same as gross) | | $ 4,300,000 |
| Maximum Limit from PU Limit (15 units x $125,000 PU) | | $ 1,875,000 |
| **Lesser of Net Per Development or PU Limit** | | **$ 1,875,000** |
| Viability Loan Sizing Parameters | | |
| a. Eligible Request Amount: | | |
| Applicant's Request Amount | | $ 1,124,691 |
| Per Development/PU Limit | | $ 1,875,000 |
| **Eligible Request Amount:** | | **$ 1,124,691** |

Does the stated Eligible Request Amount need to be adjusted? Yes

If so, how much should be deducted? $ -

b. Gap Analysis for Viability Sizing Purposes Only:

| Permanent Funding Sources: | | DS w/ Fees | DSCR | NCF |
|---|---|---|---|---|
| Traditional First Mortgage | $ - | $ - | 0.0000x | $ 133,498 |
| Viability | $ 1,124,691.00 | $ 14,079 | 9.4821x | $ 119,419 |
| SAIL | $ 3,750,000.00 | $ 14,572 | 4.6595x | $ 104,847 |
| FHFC Source 2 - NA | $ - | $ - | 4.6595x | $ 104,847 |
| FHFC Source 3 - NA | $ - | $ - | 4.6595x | $ 104,847 |
| Pinellas County - HOME-ARP | $ 665,816.00 | $ - | 4.6595x | $ 104,847 |
| City of St. Petersburg - HOME | $ 320,817.00 | $ - | 4.6595x | $ 104,847 |
| | | $ - | 4.6595x | $ 104,847 |
| | | $ - | 4.6595x | $ 104,847 |
| <additional source> | $ - | $ - | 4.6595x | $ 104,847 |
| HC Equity | $ - | | | |
| Deferred Developer Fee (51.45%) | $ 404,630.91 | | | |
| Total Sources | $ 6,265,954.91 | $ 28,651 | 4.6595x | $ 104,847 |
| Additional First Mortgage *(Min 1st Sizing)* | $ - | $ - | | |
| Additional First Mortgage *(DCR Sizing)* | $ - | $ - | | |

| | |
|---|---|
| Total Development Costs | $ 6,265,954.91 |
| Maximum Developer Fee Percentage | 16% |
| Total Developer Fee | $ 786,473.00 |
| Minimum 30% Deferred Developer Fee | $ 235,941.90 |

**Set-Asides for MMRB are expressed as the greater of MMRB Set-Asides or 4%HC Set-Asides for purposes of calculating Compliance Monitoring Fees on the MMRB loan.*

## Cash Flow Assumptions

| | |
|---|---|
| Net Operating Income: | |
| Total Effective Gross Income in CUR Yr 1 | $ 222,498.00 |
| Total Operating Expenses in CUR Yr 1 | $ 89,000.00 |
| Net Operating Income in CUR Yr 1 | $ 133,498.00 |
| Actual Traditional 1st Mortgage: | |
| **Proposed Amount of Traditional 1st Mortgage** | $ - |
| Traditional 1st Mtg Amortization (Years) | 30.00 |
| Traditional 1st Mtg Interest Rate | 5.500% |
| Traditional 1st Mtg Mortgage Constant | 6.81347% |
| Local HFA Bond Fees, if applicable | |
| Traditional 1st Mtg DSCR | 0.00x |
| Net Cash Flow (NCF) after 1st Mtg Debt Service | $ 133,498.00 |
| Debt Service (DS) on FHFC Subsidy Loans (w/ fees) | $ 14,571.60 |
| NCF after FHFC Subsidy Loans DS & Fees | $ 118,926.40 |
| RFA 2023-211 Minimum 1st Mortgage: | |
| Maximum 1st Mtg DSCR from Viability RFA | NA |
| Sized Debt Service from maximum DSCR | NA |
| When TEBs are not utilized, no fees are included | $ - |
| Sized Debt Service to be incorporated, net of fees | $ - |
| Mortgage Constant to be incorporated | 6.81347% |
| **Resulting minimum 1st Mtg** | $ - |
| NCF after resulting minimum 1st Mtg | $ 133,498.00 |
| NCF after FHFC Subsidy Loans DS & Fees | $ 118,926.40 |
| Rule Chapter 67-48.0072(28)(g)2. Variables and Process: | |
| Total Vacancy & Collection Rate in CUR | 6.000% |
| Revenue Growth Rate in CUR | 2.000% |
| Operating Expense Growth Rate in CUR | 3.000% |
| Amortization to be incorporated (Years) | 30.00 |
| Interest Rate to be incorporated | 7.000% |
| Resulting Mortgage Constant for qualifying debt | 7.98363% |
| Revenue Growth Rate to be incorporated | 2.000% |
| Operating Expense Growth Rate to be incorporated | 3.000% |
| Vacancy Rate to be incorporated | 7.000% |
| Maximum DSCR for Year 1 NOI | 1.50x |
| Maximum DSCR for Year 15 NOI | 1.25x |
| Minimum NCF PU Year 1 (after 1st Mtg DS Only) | $1,000 |
| Net Operating Income Year 1 | NA |
| Net Operating Income Year 15 | NA |
| (a) Resulting Debt for Year 15 DSCR Limitations | NA |
| (b)(i) Resulting Debt for Year 1 DSCR Limitation | NA |
| (b)(ii) Resulting Debt for Year 1 NCS Limitaion | NA |
| (b) Greater of (b)(i) or (b)(ii) | NA |
| Lesser of (a) or (b) | NA |
| **Sized Minimum 1st Mortgage per Rule** | **NA** |
| Resulting DSCR from Sized Minimum 1st Mortgage per Rule (using actual 1st mortgage debt structure) | NA |

## Total FHFC Servicing Fees

| | | |
|---|---|---|
| Permanent Loan Servicing | | **$ 12,207.00** |
| *MMRB Annual Fee* | 0.000% | $ - |
| *MMRB Annual Minimum* | $0 | $ - |
| **MMRB Permanent Loan Servicing Fee** | | $ - |
| *Non-MMRB Annual Fee(s)* | 0.25% | $ 12,186.73 |
| *Non-MMRB Annual Minimum(s)* | $2,832 | $ 5,664.00 |
| *Non-MMRB Annual Maximum(s)* | $11,232 | $ 22,464.00 |
| **Non-MMRB Permanent Loan Servicing Fee(s)** | | **$ 12,207.00** |
| Compliance Monitoring | | **$ 5,196.60** |
| *MMRB Annual Base Fee* | $0 | $ - |
| *Additional MMRB PSAU Fee* | $0.00 | $ - |
| *MMRB Minimum Annual Fee* | $0 | $ - |
| **MMRB Compliance Monitoring Fee** | | $ - |
| *Non-MMRB Annual Base(s)* | $2,196 | $ 2,196.00 |
| *Additional Non-MMRB PSAU Fee(s)* | $11.24 | $ 168.60 |
| *Non-MMRB Annual Minimum(s)* | $3,432 | $ 2,832.00 |
| *Multiple Program Fee(s)* | $1,023 | $ - |
| **Non-MMRB Compliance Monitoring Fee(s)** | | **$ 5,196.60** |
| FHFC MMRB Ongoing Issuer Fees | | $ - |
| *MMRB Annual Fee* | 0.00% | $ - |
| *MMRB Annual Minimum* | $10,000 | $ - |
| FHFC MMRB Trustee Fees | | $ - |
| *Flat Rate* | $0 | $ - |

## Verification Debt Coverage Ratio is Not Enhanced

| | |
|---|---|
| Prior Overall Debt Coverage Ratio | |
| Did the Proposed Development have a DSCR prior to the RFA 2023-211 Application Deadline? | No |
| If yes, what was the Net Operating Income used in calculating the DSCR? | $ - |
| If yes, what was the total of all debt service and servicing fees of all applicable Permanent Sources of Funding used in calculating the DSCR? | $ - |
| If yes, what was the overall Debt Coverage Ratio, inclusive of all applicable Permanent Sources of Funding? | |
| The actual overall Debt Coverage Ratio, inclusive of all actual applicable Permanent Sources of Funding (***excludes*** *any additional sized 1st Mtg*) is: | 4.6595x |
| The actual overall Debt Coverage Ratio, inclusive of all applicable Permanent Sources of Funding (*inclusive of actual debts* ***and*** *applicable additional gap sized 1st Mtg*) is: | 4.6595x |

Since there was no prior existing debt coverage ratio established or drafted prior to the Application Deadline of RFA 2023-211, there is no methodology available to verify whether the debt coverage ratio was or was not enhanced.

Founders Point RFA 2022-102 / 2022-262S &
RFA 2023-211 / 2023-239V

DESCRIPTION OF FEATURES AND AMENITIES

A. The Development will consist of:

15 Garden Apartments located in 2 residential buildings

Unit Mix:

Fifteen (15) one bedroom/one bath units:

15 Total Units

B. All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors. All features and amenities committed to and proposed by the Applicant that are not unit-specific shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973*, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

*All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

NOTE: Section 504 of the Rehabilitation Act of 1973 requirements are met through the Applicant's commitment to meet either the Level 1 or Level 2 requirements described in D. below.

C. The Development must provide the following General Features:

1. Termite prevention;

2. Pest control;

3. Full-size stove/range;

4. Primary entrance door with a threshold with no more than a 1/2 inch rise;

5. Lever handles on all door handles on primary entrance door and interior doors;

6. Lever handles on all bathroom faucets and kitchen sink faucets;

7. Mid-point on light switches and thermostats that are not more than 48 inches above finished floor level;

8. Cabinet drawer handles and cabinet door handles in bathrooms and kitchens shall be level or D-pull type that operate easily using a single closed fist;

9. Window covering for each window and glass door inside each unit; and

10. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

11. All proposed Developments must include the following general features on the site. If the proposed Development meets the definition of Scattered Sites, the following general features must be located on each of the Scattered Sites:

    1. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If an on-site laundry facility is provided, the following must be met:

        - A proposed Development consisting of 4 to 20 units must provide a minimum of two Energy Star qualified washers and two dryers in the on-site laundry facility;
        - If the proposed Development consists of 21 to 30 units, there must be a minimum of three Energy Star qualified washers and three dryers in the on-site laundry facility;
        - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504; and
    2. At least two full bathrooms in all three bedroom new construction units.
    3. For proposed Developments consisting of 10 or more units, a Community Building/dedicated space that includes:
        - At least one private office space with a door for resident purposes such as meeting with case managers and/or counselors; and

- At least one enclosed training room with a door to conduct group training and educational activities for residents.

D. Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

**Level 2 Accessibility Requirements**

All Applicants that did not select the Persons with Special Needs population of (a) Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that currently impairs or is likely to impair their physical mobility at question 2.b.(1) of Exhibit A; and/or (b) Persons receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits at question 2.b.(2) of Exhibit A shall be required to do the following:

1. Set aside a minimum of five percent of the total units, rounded up, as fully accessible units in accordance with the 2010 ADA Standards for Accessible Design, regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. These fully accessible units must (A) be on an accessible route and provide mobility features that comply with the residential dwelling units provision of the 2010 ADA Standards for Accessible Design*; and (B) be equally distributed among different unit sizes and Development types and must be dispersed throughout the Development (not located in the same area, or on a single floor); and
2. Set aside at least one additional unit to be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design,* regardless of whether the proposed Development consists of new construction or Substantial Rehabilitation. The unit(s) that is accessible to persons with visual and hearing impairments shall comply with the communication features described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design*.

*The 2010 ADA Standard for Accessible Design can be found at http://www.ada.gov/regs2010/2010ADAStandards/2010ADAstandards.htm

E. Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less,
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher;

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
   - Residential Electric:
     i. Up to 55 gallons = 0.95 EF or 0.92 UEF; or
     ii. More than 55 gallons = Energy Star certified; or
     iii. Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
   - Residential Gas (storage or tankless/instantaneous): Energy Star certified
   - Commercial Gas Water Heater: Energy Star certified;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
   i. Air-Source Heat Pumps – Energy Star certified:
      a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
      b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
   ii. Central Air Conditioners – Energy Star certified:
      a. ≥15 SEER/ ≥12.5 EER* for split systems
      b. ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.

NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and one-bedroom units;

iii. Package Terminal Air Conditioners (PTACs) – minimum Energy Efficiency Ratio (EER) required by the Florida Building Code – Energy Conservation standards (current edition);

iv. Package Terminal Heat Pumps (PTHPs) – minimum Energy Efficiency Ratio (EER) and Coefficient of Performance (COP) required by the Florida Building Code – Energy Conservation standards (current edition);

NOTE: All other equipment types shall follow Florida Building Code –Energy Conservation, current edition requirements.

F. The Applicant has committed to provide the following additional Green Building Features to achieve a total point value of at least 10 points:

1. _X__ Programmable thermostat in each unit (2 points)

2. ____ Humidistat in each unit (2 points)

3. _X__ Water Sense certified dual flush toilets in all bathrooms (2 points)

4. ____ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)

5. ____ Energy Star certified roof coating (2 points) *

6. ____ Energy Star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *

7. ____ Eco-friendly cabinets – no added urea formaldehyde and material must be certified by the Forest Stewardship Council, the Environmental Stewardship Program, or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)

8. ____ Eco-friendly flooring for entire unit – Carpet and Rug Institute Green Label certified carpet and pad, FloorScore certified flooring, bamboo, cork, 80% recycled content tile, and/or natural linoleum (3 points)

9. _X__ High Efficiency HVAC with SEER of at least 16 (2 points) **

10. _X__ Energy efficient windows in each unit (3 points)
    - For all Development Types except Mid-Rise: Energy Star rating for all windows in each unit;
    - For Development Type of Mid-Rise:
        i. U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the

fenestration is fixed; and

ii. U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)

11. ____ Florida Yards and Neighborhoods certification on all landscaping (2 points)

12. _X__ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Borrowers may choose only one option related to Energy Star certified roofing.
**Borrowers who choose high efficiency HVACs must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments in Section Four A.8 of the RFA.

G. The Applicant must provide the following Required Resident Programs:

Resident Community-Based Services Coordination

The provision of community-based services coordination will be the responsibility of the Applicant but may be in conjunction with public and/or private partnerships as approved by the Corporation in credit underwriting. All proposed Developments will be required to assist interested residents with the coordination of their community-based services. The purpose is to assist each resident to become aware of, access and/or maintain adequate and appropriate community-based services and resources. It is not the intent for this resident service to take the place of services coordination already provided for a resident by a program and/or agency as part of their supportive services plan. The focus shall be to assist residents not receiving community-based services coordination by another program and/or agency, as well as to assist those residents who need additional assistance with coordination of community-based services.

The approved provider of this service must have a minimum of three years' experience administering and providing supportive services including outreach, information and referral services, benefits counseling, community-based services planning and coordination, and/or other related supportive services. Such experience must demonstrate that the supportive services listed above have been oriented to the needs and preferences of each intended resident in assisting them to access services related to health care, independent activities of daily living, employment, income and housing. The provider of this resident service shall also provide, at credit underwriting, information demonstrating its mission, qualifications, experience, agreements and/or contracts with state and federal supportive services programs, professional staffing and experience in serving the intended residents described in question 2.b. of Exhibit A.

Community-based services coordination shall be offered and made available on-site and at no charge to the residents initially and regularly and resident participation shall be voluntary. If the proposed Development consists of Scattered Sites, the community-based services coordination shall be equally available to residents of each unit on each

Scattered Site. Resident participation shall not be a requirement for new or continued residency. The Applicant shall commit to submit a Resident Community-Based Service Coordination Plan at credit underwriting. The Resident Community-Based Service Coordination Plan shall adhere to guidelines developed by the Corporation, in conjunction with state agencies, or their designee(s), that administer publicly funded supportive services for the intended residents.

Property management and resident community-based services coordination should not be the responsibility of the same staff persons; the functions must be entirely separate.

The Applicant will meet the following:

The Applicant will partner with a provider of supportive services that includes Resident Community Based Services Coordination for the intended Demographic. A Non-Profit, within the Applicant entity, that meets the qualifications to provide Resident Community Based Services Coordination, pursuant to this RFA, may partner with the Applicant to provide the Development's Resident Community Based Services Coordination.

**DEVELOPMENT**
**NAME: Founders Point**
**DATE: December 1, 2023**

In accordance with the applicable Program Rule(s), the applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

| FINAL REVIEW<br>REQUIRED ITEMS: | STATUS<br>Satis. / Unsatis. | NOTE |
|---|---|---|
| 1. The development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | 1. |
| 2. Final site plan and/or status of site plan approval. | Unsatis. | 2. |
| 3. Permit Status. | Unsatis. | 3. |
| 4. Pre-construction analysis ("PCA").<br>a. No construction costs exceeding 20% is subcontracted to any one entity with the exception of a subcontractor contracted to deliver the building shell of a building of at least 5 stories which may not have more than 31% of the construction cost in a subcontract.<br>b. No construction costs is subcontracted to any entity that has common ownership or is an affiliate of the general contractor of the developer. | Satis.<br>Satis.<br>Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor. | Satis. | |
| 11. Resumes and experience of applicant, general contractor and management agent.<br>Confirmed active status on Sunbiz for Applicant, Developer, and GC entities. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Satis. | |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | N/A | |
| 15. Firm commitment letter from the syndicator, if any. | N/A | |

| | | |
|---|---|---|
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | N/A | |
| 22. Any additional items required by the credit underwriter. | Satis. | |
| 23. Receipt of executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128. | Satis. | |
| 24. If the owner has a HAP Contract or ACC with HUD, then receipt of HUD approval for an owner-adopted preference or limited preference specifically for individuals or families who are referred by a designated Referral Agency serving the county where the Development is located. | Unsatis. | 4. |
| 25. Receipt of Tenant Eligibility and Selection Plan | Satis. | |
| 26. Receipt of GC Certification | Satis. | |
| 27. Reliance for FHDC as agent for FHFC is included in all applicable third-party reports: Appraisal, Market Study, PCA, CNA, and Phase I. | Satis. | |

Notes:

1. Closing is conditioned upon receipt of final plans and specifications.
2. Final site plan approval is a condition to closing.
3. Acceptable permits or a permit ready letter is a condition to closing.
4. Receipt of AHAP Contract and HUD approval of referral preference in #24 above.

# Florida Housing Finance Corporation

*Credit Underwriting Report*

# The Canopy at West River Towers 3 & 4

# fka WRDG T4 Phase Two

**SAIL Financing of Affordable Multifamily Housing Developments to be used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits**

**SAIL, ELI, NHTF and 4% HC**

**RFA 2022-205 / 2023-161SN / 2022-541C**



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*Prepared by*

***Seltzer Management Group, Inc.***

***Final Report***

***December 4, 2023***

## THE CANOPY AT WEST RIVER TOWERS 3 & 4
## FKA WRDG T4 PHASE TWO

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# Section A

## Report Summary

## Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer" or "Servicer") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing") fund a State Apartment Incentive Loan ("SAIL") Third Mortgage of $2,000,000, an Extremely Low Income ("ELI") Fourth Mortgage of $750,000, and a National Housing Trust Fund ("NHTF") Fifth Mortgage of $1,450,000. SMG also recommends an annual Housing Credit ("HC") allocation of $3,270,909 be awarded to The Canopy at West River Towers 3 & 4 fka WRDG T4 Phase Two ("Development") for construction and permanent financing.

**DEVELOPMENT & SET-ASIDES**

Development Name: The Canopy at West River Towers 3 & 4 f/k/a WRDG T4 Phase Two

RFA/Program Numbers: RFA 2022-205 / 2023-161SN 2022-541C

Address: 1101 W. Main Street

City: Tampa Zip Code: 33607 County: Hillsborough County Size: Large

Development Category: New Construction Development Type: Mid-Rise (5-6 Stories)

Construction Type: Masonry

Demographic Commitment:
Primary: Family for 100% of the Units

Unit Composition:
\# of ELI Units: 31 ELI Units Are Restricted to 30% AMI, or less. Total # of units with PBRA? 121
\# of Link Units: 16 Are the Link Units Demographically Restricted? Yes # of NHTF Units: 5

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 5 | 653 | 22% | | | $358 | $163 | $195 | $1,773 | $1,773 | $1,773 | $1,773 | $106,380 |
| 1 | 1.0 | 14 | 653 | 30% | | | $489 | $163 | $326 | $1,773 | $1,773 | $1,773 | $1,773 | $297,864 |
| 1 | 1.0 | 2 | 653 | 80% | | | $1,305 | $163 | $1,142 | $1,773 | $1,773 | $1,773 | $1,773 | $42,552 |
| 1 | 1.0 | 67 | 653 | 80% | | | $1,305 | $122 | $1,183 | | $1,182 | $1,183 | $1,183 | $951,132 |
| 2 | 1.0 | 9 | 977 | 30% | | | $587 | $210 | $377 | $1,081 | $1,081 | $1,113 | $1,081 | $116,748 |
| 2 | 1.0 | 7 | 977 | 40% | | | $783 | $210 | $573 | $1,081 | $1,081 | $1,113 | $1,081 | $90,804 |
| 2 | 1.0 | 11 | 977 | 40% | | | $783 | $210 | $573 | $2,089 | $2,089 | $2,089 | $2,089 | $275,748 |
| 2 | 1.0 | 28 | 977 | 80% | | | $1,566 | $210 | $1,356 | $2,089 | $2,089 | $2,089 | $2,089 | $701,904 |
| 3 | 2.0 | 4 | 1,175 | 30% | | | $678 | $257 | $421 | $1,442 | $1,442 | $1,485 | $1,442 | $69,216 |
| 3 | 2.0 | 17 | 1,175 | 40% | | | $904 | $257 | $647 | $1,442 | $1,442 | $1,485 | $1,442 | $294,168 |
| 4 | 2.0 | 4 | 1,544 | 30% | | | $756 | $303 | $453 | $1,901 | $1,901 | $1,958 | $1,901 | $91,248 |
| 4 | 2.0 | 20 | 1,544 | 40% | | | $1,009 | $303 | $706 | $1,901 | $1,901 | $1,958 | $1,901 | $456,240 |
| | | 188 | 172,930 | | | | | | | | | | | $3,494,004 |

The Applicant committed to the Average Income Test. Per the Florida Housing Finance Corporation ("FHFC" or "Florida Housing") RFA, the Applicant must commit to set-aside 15% of the total units (29 units) at or below 30% of the AMI as ELI units. The Applicant has elected to set-aside 16% of the total units (31 units) as ELI units.

Persons with Special Needs Set-Aside Commitment: The proposed development must set aside fifty percent (50%) of the ELI Set-Aside units (16 units) as Link units for Persons with Special Needs. In order to meet the commitment to set aside ELI units as Link units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding ("MOU") with at least one Florida Housing designated Special Needs Household Referral Agency that provides supportive services for Persons with Special Needs for the county where the proposed development will be located (Hillsborough County). The executed MOU approval by FHFC is a condition to closing.

NHTF Set-Aside Commitment: The proposed development must set aside five (5) units as NHTF Link units targeted for Persons with Special Needs. These units are required to be set aside for residents earning at or below 22% AMI and are in addition to the fifty percent (50%) requirement for ELI set aside units. Therefore, the Development is required to have a total of 21 units targeted for Link Units for Persons with Special Needs (ELI – 16 units, NHTF – 5 units). After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set aside commitment must be maintained throughout the entire 50-year Compliance Period. For the purposes of the Average Income Test, 22% AMI units will be treated as 60% AMI units.

The Tenant Selection Plan was approved by FHFC on November 7, 2023.

Buildings: Residential - 2 Non-Residential - 1
Parking: Parking Spaces - 149 Accessible Spaces - 16

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| SAIL/ELI/HC | 16.489% | 31 | 30% | 50 |
| SAIL/HC | 29.255% | 55 | 40% | 50 |
| SAIL/HC | 2.660% | 5 | 60% | 50 |
| SAIL/HC | 51.596% | 97 | 80% | 50 |
| NHTF Assisted | 2.660% | 5 | 22% | 50 |

Absorption Rate 37 units per month for 5.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 98.00% Economic Occupancy 97.00%
Occupancy Comments

DDA: Yes QCT: Yes Multi-Phase Boost: Yes QAP Boost: No
Site Acreage: 3.38 Density: 55.6378 Flood Zone Designation: X
Zoning: PD - Planned Development Flood Insurance Required?: No

## DEVELOPMENT TEAM

| | | % Ownership |
|---|---|---|
| Applicant/Borrower: | WRDG T4 Phase Two, LP | |
| General Partner | THA T4 Phase Two, LLC | 0.0050% |
| Limited Partner | Bank of America, N.A. or an affiliate | 99.9900% |
| Limited Partner | RUDG West River T4 Phase Two, LLC | 0.0050% |
| Special LP | Banc of America CDC Special Holding Company, Inc. | 0.0000% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | WRDG T4 Phase Two, LP | |
| CC Guarantor 2: | THA T4 Phase Two, LLC | |
| CC Guarantor 3: | RUDG West River T4 Phase Two, LLC | |
| CC Guarantor 4: | Housing Authority of the City of Tampa, Florida & Tampa Housing Authority Development Corp. | |
| CC Guarantor 5: | WRDG T4 Phase Two Developer, LLC | |
| CC Guarantor 6: | Milo Family Real Estate Investments, LLC & Alberto Milo, Jr. | |
| CC Guarantor 7: | JMPFT Affordable, LLC | |
| CC Guarantor 8: | Urban Development Group, LLC & RUDG, LLC | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | WRDG T4 Phase Two, LP | |
| OD Guarantor 2: | THA T4 Phase Two, LLC | |
| OD Guarantor 3: | RUDG West River T4 Phase Two, LLC | |
| OD Guarantor 4: | Housing Authority of the City of Tampa, Florida & Tampa Housing Authority Development Corp. | |
| OD Guarantor 5: | WRDG T4 Phase Two Developer, LLC | |
| OD Guarantor 6: | Milo Family Real Estate Investments, LLC & Alberto Milo, Jr. | |
| OD Guarantor 7: | JMPFT Affordable, LLC | |
| OD Guarantor 8: | Urban Development Group, LLC & RUDG, LLC | |
| Note Purchaser | Bank of America, N.A. / Specialty Financing Group | |
| Developer: | WRDG T4 Phase Two Developer, LLC | |
| Principal 1 | RUDG, LLC | |
| Principal 2 | Housing Authority of the City of Tampa, Florida | |
| Principal 3 | Alberto Milo, Jr. | |
| Principal 4 | JMPFT Affordable, LLC | |
| Principal 5 | Milo Family Real Estate Investments, LLC | |
| Principal 6 | ADP Ventures, LLC | |
| General Contractor 1: | Hennessy Construction Services Corp. | |
| Management Company: | TRG Management Company, LLP | |
| Syndicator: | Bank of America, N.A. | |
| Note Issuer: | Housing Finance Authority of Hillsborough County | |
| Architect: | Zyscovich, Inc. | |
| Market Study Provider: | Walter Duke + Partners | |
| Appraiser: | Walter Duke + Partners | |

| PERMANENT FINANCING INFORMATION | | | | | | |
|---|---|---|---|---|---|---|
| Lien Position | First | Third | Fourth | Fifth | Sixth | Seventh |
| Lender/Grantor | SFG - HFAHC MMRN | FHFC - SAIL | FHFC - SAIL ELI | FHFC - NHTF | Sellers Note | THA - RAP Loan |
| Amount | $22,975,000 | $2,000,000 | $750,000 | $1,450,000 | $1,053,766 | $1,415,810 |
| Underwritten Interest Rate | 6.32% | 1.00% | 0.00% | 0.00% | 4.83% | 4.83% |
| Loan Term | 18.0 | 18.0 | 18.0 | 30.0 | 30.0 | 30.0 |
| Amortization | 40.0 | N/A | N/A | N/A | N/A | N/A |
| Market Rate/Market Financing LTV | 36.4% | 39.6% | 40.7% | 43.0% | 44.7% | 47.0% |
| Restricted Market Financing LTV | 55.7% | 60.5% | 62.3% | 65.8% | 68.4% | 71.8% |
| Loan to Cost - Cumulative | 33.4% | 36.3% | 37.4% | 39.5% | 41.1% | 43.1% |
| Loan to Cost - SAIL Only | | 2.9% | | | | |
| Debt Service Coverage | 1.227 | 1.207 | 1.205 | 1.201 | 1.119 | 1.119 |
| Operating Deficit & Debt Service Reserves | $782,268 | | | | | |
| # of Months covered by the Reserves | 6.4 | | | | | |

| | |
|---|---|
| Deferred Developer Fee | $7,992,265 |
| As-Is Land Value | $4,700,000 |
| Market Rent/Market Financing Stabilized Value | $63,140,000 |
| Rent Restricted Market Financing Stabilized Value | $41,270,000 |
| Projected Net Operating Income (NOI) - Year 1 | $1,961,191 |
| Projected Net Operating Income (NOI) - 15 Year | $2,349,643 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |
| Note Structure | Direct Purchase - TEL |
| Housing Credit (HC) Syndication Price | $0.95 |
| HC Annual Allocation - Qualified in CUR | $3,270,909 |
| HC Annual Allocation - Equity Letter of Interest | $3,264,884 |

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| **Source** | **Lender** | **Construction** | **Permanent** | **Perm Loan/Unit** |
| Local HFA Bonds | BofA HFAHC MMRN & SFG | $42,000,000 | $22,975,000 | $122,207 |
| FHFC - SAIL | FHFC - SAIL | $2,000,000 | $2,000,000 | $10,638 |
| FHFC - SAIL ELI | FHFC - SAIL ELI | $750,000 | $750,000 | $3,989 |
| FHFC - NHTF | FHFC - NHTF | $1,450,000 | $1,450,000 | $7,713 |
| Affiliate / Principal | Sellers Note | $1,053,766 | $1,053,766 | $5,605 |
| Affiliate / Principal | THA - RAP Loan | $1,415,810 | $1,415,810 | $7,531 |
| Non-FHFC Grant | City of Tampa | $75,000 | $75,000 | $399 |
| HC Equity | BofA | $9,303,989 | $31,013,296 | $164,964 |
| Deferred Developer | Developer | $9,837,904 | $7,992,265 | $42,512 |
| Deferred Costs - Other | Development Reserves | $838,668 | $0 | $0 |
| **TOTAL** | | $68,725,137 | $68,725,137 | $365,559 |

Financing Structure:

The Applicant submitted a Multifamily Mortgage Revenue Bond Program Application to the Housing Finance Authority of Hillsborough County, Florida ("HFAHC"). This transaction will involve the issuance of HFAHC Tax-Exempt Notes. Bank of America, N.A. ("BofA") will loan $42,000,000 to the HFAHC through a Tax-Exempt Loan ("TEL") in connection with the construction financing of the Development. At conversion to permanent financing, following a $20,100,000 principal reduction, Specialty Finance Group ("SFG") will provide a permanent loan in the amount of $22,975,000.

Changes from the Application:

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the application? | X | |
| Are all funding sources the same as shown in the Application? | | 1 |
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | X | |
| Does the Applicant have site control at or above the level indicated in the Application? | X | |
| Does the Applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 2 |
| Is the Development feasible using the set-asides committed to in the Application? | | 3 |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | X | |
| Is the Development in all other material respects the same as presented in the Application? | | 4-5 |

The following are explanations of each item checked “No” in the table above:

1. See the below changes in the source of funds:
    - Per the July 6, 2023 Invitation to Enter Credit Underwriting from FHFC, the Applicant was awarded additional funding in the amount of $750,000 in the form of a National Housing Trust Fund (“NHTF”) loan.
    - During credit underwriting, the Applicant added deferred reserves as a source during the construction period.

2. Total Development Costs ("TDC") as stated in the application were $64,555,406. TDC have increased to $68,725,137, an increase of $4,169,731 or 6.46%. This increase is primarily due to increases in construction, financing costs, developer fee and the addition of reserves.

3. The Applicant submitted a request to FHFC on August 23, 2023 to change the Development's unit mix, set-asides, and increase the total number of units as outlined below. Also, the request included a change to the Development's name from WRDG T4 Phase Two to The Canopy at West River Towers 3 & 4.

4. FHFC Staff approved these changes on September 1, 2023.

| Unit Mix at Application | | | |
|---|---|---|---|
| Bed Rooms/Bath Rooms | AMI % | Unit Count | ELI Count |
| 1 BR / 1 BA | 30% | 6 | 6 |
| 1 BR / 1 BA | 80% | 31 | |
| 2 BR / 1 BA | 30% | 14 | 14 |
| 2 BR / 1 BA | 40% | 2 | |
| 2 BR / 1 BA | 60% | 31 | |
| 2 BR / 1 BA | 80% | 43 | |
| 3 BR / 2 BA | 30% | 4 | 4 |
| 3 BR / 2 BA | 40% | 17 | |
| 3 BR / 2 BA | 60% | 1 | |
| 3 BR / 2 BA | 80% | 2 | |
| 4 BR / 2 BA | 30% | 4 | 4 |
| 4 BR / 2 BA | 40% | 26 | |
| **Total** | | **181** | **28** |

| Unit Mix as Approved | | | |
|---|---|---|---|
| Bed Rooms/Bath Rooms | AMI % | Unit Count | ELI Count |
| 1 BR / 1 BA | 60% | 5 | 14 |
| 1 BR / 1 BA | 30% | 14 | |
| 1 BR / 1 BA | 80% | 2 | |
| 1 BR / 1 BA | 80% | 67 | |
| 2 BR / 1 BA | 30% | 9 | 9 |
| 2 BR / 1 BA | 40% | 7 | |
| 2 BR / 1 BA | 40% | 11 | |
| 2 BR / 1 BA | 80% | 28 | |
| 3 BR / 2 BA | 30% | 4 | 4 |
| 3 BR / 2 BA | 40% | 17 | |
| 4 BR / 2 BA | 30% | 4 | 4 |
| 4 BR / 2 BA | 40% | 20 | |
| **Total** | | **188** | **31** |

| Set-Asides At Application Average Income Test | | |
|---|---|---|
| AMI% | Unit Count | % of Units |
| 30% | 28 | 15.470% |
| 40% | 44 | 24.309% |
| 60% | 32 | 17.680% |
| 80% | 77 | 42.541% |
| **Total** | **181** | **100.000%** |
| **Average AMI** | | **59.006%** |

| Set-Asides As Approved Average Income Test | | |
|---|---|---|
| AMI% | Unit Count | % of Units |
| 30% | 31 | 16.489% |
| 40% | 55 | 29.255% |
| 60% | 5 | 2.660% |
| 80% | 97 | 51.596% |
| **Total** | **188** | **100.000%** |
| **Average AMI** | | **59.521%** |

5. The Applicant submitted a request to FHFC on September 20, 2023 to change the unit characteristics in each building type as outlined below. FHFC Staff approved the change on September 22, 2023.

| Construction Type | Number of Units | |
|---|---|---|
| | At Application | As Approved |
| Garden-ESS | 30 | 30 |
| Mid-Rise-ESS | 151 | 158 |
| **Total** | **181** | **188** |

6. At the time of Application, the Applicant had not selected a General Contractor ("GC"). The Applicant has since selected Hennessy Construction Services Corp. ("Hennessy") as the GC.

These changes have no substantial material impact to the SAIL, ELI, NHTF, and HC recommendations for this Development.

Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?

Florida Housing's Past Due Report dated October 18, 2023 reflects the following past due item(s): None

Florida Housing's Asset Management Noncompliance Report dated October 18, 2023 reflects the following noncompliance items:

- Tampa Housing Authority:
  - Oaks at Riverview
    - 2022 Annual Management Review:
      - Failure to document eligibility upon occupancy.
      - Failure to provide tenant programs.
      - Failure to meet overall set-aside requirement.
      - Failure to meet Uniform Physical Condition Standards ("UPCS") for units.

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the annual HC Allocation Recommendation herein.

Strengths:

1. Per the Market Study, Walter Duke + Partners ("WDP") states the capture rates are low and indicate there is sufficient demand for the subject units and average occupancy for the comparables within the Subject's Primary Market Area ("PMA") is 99.1%.
2. Although the Borrower and managing member are newly formed, the Developer, its Principals, General Contractor, and the management company all have sufficient experience and financial resources to develop, construct and operate the proposed Development.

Other Considerations: None

Waiver Requests/Special Conditions: None

Additional Information:

1. BofA is both the construction lender and the syndicator for this transaction causing a substantial user issue. As a result, the HFAHC will have to limit the Issuer Fees during the construction period.

Issues and Concerns:

1. Per the email dated November 1, 2023 from BofA confirming the updated equity installments, the first equity installment fails to meet the 15% requirement.

Mitigating Factors:

1. BofA acknowledged this will be adjusted prior to closing in an email dated November 1, 2023. This is also listed as a condition to close.

Recommendation:

SMG recommends a SAIL Third Mortgage of $2,000,000$0, an ELI Fourth Mortgage of $750,000, and a National Housing Trust Fund ("NHTF") Fifth Mortgage of $1,450,000. SMG also recommends an Annual HC allocation of $3,270,909 be awarded to the Development for construction and permanent financing.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the SAIL, ELI and NHTF Loan Conditions and HC Allocation Recommendation and Contingencies (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

| Prepared by: | Reviewed by: |
|---|---|
| Barbara Smith | |
| Barbara Smith<br>Associate Credit Underwriter | Josh Scribner<br>Credit Underwriting Manager |

## Overview

### Construction Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|---|---|---|---|---|---|---|
| First Mortgage | BofA - HFAHC MMRN | $44,500,000 | $42,000,000 | $42,000,000 | 8.43% | $5,177,927 |
| Second Mortgage | SWAP Mortgage | $0 | $0 | $0 | 6.32% | $0 |
| Third Mortgage | FHFC - SAIL | $2,000,000 | $2,000,000 | $2,000,000 | 1.00% | $29,233 |
| Fourth Mortgage | FHFC - SAIL ELI | $750,000 | $750,000 | $750,000 | 0.00% | $0 |
| Fifth Mortgage | FHFC - NHTF | $700,040 | $1,450,000 | $1,450,000 | 0.00% | $0 |
| Sixth Mortgage | Sellers Note | $0 | $1,053,766 | $1,053,766 | 4.83% | $74,394 |
| Seventh Mortgage | THA - RAP Loan | $0 | $1,415,810 | $1,415,810 | 4.83% | $99,954 |
| Grant | City of Tampa | $0 | $75,000 | $75,000 | | |
| HC Equity | BofA | $9,381,581 | $9,178,111 | $9,303,989 | | |
| Deferred Developer Fee | Developer | $7,498,785 | $9,427,821 | $9,837,904 | | |
| Deferred Reserves | Development | $0 | $856,743 | $838,668 | | |
| **Total** | | **$64,830,406** | **$68,207,251** | **$68,725,137** | | **$5,381,509** |

Tax Exempt Construction Loan:

Applicant applied for and was approved $44,500,000 in Tax-Exempt Bonds to be issued by the HFAHC for the acquisition and construction of the Development.

Applicant provided a term sheet from BofA dated September 5, 2023, for the purchase of $42,000,000 of Tax-Exempt Notes, the proceeds of which will fund a construction loan to the Applicant. The term sheet requires completion of construction within 30 months from closing, subject to an optional six (6) month extension. According to an email from a representative of BofA dated November 1, 2023, the Tax-Exempt Construction Notes increase to up to $42,800,000 and the interest rate will be a floating rate based upon the Daily Overnight Secured Overnight Financing Rate ("SOFR") plus a spread of 225 basis points and a spread adjustment of 11.448 basis points. As of November 28, 2023, the SOFR was 5.32%. For any future increases, Seltzer has included an underwriting cushion of 100 basis points, resulting in an all in interest rate of 8.43%. SMG has sized the construction period first mortgage to $42,000,000. The construction debt service calculation above reflects the MMRN funded at an average of 57% during the construction phase plus 100% during lease-up, for a total of 27 months. An origination fee of 0.75% of the maximum construction loan amount will be payable at loan closing. Repayment will be interest only during the construction period of 30 months, plus the one six-month extension option.

SWAP Mortgage:

The Borrower will enter into a SWAP agreement, secured by a second mortgage, with the SWAP counterparty, Cedar Rapids Bank and Trust company. The SWAP allows the Borrower to pay a fixed interest rate through the term of the first mortgage loan, with the interest rate risk of the SWAP on the Bank/SWAP counterparty. The FHFC SAIL, ELI, NHTF loans will be subordinate to the second mortgage. There is no debt service to be satisfied on or before the maturity of the First Mortgage permanent loan.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of a SAIL in the amount of $2,000,000$0, an ELI loan in the amount of $750,000, a NHTF loan in the amount of $1,450,000, a Sellers

Note in the amount of $1,053,766, a Housing Authority of the City of Tampa ("THA") RAP Loan in the amount of $1,415,810, a City of Tampa grant in the amount of $75,000, Housing Credit equity of $9,303,989, deferred Developer Fee in the amount of $9,837,904 and deferred reserves in the amount of $838,668. See the Permanent Financing section below for details.

## Permanent Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|---|---|---|---|---|---|---|---|---|
| First Mortgage | SFG - HFAHC MMRN | $27,700,000 | $22,975,000 | $22,975,000 | 6.32% | 40 | 18 | $1,578,883 |
| Second Mortgage | SWAP Mortgage | $0 | $0 | $0 | 6.32% | N/A | 18 | $0 |
| Third Mortgage | FHFC - SAIL | $2,000,000 | $2,000,000 | $2,000,000 | 1.00% | N/A | 18 | $20,000 |
| Fourth Mortgage | FHFC - SAIL ELI | $750,000 | $750,000 | $750,000 | 0.00% | N/A | 18 | $0 |
| Fifth Mortgage | FHFC - NHTF | $700,040 | $1,450,000 | $1,450,000 | 0.00% | N/A | 30 | $0 |
| Sixth Mortgage | Sellers Note | $0 | $1,053,766 | $1,053,766 | 4.83% | N/A | 30 | $50,897 |
| Seventh Mortgage | THA - RAP Loan | $0 | $1,415,810 | $1,415,810 | 4.83% | N/A | 30 | $68,384 |
| Grant | City of Tampa | $75,000 | $75,000 | $75,000 | | | | |
| HC Equity | BofA | $29,317,440 | $30,593,704 | $31,013,296 | | | | |
| Def. Developer Fee | Developer | $4,362,926 | $7,893,971 | $7,992,265 | | | | |
| **Total** | | **$64,905,406** | **$68,207,251** | **$68,725,137** | | | | **$1,718,163** |

<u>Tax Exempt Permanent Loan:</u>

Applicant provided a term sheet from SFG dated July 27, 2023 for permanent financing for the Development. Upon the satisfaction of the conditions to conversion, as determined by SFG, SFG will arrange for a tax-exempt forward commitment for a permanent-only loan for the Development under a Tax-Exempt loan structure in the maximum amount of $23,600,000. SMG has sized the permanent first mortgage to $22,975,000.

Loan interest will be fixed by a SWAP Agreement that is calculated to include a 36-month forward rate lock, with the underlying loan accruing interest at a rate of the SOFR swap index plus a spread of 1.55% per annum. Per SFG, as November 8, 2023, the current estimated rate is equal to 6.32%. The term of the loan shall be 18 years with monthly interest only payments for the first 36 months, then principal and interest payments due to fully amortize the loan over a 40-year schedule with all unpaid principal and interest due at maturity. The loan is subject to a $10,000 loan fee.

The annual HFAHC Issuer Fee of 20 basis points (0.20%), Annual Financial Monitoring Fee of $2,247 and the annual Fiscal Agent Fee of $4,500 are included in the operating pro forma section of this report. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month.

<u>SWAP Mortgage:</u>

The Borrower will enter into a SWAP agreement, secured by a second mortgage, with the SWAP counterparty, Cedar Rapids Bank and Trust company. The SWAP allows the Borrower to pay a fixed interest rate through the term of the first mortgage loan, with the interest rate risk of the SWAP on the Bank/SWAP counterparty. The FHFC SAIL, ELI, NHTF loans will be subordinate to the second mortgage. There is no debt service to be satisfied on or before the maturity of the First Mortgage permanent loan.

<u>SAIL</u>

Borrower applied to FHFC under RFA 2022-205 for SAIL funds in the amount of $2,000,000$0. SAIL will have a total term of 21 years, of which 36 months is for the construction/stabilization period and 18 years is for the permanent period. The SAIL term will be co-terminus with the first mortgage as allowed by Rule

67-48. The SAIL will be non-amortizing with an interest rate of 1.00% over the life of the loan with annual payments based upon available cash flow. Any unpaid interest will be deferred until cash flow is available. At the maturity of the SAIL, however, all principal and unpaid interest is due. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month. The Compliance Monitoring Fee is based on an annual multiple program fee of $1,023.

ELI Loan

Applicants who submitted an Application under RFA 2022-205 are also eligible for ELI Loan funding for the required ELI set-aside units not to exceed the lesser of (a) $750,000; or (b) the maximum amount based on the ELI set-aside per unit limits; for 10% of the total units. The ELI Loan is in the form of a forgivable loan in an amount of $750,000. The ELI AMI for Hillsborough County is 30%. The Borrower committed to set aside 16.489% of the total units (31 units) at or below 30% of AMI for ELI. The ELI Loan is non-amortizing with an interest rate of 0.00% per annum over the life of the loan. The principal is forgivable at maturity provided the units for which the ELI Loan amount is awarded are targeted to ELI Households for the first 15 years of the 50-year Compliance Period. The Persons with Special Needs set-aside requirement must be maintained throughout the entire 50-year Compliance Period. The ELI Loan will have a total term of 21 years, of which 36 months is for the construction/stabilization period and 18 years is for the permanent period. The ELI loan term will be co-terminus with the first mortgage as allowed by the RFA. Annual payments of all applicable fees will be required. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of $1,023.

NHTF Loan

Applicants who submitted an Application for RFA 2022-205 are also eligible for NHTF Loan funding to subsidize additional deep targeted units for Persons with Special Needs (“NHTF Link units”). The Applicant was selected to receive a NHTF Loan in the form of a forgivable loan in an amount of $1,450,000 and is required to designate five (5) units as NHTF units targeted for Persons with Special Needs at or below 22% of AMI. This set-aside requirement is in addition to the ELI set-aside commitments.

The NHTF Loan is non-amortizing loan with an interest rate of 0.00% per annum. The principal is forgivable at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Link units for the first 30 years of the 50 year Compliance Period. After 30 years, all of the NHTF Link units may convert to serve residents at or below 60% of AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period. The NHTF Loan will have a total term of 33 years, of which 36 months is for the construction/stabilization period and 30 years is for the permanent period. The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month, subject to a minimum of $236 per month and the Compliance Monitoring Fee is based on an annual multiple program fee of $1,023.

Seller’s Note:

As reflected in draft Mortgage Note dated December 21, 2023, the THA will loan the Applicant $1,053,766 for the construction and permanent financing of the Development. The loan will have a term of 30 years with an interest rate equal to the long-term annual compounding Applicable Federal Rate

("AFR"). As of October 26, 2023, the long-term AFR rate was 4.83%. Principal and interest payments shall be paid annually based on the available cash after repayment of all outstanding deferred Developer Fees, outstanding debt of the general partner of the Partnership and guarantor, amounts owed to the limited partner of the Partnership under the tax credit guarantee, repayment of the THA RAP Loan, based on operations of the proposed Development rental housing.

<u>THA-RAP Loan:</u>

According to the draft Mortgage Note dated December 21, 2023, the THA will loan $1,415,810 to the Development for construction and permanent financing. The loan will have a term of 30 years with an interest rate equal to the long-term AFR. As of October 26, 2023, the long-term AFR rate was 4.83%. Principal and interest payments shall be paid annually based on the available cash after repayment of all outstanding deferred Developer Fees, outstanding debt of the general partner of the Partnership and guarantor, amounts owed to the limited partner of the Partnership under the tax credit guarantee, based on operations of the proposed Development rental housing.

<u>City of Tampa Grant:</u>

Per an executed Local Government Verification of Contribution form and the draft Declaration of Affordable Housing Restrictive Covenants, the City of Tampa intends to provide a grant to the Applicant in the amount of $75,000 for the purposes of the construction and permanent financing of the Development.

<u>Housing Credits Equity Investment:</u>

The Borrower has applied to Florida Housing to receive 4% Housing Credits directly from the United States Treasury in conjunction with tax-exempt bond financing. A HC calculation is contained in Exhibit 4 of this credit underwriting report.

Based on the October 3, 2023 draft Amended and Restated Agreement of Limited Partnership ("A&R LPA"), and subsequent email dated November 1, 2023, BofA will provide HC equity as follows:

| Capital Contributions | Amount | Percent of Total | When Due |
|---|---|---|---|
| 1st Installment | $4,651,994 | 15.00% | Closing |
| 2nd Installment | $1,550,665 | 5.00% | 50% Completion |
| 3rd Installment | $3,101,330 | 10.00% | 90% Completion |
| 4th Installment | $21,209,307 | 68.39% | Conversion |
| 5th Installment | $500,000 | 1.61% | 8609s |
| Total | $31,013,296 | 100.00% | |

| | |
|---|---|
| Annual Tax Credits per Syndication Agreement: | $3,264,884 |
| Total HC Available to Syndicator (10 years): | $32,645,575 |
| Syndication Percentage (investor member interest): | 99.990% |
| Calculated HC Exchange Rate (per dollar): | $0.95 |
| Proceeds Available During Construction: | $9,303,989 |

The first installment, in the amount of $4,651,994, or 14.99% of the total net equity, fails to meet the RFA requirement that 15% of the total equity must be contributed at or prior to the closing. Per the email from BofA dated November 1, 2023, this will be updated prior to closing to meet the 15% RFA requirement.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds and capital contributions payable under the A&R LPA and subsequent email dated November 1, 2023 have been received, the Developer will have to defer $7,992,265, or 79.82%, of Developer Fees.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accessory Buildings | | $3,834,269 | $4,256,039 | $22,639 | |
| Demolition | | | | $0 | $0 |
| Installation of Pre Fab Units | | | | $0 | |
| New Rental Units | $34,752,000 | $33,707,540 | $33,285,936 | $177,053 | $244,650 |
| Off-Site Work | | | | $0 | $0 |
| Recreational Amenities | | | | $0 | |
| Site Work | $1,400,000 | $1,070,000 | $1,069,834 | $5,691 | $160,475 |
| Swimming Pool | | | | $0 | |
| Furniture, Fixture, & Equipment | | | | $0 | |
| Hard Cost Contingency - in Constr. Cont. | | | | $0 | |
| Constr. Contr. Costs subject to GC Fee | $36,152,000 | $38,611,809 | $38,611,809 | $205,382 | $405,125 |
| General Conditions | $1,687,093 | $2,316,709 | $4,247,299 | $22,592 | |
| Overhead | $1,687,093 | $772,236 | | $0 | |
| Profit | $1,687,093 | $1,158,354 | | $0 | |
| Contract Costs not subject to GC Fee | | | | $0 | |
| Total Construction Contract/Costs | $41,213,278 | $42,859,108 | $42,859,108 | $227,974 | $405,125 |
| Hard Cost Contingency | $2,060,663 | $2,142,955 | $2,142,955 | $11,399 | |
| PnP Bond paid outside Constr. Contr. | $250,007 | $259,511 | $262,950 | $1,399 | |
| FF&E paid outside Constr. Contr. | $205,000 | $129,500 | $129,500 | $689 | |
| **Total Construction Costs:** | **$43,728,948** | **$45,391,074** | **$45,394,513** | **$241,460** | **$405,125** |

*Notes to the Construction Costs:*

1. The Applicant has provided a fully executed AIA Document A102-2017 Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price dated September 25, 2023 in the amount of $42,859,108, and Change Order Number One dated November 14, 2023, reducing the contract sum by $594,900, for a revised contract in the amount of $42,859,108 ("GMP" or "GC Contract").

   The contract provides for a date of commencement to be the latest to occur: ten days after Owner records the Notice of Commencement or all applicable building permits by the agencies having jurisdiction over the project required to perform all work. Substantial completion will be no later than 671 days (or approximately 22 months) from the date of commencement. Ten (10%) percent retainage will be withheld on all work performed up to 50% completion. At 50% completion, 50% of the retainage shall be paid and five percent retainage will be withheld thereafter on amounts due. Upon substantial completion, retainage will be reduced to an amount equal to 150% of the reasonable value of Punch List mutually agreed upon between Owner and Contractor and with the approval of the Owner's Lender. This remaining retainage will be paid upon the Contractor's completion of all punch list work and satisfaction of all other conditions' precedent to Final Payment.

   The GMP includes the following allowances:

| | |
|---|---|
| Turnkey site FF&E package | $50,000 |
| Landscape and irrigation | $52,530 |
| Total | $102,530 |

As reflected in the Plan and Cost Analysis ("PCA") completed by On Solid Ground, LLC ("OSG") dated September 26, 2023, and most recently revised on November 17, 2023, OSG considers the allowances to be reasonable.

2. The Development will include the construction of a 2,330 square foot retail space. The cost of constructing the "cold dark shell" for the retail space is estimated to be $244,650 ($105/square foot), which is shown as an HC ineligible expense.
3. SMG received the General Contractor's Certification of Requirements, whereby the General Contractor acknowledges and commits to adhere to all requirements related to a General Contractor as published within Rule Chapters 67-21 and 67-48 ("Rules"), Florida Administrative Code.
4. General Contractor fees as stated are within the 14% maximum per the RFA and Rules.
5. The Hard Cost Contingency for the Development does not exceed 5% of the construction hard costs. This is not included in the construction contract amount; therefore, no general contractor fee is calculated on the hard cost contingency as appropriate.
6. FF&E outside the construction contract includes the cost of gym equipment, tables, chairs, and art work for common areas.
7. SMG engaged and received a PCA from OSG. Complete results are set forth in Section C of this credit underwriting report.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $50,000 | $50,000 | $50,000 | $266 | $25,000 |
| Appraisal | $7,500 | $8,750 | $8,750 | $47 | |
| Architect's Fee - Site/Building Design | $985,000 | $985,000 | $985,000 | $5,239 | |
| Architect's Fee - Supervision | | | | $0 | |
| Building Permits | $109,775 | $109,775 | $109,775 | $584 | |
| Builder's Risk Insurance | $333,209 | $544,525 | $544,525 | $2,896 | |
| Capital Needs Assessment/Rehab | $10,000 | | | $0 | |
| Engineering Fees | $361,450 | $361,450 | $139,900 | $744 | |
| Environmental Report | $15,000 | $8,200 | $8,200 | $44 | |
| FHFC Administrative Fees | $277,772 | $289,864 | $294,896 | $1,569 | $294,896 |
| FHFC Application Fee | $3,000 | $3,000 | $3,000 | $16 | $3,000 |
| FHFC Credit Underwriting Fee | | $17,500 | $25,652 | $136 | $25,652 |
| FHFC Compliance Fee | $150,000 | $150,000 | $288,235 | $1,533 | $288,235 |
| FHFC Other Processing Fee(s) | | | | $0 | |
| Impact Fee | $470,970 | $310,007 | $496,182 | $2,639 | |
| Lender Inspection Fees / Const Admin | $155,500 | $224,500 | $224,500 | $1,194 | |
| Green Building Cert. (LEED, FGBC, NGBS) | $75,000 | $81,050 | $81,050 | $431 | |
| Home Energy Rating System (HERS) | | | | $0 | |
| Insurance | $512,133 | $428,591 | $428,591 | $2,280 | |
| Legal Fees - Organizational Costs | $583,500 | $205,000 | $205,000 | $1,090 | $102,500 |
| Local Subsidy Underwriting Fee | | | | $0 | |
| Market Study | $7,500 | $5,500 | $5,500 | $29 | $5,500 |
| Marketing and Advertising | $75,000 | $55,000 | $55,000 | $293 | $55,000 |
| Plan and Cost Review Analysis | | $3,800 | $3,800 | $20 | |
| Property Taxes | $85,975 | | | $0 | |
| Soil Test | | | | $0 | |
| Survey | $60,000 | $30,000 | $30,000 | $160 | $7,500 |
| Tenant Relocation Costs | | | | $0 | |
| Title Insurance and Recording Fees | $311,140 | $319,589 | $319,589 | $1,700 | $79,897 |
| Traffic Study | | | | $0 | |
| Utility Connection Fees | $284,043 | $310,007 | $231,151 | $1,230 | |
| Soft Cost Contingency | $274,923 | $433,538 | $251,537 | $1,338 | |
| Other: Building and Site Security | $120,000 | $100,000 | $100,000 | $532 | $100,000 |
| **Total General Development Costs:** | **$5,318,390** | **$5,034,645** | **$4,889,833** | **$26,010** | **$987,180** |

*Notes to the General Development Costs:*

1. Architect's Fees for Site/Building Design are based on the Agreement between Owner and Architect, Zyscovich, Inc. dated October 11, 2022.
2. Engineering Fees are based on the Professional Services Agreement by and between Cardno Inc. and the Applicant dated October 11, 2022.
3. The FHFC Administrative Fee is based on 9% of the recommended annual allocation of HC. The FHFC Application Fee is reflective of the application fees stated in RFA 2022-205. The total FHFC Credit Underwriting Fees are $25,652 for SAIL, ELI, NHTF and HC as outlined in the Invitation to Credit Underwriting. The Compliance Fee is estimated based on 2023 Compliance Fee Calculator Spreadsheet.

4. Green Building Certification Fee is based on the Consultant Agreement for NGBS Green Building Certification Consulting Services between Owner and REAL Building Consultants LLC, dated March 21, 2023.
5. Impact fees are based on an estimate provided by the Applicant and supported by the Hillsborough County School Impact Fees Revenue Calculations and the City of Tampa Construction Services Division estimates provided by the Applicant, both dated November 12, 2021 for a similar development.
6. Utility Connection Fees based on the Conditional Commitment for Water Service from the City of Tampa Water Department Development Services dated October 2, 2023.
7. Soft cost contingency is within the 5% as allowed per the RFA and Rules.
8. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Application Fee | | | | $0 | |
| Construction Loan Underwriting Fee | | | | $0 | |
| Construction Loan Origination Fee | $896,375 | $315,000 | $315,000 | $1,676 | |
| Construction Loan Closing Costs | $1,349,084 | | | $0 | |
| Construction Loan Interest | $3,582,250 | $4,410,000 | $5,177,927 | $27,542 | $1,505,574 |
| Permanent Loan Origination Fee | $10,000 | $10,000 | $10,000 | $53 | $10,000 |
| Permanent Loan Closing Costs | $72,000 | $15,000 | | $0 | $0 |
| Local HFA Note Application Fee | | $42,000 | $45,750 | $243 | $45,750 |
| Local HFA Note Underwriting Fee | | $17,500 | $16,489 | $88 | $16,489 |
| Local HFA Note Origination Fee | | | | $0 | $0 |
| Local HFA Note Fiscal Agent Fee | | $15,750 | $15,750 | $84 | $15,750 |
| Local HFA Note Cost of Issuance | | $412,000 | $316,830 | $1,685 | $316,830 |
| Local HFA Legal - Issuer's Counsel | | $12,000 | $12,000 | $64 | $12,000 |
| Local HFA Legal - Lender's Counsel | | $75,000 | $75,000 | $399 | $75,000 |
| SAIL Commitment Fee | | $20,000 | $20,000 | $106 | $20,000 |
| SAIL Closing Costs | | | $12,500 | $66 | $12,500 |
| SAIL-ELI Commitment Fee | | | $7,500 | $40 | $7,500 |
| SAIL-ELI Closing Costs | | | $6,500 | $35 | $6,500 |
| SAIL-ELI Servicing Fee | | | | $0 | $0 |
| NHTF Subsidy Layering Review | | | $2,576 | $14 | $2,576 |
| NHTF Commitment Fee | | | | $0 | $0 |
| NHTF Closing Costs | | | $12,500 | $66 | $12,500 |
| NHTF Servicing Fee | | | | $0 | $0 |
| Legal Fees - Financing Costs | | $176,500 | $176,500 | $939 | $176,500 |
| Placement Agent/Underwriter Fee | | $45,000 | $37,500 | $199 | $37,500 |
| Other: Issuer Bond Paydown Fee | | $47,563 | $50,250 | $267 | $50,250 |
| Other: Syndication Due Dilligence | | $65,000 | $65,000 | $346 | $65,000 |
| Other: Misc Financing Fees | | $20,000 | | $0 | |
| **Total Financial Costs:** | **$5,909,709** | **$5,698,313** | **$6,375,572** | **$33,913** | **$2,388,219** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$54,957,047** | **$56,124,032** | **$56,659,918** | **$301,383** | **$3,780,525** |

*Notes to the Financial Costs:*

1. Construction Origination Fee of $315,000 is 0.75% of the maximum BofA construction loan amount of $42,000,000.

2. Construction Loan Interest is based on SMG's estimate. Interest is based on the construction completion and absorption estimates included in the construction schedule and Market Study. The estimate assumes an "all-in" interest rate of 8.43%, a construction/stabilization period of 30 months, and 57% of the loans outstanding (on average) during the construction schedule.
3. Permanent Loan Origination Fee is based on a $10,000 loan fee per SFG.Local HFA Bond Cost of Issuance includes fees and expenses of the Issuer, Counsel, Fiscal Agent Fee, Servicer Fee, Legal, Conversion Fee and other fees estimated by RBC.
4. SAIL Commitment Fee consists of a SAIL commitment fee equal to 1% of the SAIL amount.
5. SAIL-ELI Commitment Fee consists of an ELI commitment fee equal to 1% of the ELI Loan amount.
6. NHTF Subsidy Layering Review represents the cost of the Subsidy Layering Review required by the NHTF loan.
7. The SAIL, SAIL-ELI and NHTF closing costs are $12,500, $6,500 and $12,500, respectively, for FHFC legal counsel fees.
8. Placement Agent/Underwriter Fees is RBC's Placement Agent Fee.
9. Other Financial Costs are based on the Applicant's estimates, which appear reasonable.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Building | | | $0 | $0 | |
| Building Acquisition Cost | | | $0 | $0 | |
| Developer Fee on Non-Land Acq. Costs | | | $0 | $0 | |
| **Total Non-Land Acquisition Costs:** | **$0** | **$0** | **$0** | **$0** | **$0** |

*Notes to the Non-Land Acquisition Costs:*

1. Since this is a new construction development, there are no non-land acquisition costs.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $9,598,359 | $10,012,710 | $10,012,710 | $53,259 | |
| DF to fund Operating Debt Reserve | | | | $0 | |
| DF to Excess Land Costs | | | | $0 | |
| DF to Consultant Fees | | | | $0 | |
| DF to Guaranty Fees | | | | $0 | |
| Other: Admin Expenses | | $10,000 | $10,000 | $53 | |
| **Total Other Development Costs:** | **$9,598,359** | **$10,022,710** | **$10,022,710** | **$53,312** | **$0** |

*Notes to the Other Development Costs:*

1. Developer Fee does not exceed 18% of the Development's construction cost, exclusive of land acquisition costs and reserves, as required per the RFA and Rules.
2. Admin expenses are the Developer's estimate of general admin expenses including printing, shipping, notary, etc.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Land | $0 | | $0 | $0 | $0 |
| Land Lease Payment | | $1,053,766 | $1,053,841 | $5,606 | $1,053,841 |
| Land Carrying Costs | | | | $0 | $0 |
| **Total Acquisition Costs:** | **$0** | **$1,053,766** | **$1,053,841** | **$5,606** | **$1,053,841** |

*Notes to the Land Acquisition Costs:*

1. According to the draft Ground Lease between the THA and the Applicant, with a commencement date of December 21, 2023, there is a $1 annual base rent due in full for the seventy-five-year term as of the effective date of the Ground Lease.

   Additionally, there is a one-time capital lease payment in the amount of $1,053,766, which shall be paid in the form of a promissory note with an interest rate equal to the long term AFR rate and a thirty-year loan term. As of October 26, 2023, the rate was 4.83%.

   The appraised value of the vacant land is $4,700,000, which supports the capital lease payment.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Operating Deficit Reserve (FHFC) | | | | $0 | $0 |
| Operating Deficit Reserve (Lender) | | | | $0 | $0 |
| Operating Deficit Reserve (Syndicator) | | $800,343 | $782,268 | $4,161 | $782,268 |
| Debt Service Coverage Reserve (FHFC) | | | | $0 | $0 |
| Debt Service Coverage Reserve (Lender) | | | | $0 | $0 |
| Debt Service Coverage Reserve (Syndicator) | | | | $0 | $0 |
| Replacement Reserves (FHFC) | | | | $0 | $0 |
| Replacement Reserves (Lender) | | | | $0 | $0 |
| Replacement Reserves (Syndicator) | | $56,400 | $56,400 | $300 | $56,400 |
| Reserves - Start-Up/Lease-up Expenses | | $150,000 | $150,000 | $798 | $150,000 |
| Reserves - Working Capital | | | | $0 | $0 |
| **Total Reserve Accounts:** | **$0** | **$1,006,743** | **$988,668** | **$5,259** | **$988,668** |

*Notes to Reserve Accounts:*

1. Operating Deficit Reserve is the Operating Deficit Reserve ("ODR") required by the Syndicator (BofA). In exchange for receiving funding from FHFC, FHFC reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from FHFC, any outstanding FHFC fees, any unpaid costs incurred in the completion of the Development (i.e. deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement) whereby its final disposition remains under this same restriction. The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by FHFC. In no event, shall the payment of amounts to the Applicant or the Developer from

any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in the RFA.

At the end of the compliance period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the compliance period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Legal Counsel and its Servicer.

2. Replacement Reserve is the Replacement Reserve required by the Syndicator (BofA).
3. Start-Up/Lease-up Expenses is an estimate provided by the Applicant and appears reasonable.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $64,555,406 | $68,207,251 | $68,725,137 | $365,559 | $5,823,034 |

*Notes to the Total Development Costs:*

1. Per RFA 2022-205, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The Applicant has indicated a construction type of Garden – ESSC Construction (30 units) and Mid-Rise – ESSC Construction (158 units), which has a combined maximum allowable per unit cost of $435,906.38 . The Development's final TDC per unit is $354,694.83 .

## Operating Pro Forma

| OPERATING PRO FORMA | | | | ANNUAL | PER UNIT |
|---|---|---|---|---|---|
| INCOME | Gross Potential Rental Income | | | $3,494,004 | $18,585 |
| | Other Income: | | | | |
| | | Ancillary Income- Retail Space | | $0 | $0 |
| | | Miscellaneous | | $47,000 | $250 |
| | Gross Potential Income | | | $3,541,004 | $18,835 |
| | Less: | | | | |
| | | Economic Loss - Percentage: | 0.0% | $0 | $0 |
| | | Physical Vacancy Loss - Percentage: | 2.0% | ($70,820) | ($377) |
| | | Collection Loss - Percentage: | 1.0% | ($35,410) | ($188) |
| Total Effective Gross Revenue | | | | $3,434,774 | $18,270 |
| EXPENSES | Fixed: | | | | |
| | | Real Estate Taxes | | $327,352 | $1,741 |
| | | Insurance | | $282,000 | $1,500 |
| | | Other | | $0 | $0 |
| | Variable: | | | | |
| | | Management Fee - Percentage: | 4.0% | $137,391 | $731 |
| | | General and Administrative | | $84,600 | $450 |
| | | Payroll Expenses | | $263,200 | $1,400 |
| | | Utilities | | $141,000 | $750 |
| | | Marketing and Advertising | | $5,640 | $30 |
| | | Maintenance and Repairs | | $69,560 | $370 |
| | | Grounds Maintenance and Landscaping | | $0 | $0 |
| | | Resident Programs | | $0 | $0 |
| | | Contract Services | | $71,440 | $380 |
| | | Security | | $0 | $0 |
| | | Other-Association Fee | | $35,000 | $186 |
| | Reserve for Replacements | | | $56,400 | $300 |
| Total Expenses | | | | $1,473,583 | $7,838 |
| Net Operating Income | | | | $1,961,191 | $10,432 |
| Debt Service Payments | | | | | |
| DEBT SERVICE | | First Mortgage - SFG - HFAHC MMRN | | $1,529,980 | $8,138 |
| | | Second Mortgage - SWAP Mortgage | | $0 | $0 |
| | | Third Mortgage - FHFC - SAIL | | $20,000 | $106 |
| | | Fourth Mortgage - FHFC - SAIL ELI | | $0 | $0 |
| | | Fifth Mortgage - FHFC - NHTF | | $0 | $0 |
| | | Sixth Mortgage - Sellers Note | | $50,897 | $271 |
| | | All Other Mortgages - | | $68,384 | $364 |
| | | First Mortgage Fees - SFG - HFAHC MMRN | | $68,238 | $363 |
| | | Second Mortgage Fees - SWAP Mortgage | | $0 | $0 |
| | | Third Mortgage Fees - FHFC - SAIL | | $6,023 | $32 |
| | | Fourth Mortgage Fees - FHFC - SAIL ELI | | $3,855 | $21 |
| | | Fifth Mortgage Fees - FHFC - NHTF | | $4,648 | $25 |
| | | Sixth Mortgage Fees - Sellers Note | | $0 | $0 |
| | | All Other Mortgages Fees - | | $0 | $0 |
| Total Debt Service Payments | | | | $1,752,025 | $9,319 |
| Cash Flow After Debt Service | | | | $209,166 | $1,113 |

| Debt Service Coverage Ratios | |
|---|---|
| DSC - First Mortgage plus Fees | 1.227 |
| DSC - Second Mortgage plus Fees | 1.227 |
| DSC - Third Mortgage plus Fees | 1.207 |
| DSC - Fourth Mortgage plus Fees | 1.205 |
| DSC - Fifth Mortgage plus Fees | 1.201 |
| DSC - Sixth Mortgage plus Fees | 1.119 |
| DSC - All Mortgages and Fees | 1.119 |

| Financial Ratios | |
|---|---|
| Operating Expense Ratio | 42.9% |
| Break-Even Ratio | 91.2% |

*Notes to the Operating Pro forma and Ratios:*

1. The Development will be utilizing Housing Credits, SAIL, ELI and NHTF which will impose rent restrictions. The Development is projected to achieve 2023 Maximum Allowable HC Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per comparable properties surveyed. The Development will receive RAD/HAP and Section 8 rents from HUD, which equates to the Gross Potential Rental Income as shown in the operating pro forma above.
2. The Development will receive rental assistance via a HAP Contract for 61 units. In connection with the closing of the Project Loan, the HAP contract is anticipated to be modified to reflect a rental increase (effective as of the closing date), and from the closing date. The Subject Development is expected to have 60 units who received Project Based Rental Vouchers. For purposes of income averaging, the balance of the units will be set-aside for tenants earning 80% or less of AMI.
3. The residents will pay for electricity, water, and sewer. The Applicant will pay for common area electric, pest control and trash pick-up. The Utility Allowance ("UA") for the 67 units set aside at 80% AMI is based on the Energy Consumption Model ("ECM") dated August 18, 2023 completed by KN Consultants, LLC. The remaining 121 units UAs are based on the HUD Utility Allowance Chart for the Housing Authority of the City of Tampa, Florida dated April of 2023.

A rent roll for the Development is illustrated in the following table:

Hillsborough County (Tampa - St. Petersburg - Clearwater MSA)

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 5 | 653 | 22% | | | $358 | $163 | $195 | $1,773 | $1,773 | $1,773 | $1,773 | $106,380 |
| 1 | 1.0 | 14 | 653 | 30% | | | $489 | $163 | $326 | $1,773 | $1,773 | $1,773 | $1,773 | $297,864 |
| 1 | 1.0 | 2 | 653 | 80% | | | $1,305 | $163 | $1,142 | $1,773 | $1,773 | $1,773 | $1,773 | $42,552 |
| 1 | 1.0 | 67 | 653 | 80% | | | $1,305 | $122 | $1,183 | | $1,182 | $1,183 | $1,183 | $951,132 |
| 2 | 1.0 | 9 | 977 | 30% | | | $587 | $210 | $377 | $1,081 | $1,081 | $1,113 | $1,081 | $116,748 |
| 2 | 1.0 | 7 | 977 | 40% | | | $783 | $210 | $573 | $1,081 | $1,081 | $1,113 | $1,081 | $90,804 |
| 2 | 1.0 | 11 | 977 | 40% | | | $783 | $210 | $573 | $2,089 | $2,089 | $2,089 | $2,089 | $275,748 |
| 2 | 1.0 | 28 | 977 | 80% | | | $1,566 | $210 | $1,356 | $2,089 | $2,089 | $2,089 | $2,089 | $701,904 |
| 3 | 2.0 | 4 | 1,175 | 30% | | | $678 | $257 | $421 | $1,442 | $1,442 | $1,485 | $1,442 | $69,216 |
| 3 | 2.0 | 17 | 1,175 | 40% | | | $904 | $257 | $647 | $1,442 | $1,442 | $1,485 | $1,442 | $294,168 |
| 4 | 2.0 | 4 | 1,544 | 30% | | | $756 | $303 | $453 | $1,901 | $1,901 | $1,958 | $1,901 | $91,248 |
| 4 | 2.0 | 20 | 1,544 | 40% | | | $1,009 | $303 | $706 | $1,901 | $1,901 | $1,958 | $1,901 | $456,240 |
| | | 188 | 172,930 | | | | | | | | | | | $3,494,004 |

4. Ancillary Income – Retail Space includes the Appraiser's estimated net annual retail income for the 2,330 square feet of ground floor retail space within the 5-story mid-rise building.

5. Miscellaneous income includes application fees, late fees, forfeited security deposits, bad debt recoveries, pet fees, cancellation fees, damages recovered, and other miscellaneous fees estimated at $250 per unit per year.

6. The appraiser estimates a stabilized physical vacancy rate of 2.0% and a collection loss of 1.0% for a physical occupancy of 98% and an economic occupancy of 97%.

7. Management Fees are based upon an undated, draft Management Agreement which states the management fee is equal to 4% of monthly gross income, with a minimum of $5,000 per month. There is also a compliance reporting fee of $4.00 per unit per month payable from available cashflow.

8. There are no additional costs associated with the offered resident programs.

9. The Association Fee is the Applicant's estimate for the cost of the retention pond and other common area facilities, which appears reasonable.

10. Other operating expense estimates are based on comparable properties and are supported by the appraisal.

11. Replacement Reserves in the amount of $300 per unit per year meet RFA and Rule requirements.

12. A 15-year income and expense projection reflects increasing debt service coverage ("DSC") through year 15. This projection is attached to this report as Exhibit 1.

13. The break-even ratio when calculated with all debt is 91.2%. If the SAIL, NHTF and Sellers Note payments were excluded as soft-debt, the break-even ratio would be 89.2%.

## Section B

# Loan Conditions

Special Conditions

These recommendations are contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Receipt and satisfactory review of an executed management agreement not materially different than the draft utilized for credit underwriting.
2. Receipt and satisfactory review of an updated A&R LPA reflecting an initial equity installment of at least 15% of the total equity.
3. Executed Assignment or new contract for 61 RAD/HAP contract rents for the Development with rents greater than, or equal to, those utilized for credit underwriting.
4. Executed Assignment or new contract for 60 Project Based Vouchers (“PBVs”) to the Development with rents greater than, or equal to, those utilized for credit underwriting.
5. FHFC approval of the ECM completed by KN Consultants, LLC dated August 18, 2023.
6. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701 u and 24CFR Part 135).
7. Satisfactory receipt of the Affirmative Fair Housing Marketing Plan.
8. Completion of the HUD Section 3 pre-construction conference.
9. Receipt of executed MOU approved by FHFC.

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and FHFC at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Borrower to comply with any and all recommendations noted in the Plan and Cost Review.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by FHFC, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to FHFC and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of FHFC.
3. Final “as permitted” (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.

6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL, ELI and NHTF Loan Proceeds shall be disbursed pro rata with other funding sources during the construction or rehabilitation phase, unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

7. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.
Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

8. Evidence of general liability, flood (if applicable), builder's risk and replacement cost hazard insurance (as certificates of occupancy are received) reflecting FHFC as Loss Payee / Mortgagee, with coverage's, deductibles and amounts satisfactory to FHFC, and as applicable, the FHFC Insurance Guide.

9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect FHFC'S interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a FHFC-approved alternate security for the General Contractor's performance such as a letter of credit issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to FHFC, its Servicer and its Legal Counsel.

10. Architect, Construction Consultant, and Borrower certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.

11. A copy of an Amended and Restated Operating Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Operating Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its Legal Counsel.

12. Satisfactory resolution of any outstanding past due and/or noncompliance items.

13. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development team (Applicant or

Developer or Principal, Affiliate or Financial Beneficiary, as described in in 67-21.0025 (5) and 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

14. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Borrower will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

15. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to Applicant or the Developer from the Reserve Account cause the Developer fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to FHFC, its Servicer and its Legal Counsel.

This recommendation is contingent upon the review and approval of the following items by FHFC and its Legal Counsel at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Borrower, the general partner/member(s)/principal(s)/manager(s) of the Borrower, the guarantors, and any limited partners/members of the Borrower.

2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by the FHFC, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to the FHFC and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of the FHFC.

3. An acceptable updated Environmental Audit Report, together with a reliance letter to the FHFC, prepared within 90 days of Loan closing, unless otherwise approved by the FHFC, and Legal Counsel, based upon the particular circumstances of the transaction. Borrower to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.

4. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the SAIL, ELI, and NHTF loans naming the FHFC as the insured. All endorsements required by the FHFC shall be provided.

5. The FHFC and its Legal Counsel shall review and approve all other lenders closing documents and the Operating Agreement or other applicable agreement. The FHFC shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.

6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Borrower's Legal Counsel acceptable to the FHFC addressing the following matters:
    a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner/member of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner/member of the GP, of any corporate guarantor and any manager;
    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
    c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;
    d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party or to which the Development is subject to the Borrower's Partnership/Operating Agreement and;
    e. Such other matters as the FHFC or its Legal Counsel may require.
8. Evidence of compliance with local concurrency laws, as applicable.
9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.
10. Such other assignments, affidavits, certificates, financial statements, closing statements, and other documents as may be reasonably requested by the FHFC or its Legal Counsel in form and substance acceptable to the FHFC and its Legal Counsel, in connection with the loan(s).
11. Any other reasonable conditions established by the FHFC and its Legal Counsel.

<u>Additional Conditions</u>

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5087, Florida Statutes, Rule Chapters 67-21, 67-48, 67-53 and 67-60, F.A.C., RFA 2022-205, Section 42 I.R.C., and any other State and Federal requirements.
2. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL, ELI, and NHTF Loans in form and substance satisfactory to the FHFC and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), the Land Use Restriction Agreement(s), and Extended Low Income Housing Agreement(s).
3. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.
4. Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.

5. Guarantors for the SAIL, are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 Debt Service Coverage ("DSC") on the combined Permanent First Mortgage and SAIL as determined by the FHFC or the Servicer, and 90% Occupancy and 90% of Gross Potential Rental Income net of Utility Allowances, if applicable, for a period 12 consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the DSC Ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.
6. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.
7. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.
8. A mortgagee title insurance lender's policy naming the FHFC as an insured mortgage holder in the amount of the SAIL, ELI and NHTF Loans is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to the FHFC or its Legal Counsel. All endorsements that are required by the FHFC are to be issued and the form of the title policy must be approved prior to closing.
9. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by the FHFC's loan servicing agent, the release of funds shall be at the FHFC's sole discretion.
10. Replacement Reserves in the minimum amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Fiscal Agent, or the FHFC's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of $56,400 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for year 1, then escalating at 3.00% per year thereafter. The initial Replacement Reserve will have limitations on the ability to be drawn. New construction or Redevelopment Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five years of replacement reserves per unit. The amount established as a Replacement Reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.
11. OSG or other construction inspector acceptable for the FHFC is to act as the FHFC's inspector during the construction period.
12. Under the Development's construction contract, retainage shall be limited to 10% of the contract until the work is 50% complete. At 50% completion, 50% of the retainage shall be paid and 5% retainage

will be withheld thereafter on amounts due. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies the RFA and Rules minimum requirement.

13. Satisfactory completion of a pre-loan closing compliance audit conducted by the FHFC or its Servicer, if applicable.
14. Closing of all funding sources prior to or simultaneous with the closing of the SAIL, ELI and NHTF Loans.
15. Any other reasonable requirements of the Servicer, the FHFC, or its Legal Counsel.

## Housing Credit Allocation Recommendation

Seltzer Management Group, Inc. recommends a preliminary annual Housing Credit allocation of $3,270,909. Please see the HC Allocation Calculation section of this report for further details.

**Contingencies**

The HC allocation recommendation is contingent upon the receipt and satisfactory review of the following items by SMG and the Florida Housing Finance Corporation by the deadline established in the Preliminary HC Allocation. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. All items listed under the Special Conditions section of the Loan Conditions to Close.
2. Satisfactory resolution of any outstanding past due items and/or noncompliance items.
3. Any reasonable requirements of Florida Housing, SMG or its Legal Counsel.

**Exhibit 1**
**The Canopy at West River Towers 3 and 4**
**15 Year Income and Expense Projection**

| | FINANCIAL COSTS: | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | | |
| | Gross Potential Rental Income | | $3,494,004 | $3,563,884 | $3,635,162 | $3,707,865 | $3,782,022 | $3,857,663 | $3,934,816 | $4,013,512 | $4,093,783 | $4,175,658 | $4,259,171 | $4,344,355 | $4,431,242 | $4,519,867 | $4,610,264 |
| | Rent Subsidy (ODR) | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Other Income: | | | | | | | | | | | | | | | | |
| | Ancillary Income-Retail Space | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Miscellaneous | | $47,000 | $47,940 | $48,899 | $49,877 | $50,874 | $51,892 | $52,930 | $53,988 | $55,068 | $56,169 | $57,293 | $58,439 | $59,607 | $60,800 | $62,016 |
| | Washer/Dryer Rentals | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| INCOME | Cable/Satellite Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Rent Concessions | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Alarm Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Gross Potential Income | | $3,541,004 | $3,611,824 | $3,684,061 | $3,757,742 | $3,832,897 | $3,909,555 | $3,987,746 | $4,067,501 | $4,148,851 | $4,231,828 | $4,316,464 | $4,402,793 | $4,490,849 | $4,580,666 | $4,672,280 |
| | Less: | | | | | | | | | | | | | | | | |
| | Economic Loss - Percentage: | | | | | | | | | | | | | | | | |
| | Physical Vacancy Loss - Percentage: | 2.0% | ($70,820) | ($72,236) | ($73,681) | ($75,155) | ($76,658) | ($78,191) | ($79,755) | ($81,350) | ($82,977) | ($84,637) | ($86,329) | ($88,056) | ($89,817) | ($91,613) | ($93,446) |
| | Collection Loss - Percentage: | 1.0% | ($35,410) | ($36,118) | ($36,841) | ($37,577) | ($38,329) | ($39,096) | ($39,877) | ($40,675) | ($41,489) | ($42,318) | ($43,165) | ($44,028) | ($44,908) | ($45,807) | ($46,723) |
| | **Total Effective Gross Revenue** | | $3,434,774 | $3,503,469 | $3,573,539 | $3,645,010 | $3,717,910 | $3,792,268 | $3,868,113 | $3,945,476 | $4,024,385 | $4,104,873 | $4,186,970 | $4,270,710 | $4,356,124 | $4,443,246 | $4,532,111 |
| | Fixed: | | | | | | | | | | | | | | | | |
| | Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Sub-Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Real Estate Taxes | | $327,352 | $337,173 | $347,288 | $357,706 | $368,438 | $379,491 | $390,875 | $402,602 | $414,680 | $427,120 | $439,934 | $453,132 | $466,726 | $480,727 | $495,149 |
| | Insurance | | $282,000 | $290,460 | $299,174 | $308,149 | $317,393 | $326,915 | $336,723 | $346,824 | $357,229 | $367,946 | $378,984 | $390,354 | $402,065 | $414,127 | $426,550 |
| | Other | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Variable: | | | | | | | | | | | | | | | | |
| | Management Fee - Percentage: | 4.0% | $137,391 | $140,139 | $142,942 | $145,800 | $148,716 | $151,691 | $154,725 | $157,819 | $160,975 | $164,195 | $167,479 | $170,828 | $174,245 | $177,730 | $181,284 |
| | General and Administrative | | $84,600 | $87,138 | $89,752 | $92,445 | $95,218 | $98,075 | $101,017 | $104,047 | $107,169 | $110,384 | $113,695 | $117,106 | $120,619 | $124,238 | $127,965 |
| EXPENSES | Payroll Expenses | | $263,200 | $271,096 | $279,229 | $287,606 | $296,234 | $305,121 | $314,275 | $323,703 | $333,414 | $343,416 | $353,719 | $364,330 | $375,260 | $386,518 | $398,114 |
| | Utilities | | $141,000 | $145,230 | $149,587 | $154,075 | $158,697 | $163,458 | $168,361 | $173,412 | $178,615 | $183,973 | $189,492 | $195,177 | $201,032 | $207,063 | $213,275 |
| | Marketing and Advertising | | $5,640 | $5,809 | $5,983 | $6,163 | $6,348 | $6,538 | $6,734 | $6,936 | $7,145 | $7,359 | $7,580 | $7,807 | $8,041 | $8,283 | $8,531 |
| | Maintenance and Repairs | | $69,560 | $71,647 | $73,796 | $76,010 | $78,290 | $80,639 | $83,058 | $85,550 | $88,117 | $90,760 | $93,483 | $96,287 | $99,176 | $102,151 | $105,216 |
| | Grounds Maintenance and Landscaping | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Resident Programs | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Contract Services | | $71,440 | $73,583 | $75,791 | $78,064 | $80,406 | $82,819 | $85,303 | $87,862 | $90,498 | $93,213 | $96,009 | $98,890 | $101,856 | $104,912 | $108,059 |
| | Security | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Other-Association Fee | | $35,000 | $36,050 | $37,132 | $38,245 | $39,393 | $40,575 | $41,792 | $43,046 | $44,337 | $45,667 | $47,037 | $48,448 | $49,902 | $51,399 | $52,941 |
| | Reserve for Replacements | | $56,400 | $56,400 | $56,400 | $56,400 | $56,400 | $56,400 | $56,400 | $56,400 | $56,400 | $56,400 | $58,092 | $59,835 | $61,630 | $63,479 | $65,383 |
| | **Total Expenses** | | $1,473,583 | $1,514,725 | $1,557,073 | $1,600,664 | $1,645,534 | $1,691,720 | $1,739,263 | $1,788,202 | $1,838,578 | $1,890,433 | $1,945,504 | $2,002,195 | $2,060,552 | $2,120,626 | $2,182,468 |
| | **Net Operating Income** | | $1,961,191 | $1,988,745 | $2,016,466 | $2,044,346 | $2,072,376 | $2,100,547 | $2,128,850 | $2,157,274 | $2,185,807 | $2,214,440 | $2,241,466 | $2,268,515 | $2,295,572 | $2,322,620 | $2,349,643 |
| | **Debt Service Payments** | | | | | | | | | | | | | | | | |
| | First Mortgage - SFG - HFAHC MMRN | | $1,529,980 | $1,529,980 | $1,529,980 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 | $1,578,883 |
| | Second Mortgage - SWAP Mortgage | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Third Mortgage - FHFC - SAIL | | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 | $20,000 |
| | Fourth Mortgage - FHFC - SAIL ELI | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Fifth Mortgage - FHFC - NHTF | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Sixth Mortgage - Sellers Note | | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 | $50,897 |
| DEBT SERVICE | All Other Mortgages - | | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 | $68,384 |
| | First Mortgage Fees - SFG - HFAHC MMRN | | $68,238 | $68,106 | $67,961 | $67,802 | $67,628 | $67,437 | $67,229 | $67,002 | $66,755 | $66,486 | $66,194 | $65,877 | $65,534 | $65,162 | $64,759 |
| | Second Mortgage Fees - SWAP Mortgage | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Third Mortgage Fees - FHFC - SAIL | | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 | $6,023 |
| | Fourth Mortgage Fees - FHFC - SAIL ELI | | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| | Fifth Mortgage Fees - FHFC - NHTF | | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 | $4,648 |
| | Sixth Mortgage Fees - Sellers Note | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | All Other Mortgages Fees - | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | **Total Debt Service Payments** | | $1,752,025 | $1,751,893 | $1,751,748 | $1,800,491 | $1,800,317 | $1,800,126 | $1,799,918 | $1,799,691 | $1,799,444 | $1,799,176 | $1,798,884 | $1,798,567 | $1,798,223 | $1,797,851 | $1,797,448 |
| | **Cash Flow After Debt Service** | | $209,166 | $236,852 | $264,718 | $243,855 | $272,059 | $300,421 | $328,932 | $357,582 | $386,363 | $415,264 | $442,582 | $469,948 | $497,349 | $524,769 | $552,195 |
| | | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | | 1.227 | 1.244 | 1.262 | 1.241 | 1.259 | 1.276 | 1.293 | 1.311 | 1.328 | 1.346 | 1.363 | 1.379 | 1.396 | 1.413 | 1.430 |
| | DSC - Second Mortgage plus Fees | | 1.227 | 1.244 | 1.262 | 1.241 | 1.259 | 1.276 | 1.293 | 1.311 | 1.328 | 1.346 | 1.363 | 1.379 | 1.396 | 1.413 | 1.430 |
| | DSC - Third Mortgage plus Fees | | 1.207 | 1.225 | 1.242 | 1.222 | 1.239 | 1.256 | 1.273 | 1.290 | 1.308 | 1.325 | 1.341 | 1.358 | 1.374 | 1.391 | 1.407 |
| | DSC - Fourth Mortgage plus Fees | | 1.205 | 1.222 | 1.239 | 1.219 | 1.236 | 1.253 | 1.270 | 1.287 | 1.305 | 1.322 | 1.338 | 1.355 | 1.371 | 1.388 | 1.404 |
| | DSC - Fifth Mortgage plus Fees | | 1.201 | 1.218 | 1.235 | 1.216 | 1.233 | 1.250 | 1.267 | 1.284 | 1.301 | 1.318 | 1.335 | 1.351 | 1.367 | 1.384 | 1.400 |
| | DSC - Sixth Mortgage plus Fees | | 1.165 | 1.181 | 1.198 | 1.180 | 1.197 | 1.213 | 1.229 | 1.246 | 1.263 | 1.279 | 1.295 | 1.311 | 1.327 | 1.343 | 1.359 |
| | DSC - All Mortgages and Fees | | 1.119 | 1.135 | 1.151 | 1.135 | 1.151 | 1.167 | 1.183 | 1.199 | 1.215 | 1.231 | 1.246 | 1.261 | 1.277 | 1.292 | 1.307 |
| | **Financial Ratios** | | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | | 42.9% | 43.2% | 43.6% | 43.9% | 44.3% | 44.6% | 45.0% | 45.3% | 45.7% | 46.1% | 46.5% | 46.9% | 47.3% | 47.7% | 48.2% |
| | Break-Even Ratio | | 91.2% | 90.6% | 89.9% | 90.6% | 90.0% | 89.4% | 88.9% | 88.3% | 87.8% | 87.3% | 86.9% | 86.4% | 86.0% | 85.7% | 85.3% |

The Canopy at West River Towers 3 & 4 f/k/a WRDG T4 Phase Two / RFA 2022-205 / 2023-161SN

DESCRIPTION OF FEATURES AND AMENITIES

**A.** The Development will consist of:

30 Garden Apartments located in 1 residential building

158 Units located in 1 Mid-Rise residential building

Unit Mix:

Eighty-Eight (88) one bedroom/one bath units:

Fifty-Five (55) two bedroom/one bath units;

Twenty-One (21) three bedroom/two bath units;

Twenty-Four (24) Four bedroom/two bath units;

188 Total Units

**B.** All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

**C.** The Development must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;

2. Termite prevention;

3. Pest control;

4. Window covering for each window and glass door inside each unit;

5. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

6. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:

   - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number;
   - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
   - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

7. At least two full bathrooms in all 3 bedroom or larger new construction units;

8. Bathtub with shower in at least one bathroom in at least 90% of the new construction non-Elderly units;

9. All Family Demographic Developments must provide a full-size range and oven in all units.

**D.** Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

**E.** The Development must provide the following Accessibility Features in all units:

1. Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;

2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

**F.** In addition to the 5 percent mobility requirement outlined above, all Family Demographic Developments must provide reinforced walls for future installation of horizontal grab bars in place around each tub/shower and toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design.

At the request of and at no charge to a resident household, the Development shall purchase and install grab bars around each tub/shower unit and toilet in the dwelling unit. The product specifications and installation must meet or exceed 2010 ADA Standards for Accessible Design. The Development shall inform a prospective resident that the Development, upon a resident household's request and at no charge to the household, will install grab bars around a dwelling unit's tub/shower unit and toilet, pursuant to the 2010 ADA Standards. At a minimum, the Development shall inform each prospective lessee by including language in the Development's written materials listing and describing the unit's features, as well as including the language in each household's lease.

**G.** Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below and all rehabilitation units are expected to have all of the following required Green Building features unless found to be not appropriate or feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of the RFA:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less,
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher;

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
   - Residential Electric:
     i. Up to 55 gallons = 0.95 EF or 0.92 UEF; or
     ii. More than 55 gallons = Energy Star certified; or
     iii. Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
   - Residential Gas (storage or tankless/instantaneous): Energy Star certified
   - Commercial Gas Water Heater: Energy Star certified;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
   i. Air-Source Heat Pumps – Energy Star certified:
      a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
      b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
   ii. Central Air Conditioners – Energy Star certified:
      a. ≥15 SEER/ ≥12.5 EER* for split systems
      b. ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.
      
      NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and one-bedroom units;

In addition to the required Green Building Features outlined above, proposed Developments with a Development Category of New Construction or Redevelopment, with or without acquisition, must select one of the following Green Building Certification programs:

______ Leadership in Energy and Environmental Design (LEED); or

______ Florida Green Building Coalition (FGBC); or

__X___ ICC 700 National Green Building Standard (NGBS); or

______ Enterprise Green Communities.

**H.** Applicants who select the Family Demographic must provide at least three Resident Programs:

The quality of the Resident Programs committed to by the Applicant is subject to approval of the Board of Directors. The availability of the Resident Programs must be publicized on an ongoing basis such as through community newsletters, bulletin board posts, or flyers.

1. Financial Management Program

The Applicant or its Management Company shall provide a series of classes to provide residents training in various aspects of personal financial management. Classes must be held at least quarterly, consisting of at least two hours of training per quarter, and must be conducted by parties that are qualified to provide training regarding the respective topic area. If the Development consists of Scattered Sites, the Resident Program must be held on the Scattered Site with the most units. Residents residing at the other sites of a Scattered Site Development must be offered transportation, at no cost to them, to the classes. The topic areas must include, but not be limited to:

- Financial budgeting and bill-paying including training in the use of technologies and web-based applications;
- Tax preparation including do’s and don’ts, common tips, and how and where to file, including electronically;
- Fraud prevention including how to prevent credit card and banking fraud, identity theft, computer hacking and avoiding common consumer scams;
- Retirement planning & savings options including preparing a will and estate planning; and
- Homebuyer education including how to prepare to buy a home, and how to access to first-time homebuyer programs in the county in which the development is located.

Different topic areas must be selected for each session, and no topic area may be repeated consecutively.

2. Adult Literacy

The Applicant or its Management Company must make available, at no cost to the resident, literacy tutor(s) who will provide weekly literacy lessons to residents in private space on-site. Various literacy programming can be offered that strengthens participants' reading, writing skills, and comprehension, but at a minimum, these must include English proficiency and basic reading education.

Training must be held between the hours of 8:00 a.m. and 7:00 p.m. and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

3. Employment Assistance Program

The Applicant or its Management Company must provide, at no cost to the resident, a minimum of quarterly scheduled Employment Assistance Program workshops/meetings offering employment counseling by a knowledgeable employment counselor. Such a program includes employability skills workshops providing instruction in the basic skills necessary for getting, keeping, and doing well in a job. The instruction must be held between the hours of 8:00 a.m. and 7:00 p.m. and include, but not be limited to, the following:

- Evaluation of current job skills;
- Assistance in setting job goals;
- Assistance in development of and regular review/update of an individualized plan for each participating resident;
- Resume assistance;
- Interview preparation; and
- Placement and follow-up services.

If the training is not provided on-site, transportation at no cost to the resident must be provided. Electronic media, if used, must be used in conjunction with live instruction.

# COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: The Canopy at West River Towers 3&4
DATE: December 4, 2023

In accordance with applicable Program Rule(s), the Borrower is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by Florida Housing Finance Corporation ("Florida Housing" or "FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Borrower that the transaction can close within the allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

| CREDIT UNDERWRITING REQUIRED ITEMS: | STATUS Satis. /Unsatis. | NOTE |
|---|---|---|
| 1. The Development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | |
| 4. Pre-construction analysis ("PCA"). | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Borrower, general partner, principals, guarantors and general contractor. | Satis. | |

| | | |
|---|---|---|
| 11. Resumes and experience of Borrower, general contractor and management agent. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Satis. | 1 |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | Satis. | |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with “not to exceed” costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Unsatis. | 2 |
| 22. Any additional items required by the credit underwriter. | Satis. | 3-4 |

NOTES AND APPLICANT’S RESPONSES:

1. Receipt and satisfactory review of an executed management agreement not materially different than the draft utilized for credit underwriting.
2. Per the email from BofA dated November 1, 2023, the first equity installment will be adjusted prior to closing to meet the 15% requirement.
3. Executed Assignment or new contract for 61 RAD/HAP contract rents for the Development with rents greater than, or equal to, those utilized for credit underwriting.
4. Executed Assignment or new contract for 60 Project Based Vouchers (“PBVs”) to the Development with rents greater than, or equal to, those utilized for credit underwriting.

## HC Allocation Calculation

| Section I: Qualified Basis Calculation | |
|---|---|
| | |
| Development Cost | $68,725,137 |
| Less Land Cost | ($1,053,841) |
| Less Federal Funds | $0 |
| Less Other Ineligible Cost | ($4,769,193) |
| Less Disproportionate Standard | $0 |
| | |
| Total Eligible Basis | $62,902,104 |
| Applicable Fraction | 100.00% |
| DDA/QCT Basis Credit | 130.00% |
| Qualified Basis | $81,772,735 |
| Housing Credit Percentage | 4.00% |
| Annual Housing Credit Allocation | $3,270,909 |

*Notes to the Qualified Basis Calculation:*

1. Other Ineligible Costs primarily include a portion of new rental units, site work, accounting fees, legal fees, market study, marketing and advertising, survey, title insurance, a portion of construction loan interest, permanent loan fees, FHFC Loan commitment fees, FHFC administrative, application, compliance and underwriting fees, bond costs, and reserves.
2. The Borrower committed to a set aside of 100%. Therefore, SMG has utilized an Applicable Fraction of 100.00%.
3. The Development is currently located in a Small Area Difficult Development Area ("SADDA") and a Qualified Census Tract ("QCT"), Tract 43. Therefore, the 130% basis credit has been applied to the Eligible Basis.
4. Per the FY 2021 Omnibus Consolidated Appropriations Act passed by Congress as of December 21, 2020, a permanent 4% minimum HC rate was established. For purposes of this report, a HC percentage of 4.00% has therefore been applied.

| **Section II: Gap Calculation** | |
|---|---|
| | |
| Total Development Cost (Including Land and Ineligible Costs) | $68,725,137 |
| | |
| Less Mortgages | ($29,644,576) |
| Less Grants | ($75,000) |
| Equity Gap | $39,005,561 |
| | |
| Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.9500 |
| HC Required to Meet Gap | $41,062,592 |
| Annual HC Required | $4,106,259 |

*Notes to the Gap Calculation:*

1. Mortgages include the SFG first mortgage, FHFC SAIL third mortgage, FHFC ELI fourth mortgage, FHFC NHTF fifth mortgage, the Seller's Note sixth mortgage, and the THA – RAP Loan seventh mortgage.
2. Grants include the $75,000 grant from the City of Tampa.
3. HC Syndication Pricing and Percentage to Investment Partnership are based upon the BofA email dated November 1, 2023.

| **Section III: Tax-Exempt Bond 50% Test** | |
|---|---|
| | |
| Total Depreciable Cost | $62,902,104 |
| Plus Land Cost | $1,053,841 |
| Aggregate Basis | $63,955,945 |
| | |
| Tax-Exempt Bond Amount | $42,000,000 |
| Less Debt Service Reserve | $0 |
| Less Proceeds Used for Costs of Issuance | $0 |
| Plus Tax-exempt GIC earnings | $0 |
| Tax-Exempt Proceeds Used for Building and Land | $42,000,000 |
| | |
| Proceeds Divided by Aggregate Basis | 65.67% |

*Notes to 50% Test:*

1. SMG estimates the Tax-Exempt MMRN amount to be 65.67% of Depreciable Development Costs plus Land Acquisition Costs. If, at the time of Final Cost Certification, the Tax-Exempt Bond Amount is less than 50%, developer fees will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

| Section IV: Summary | |
|---|---|
| | |
| HC per Qualified Basis | $3,270,909 |
| HC per Gap Calculation | $4,106,259 |
| | |
| Annual HC Recommended | $3,270,909 |
| | |

*Notes to the Summary:*

1. The Annual HC Recommended is based on the Qualified Basis calculation.

Volunteers of America®

FLORIDA

*Thomas Goodwin*
*Board Chair*

*Janet Stringfellow*
*President & CEO*

November 1, 2023

David Woodward
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

Subject: Request for Additional Unit for Resident Manager – Space Coast Commons (2022-273 SAN)

Dear David,

I am writing to you on behalf of Volunteers of America of Florida, as the CEO, in reference to RFA 2022-109 SAIL And HOME-ARP Financing for Smaller Permanent Supportive Housing Developments for Persons with Special Needs. We are grateful for the opportunity and honor of being awarded funds to construct 30 units to address the critical housing needs of individuals with special needs in our community.

We would like to request consideration for the addition of an extra one-bedroom unit to the approved development, which would serve as a resident manager unit. The proposed unit would be non-income qualifying and non-income generating. The resident manager would be responsible for providing on-call support from 8 PM to 8 AM, assisting with the initial and ongoing stabilization of the community. The new unit mix would change from 24 one-bedroom units and six (6) two-bedroom units to 25 one-bedroom units and six (6) two-bedroom units.

We firmly believe that the inclusion of a resident manager on-site during these crucial hours would greatly enhance the overall well-being and safety of the residents. The resident manager would be readily available to address emergencies, aid in crisis situations, foster a sense of community, promote social interaction, and facilitate positive relationships among residents.

Thank you for your attention to this matter. Should you require any additional information or have any questions, please do not hesitate to contact Kera Beard at 321-223-2936 or kbeard@voa-fla.org. We greatly appreciate your continued support in our efforts to address the housing needs of individuals with special needs in Florida.

Sincerely,

Janet M Stringfellow
President/ CEO
Volunteers of America Florida, Inc

# Florida Housing Finance Corporation

***Credit Underwriting Report***

## Space Coast Commons

**SAIL and HOME-ARP Financing for Smaller Developments for Persons with Special Needs**

**SAIL, NHTF and HOME-ARP**

**RFA 2022-109 / 2022-273SAN**

**Section A Report Summary**

**Section B Loan Conditions and HC Allocation Recommendation and Contingencies**

**Section C Supporting Information and Schedules**

---

***Prepared by***

***Seltzer Management Group, Inc.***

***Final Report***

***December 1, 2023***

# SPACE COAST COMMONS

## TABLE OF CONTENTS

# Section A

## Report Summary

# Recommendation

Seltzer Management Group, Inc. ("SMG" or "Seltzer" or "Servicer") recommends Florida Housing Finance Corporation ("FHFC" or "Florida Housing" or "Corporation") issue a State Apartment Incentive Loan ("SAIL") of $2,950,000, a Home Investment Partnerships Program ("HOME") From The American Rescue Plan Act ("HOME-ARP") loan in the amount of $2,950,000 and a National Housing Trust Fund ("NHTF") loan in the amount of $2,240,000 for the construction and permanent financing of Space Coast Commons ("Development").

## DEVELOPMENT & SET-ASIDES

Development Name: Space Coast Commons

RFA/Program Numbers: RFA 2022-109 / 2022-273SAN

Address: 1981 Convair St

City: Palm Bay Zip Code: 32909 County: Brevard County Size: Medium

Development Category: New Construction Development Type: Garden Apts (1-3 Stories)

Construction Type: Masonry

Demographic Commitment:

Primary: Persons with Special Needs for 80% of the Units

Unit Composition:

# of ELI Units: ELI Units Are Restricted to AMI, or less. Total # of units with PBRA? 0

# of Link Units: Are the Link Units Demographically Restricted? No # of NHTF Units: 8

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 7 | 596 | 30% | | | $484 | $87 | $397 | | $397 | $397 | $397 | $33,348 |
| 1 | 1.0 | 11 | 596 | 50% | $806 | | | $87 | $719 | | $719 | $719 | $719 | $94,908 |
| 1 | 1.0 | 6 | 596 | 60% | | $1,029 | | $87 | $942 | | $942 | $942 | $942 | $67,824 |
| 1 | 1.0 | 1 | 596 | 60% | | | $0 | $0 | $0 | | $0 | $0 | $0 | |
| 2 | 1.0 | 1 | 950 | 30% | | | $621 | $106 | $515 | | $515 | $515 | $515 | $6,180 |
| 2 | 1.0 | 3 | 950 | 50% | $967 | | | $106 | $861 | | $861 | $861 | $861 | $30,996 |
| 2 | 1.0 | 2 | 950 | 60% | | $1,237 | | $106 | $1,131 | | $1,131 | $1,131 | $1,131 | $27,144 |
| | | 31 | 20,600 | | | | | | | | | | | $260,400 |

The Demographic commitment selected by the Applicant is that at least 80 percent of the total units (25 units) must consist of Permanent Supportive Housing for Persons with Special Needs and at least 20 percent of the total units (7 units) must consist of Permanent Supportive Housing for individuals and families that meet the definition of Homeless Households (which may be the same units set aside for Persons with Special Needs). The units committed to Persons with Special Needs or individuals and families that meet the definition of Homeless Households will be considered HOME-ARP Qualifying Populations as defined in Exhibit B for this RFA. Applicants must irrevocably commit to the Persons with Special Needs population demographic commitment for a minimum of 15 years.

The Special Needs population selected by the Borrower are adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling

Condition that neither currently impairs nor is likely to impair their physical mobility, such as persons with a mental illness.

Applicants must irrevocably commit to the Persons with Special Needs and Homeless demographic commitment for a minimum of 30 years.

One hundred percent (100%) of the units shall be rented to households (person or persons) with incomes at or below 60 percent (60%) of the AMI.

For the first 15 years of the 30 year Compliance Period, at least 70 percent (70%) of the HOME-ARP Assisted Units (22 units) will be rent restricted in accordance with the Low HOME Rents as determined by HUD. At the end of Year 15, when the HOME-ARP set-aside requirements and HOME-ARP Qualifying Populations rent restrictions end, these households may be allowed to occupy the unit with an indefinite length of stay as long as the tenant complies with lease requirements. Starting at Year 16 of the 30 year Compliance Period, all of the HOME-ARP Assisted Units (31 units) shall be rented to households (person or persons) with incomes at or below 60 percent (60%) of the AMI.

Twenty-five percent (25%) of the total units (8 units) in the proposed Development must be set aside to serve households at 30 percent (30%) AMI or less and will be deemed NHTF Units. All NHTF Units must be set aside for 30 years.

All Borrowers must meet the following requirements specific to its commitment, pursuant to RFA 2022-109, to serve Homeless households:

1. Have an executed agreement to participate in the Continuum of Care's Homeless Management Information System ("HMIS"); and will contribute data on the Development's tenants to the Continuum of Care's HMIS data system or, if serving Survivors of Domestic Violence, is providing aggregate data reports to the Continuum of Care. The executed agreement shall be required at least 6 months prior to the expected placed in-service date.
2. Commit to a housing provider in the Continuum of Care's Homeless Coordinated Entry system as required by the U.S. Department of Housing and Urban Development.

Note: The Tenant Selection Plan was approved by Florida Housing on October 31, 2023. The Applicant also submitted the Affirmative Fair Housing Marketing Plan to Florida Housing on November 2, 2023.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 50 Accessible Spaces - 2

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| SAIL | 100.0% | 31 | 60% | 30 |
| HOME-ARP Assisted Units | 70.0% | 22 | 50% | 30 |
| HOME-ARP Assisted Units | 30.0% | 9 | 60% | 30 |
| NHTF | 25.0% | 8 | 30% | 30 |

Absorption Rate 10 units per month for 3 months.

Occupancy Rate at Stabilization: Physical Occupancy 96.00% Economic Occupancy 95.00%

Occupancy Comments

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| DDA: | No | QCT: | No | Multi-Phase Boost: | No | QAP Boost: | No |
| Site Acreage: | 1.89 | Density: | 16.4021 | | | Flood Zone Designation: | X |
| Zoning: | RM-20 Multifamily Residential | | | | | Flood Insurance Required?: | No |

## DEVELOPMENT TEAM

| | | % Ownership |
|---|---|---|
| Applicant/Borrower: | Volunteers of America of Florida, Inc. ("VOAF") | |
| Executive Director | Janet M. Stringfellow | 0.0000% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | VOAF | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | VOAF | |
| Developer: | VOAF | |
| General Contractor 1: | M.H. Williams Construction Group, Inc. | |
| Management Company: | VOAF | |
| Architect: | Architectonics Studio, Inc. | |
| Market Study Provider: | Integra Realty Resources | |
| Appraiser: | Integra Realty Resources | |

## PERMANENT FINANCING INFORMATION

| | 1st Source | 2nd Source | 3rd Source | 4th Source | 5th Source | Other |
|---|---|---|---|---|---|---|
| Lender/Grantor | FHFC - SAIL | FHFC - HOME ARP | FHFC - NHTF | City of Palm Bay ARP | City of Palm Bay SHIP | |
| Amount | $2,950,000 | $2,950,000 | $2,240,000 | $975,000 | $100,000 | |
| Underwritten Interest Rate | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | |
| Loan Term | 15.0 | 30.0 | 30.0 | 20.0 | 20.0 | |
| Amortization | N/A | N/A | N/A | N/A | N/A | |
| Market Rate/Market Financing LTV | 53.5% | 107.1% | 147.7% | 165.4% | 167% | |
| Restricted Market Financing LTV | 254.3% | 508.6% | 701.7% | 786% | 794% | |
| Loan to Cost - Cumulative | 31.6% | 63.2% | 87.1% | 97.6% | 98.6% | |
| Loan to Cost - SAIL Only | 31.6% | | | | | |
| Debt Service Coverage | 4.009 | 2.256 | 1.678 | 1.678 | 1.678 | |

| | |
|---|---|
| Deferred Developer Fee | $127,673 |
| As-Is Land Value | $310,000 |
| As-Is Value (Land & Building) | $310,000 |
| Market Rent/Market Financing Stabilized Value | $5,510,000 |
| Rent Restricted Market Financing Stabilized Value | $1,160,000 |
| Projected Net Operating Income (NOI) - Year 1 | $43,330 |
| Projected Net Operating Income (NOI) - 15 Year | $24,965 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| **Source** | **Lender** | **Construction** | **Permanent** | **Perm Loan/Unit** |
| FHFC - SAIL | FHFC - SAIL | $2,950,000 | $2,950,000 | $95,161.29 |
| FHFC - HOME | FHFC - HOME ARP | $2,950,000 | $2,950,000 | $95,161.29 |
| FHFC - NHTF | FHFC - NHTF | $2,240,000 | $2,240,000 | $72,258.06 |
| Local Government Subsidy | City of Palm Bay ARP | $975,000 | $975,000 | $31,451.61 |
| Local Government Subsidy | City of Palm Bay SHIP | $100,000 | $100,000 | $3,225.81 |
| Deferred Developer | VOAF | $127,673 | $127,673 | $4,118.48 |
| **TOTAL** | | $9,342,673.00 | $9,342,673.00 | $301,376.55 |

<u>Changes from the Application:</u>

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the application? | X | |
| Are all funding sources the same as shown in the Application? | | 1 |
| Are all local government recommendations/contributions still in place at the level described in the Application? | X | |
| Is the Development feasible with all amenities/features listed in the Application? | X | |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | X | |
| Does the Applicant have site control at or above the level indicated in the Application? | X | |
| Does the Applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 2 |
| Is the Development feasible using the set-asides committed to in the Application? | X | |

| | | |
|---|---|---|
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | N/A | |
| Is the Development in all other material respects the same as presented in the Application? | | 3 |

The following are explanations of each item checked "No" in the table above:

1. Changes in the Funding Sources:
    a. The Application listed a Construction first mortgage loan in the amount of $800,000 (lender had not yet been selected) and has subsequently been removed as a Source during construction.
2. Changes in Development Costs Listed in Application:
    a. Development costs have decreased by $125,785 from $9,468,458 in the application to $9,342,673 primarily due to decreases in construction costs.
3. Changes in Other Material Respects Listed in Application:
    a. Subsequent to the application, the Applicant selected M.H. Williams Construction Group, Inc. as their General Contractor. An Experience Chart, resume, Florida Housing General Contractor Certification Form and General Contract License was provided which meets the required experience per the RFA.
    b. See Waiver section below regarding the increase in the total number of units and the change in the unit mix.

These changes have no substantial material impact to the SAIL, HOME-ARP and NHTF recommendations for this Development.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?</u>

Florida Housing's Past Due Report, dated October 18, 2023, reflects no past due item(s).

Florida Housing's Asset Management Noncompliance Report, dated October 18, 2023, reflects the following noncompliance items:

1. VOA Hillsborough 3 – East Miller – Program Report

a. Failure to meet the uniform physical inspection standards for units – unsuitable for occupancy due to structural damage (September 15, 2023 – August Program report received).

   The Servicer (First Housing) indicated the structural damage associated with the two non-compliant units is related to termite infestation. The Applicant communicated they have relocated both tenants and that both units are now vacant/offline. In addition, the Applicant has indicated they are unable to take on the estimated $200,000 of repair costs and the property cannot take on any bank loans with zero cash flow. The Applicant stated they have attempted but have not been able to obtain funding from the City of Tampa.

Per the email from Florida Housing dated October 31, 2023, the Owner's Cure period has not ended and will therefore not be required to be a Condition to Close.

This recommendation is subject to satisfactory resolution of any outstanding past due and/or noncompliance items prior to loan closing and the issuance of the SAIL, HOME-ARP and NHTF Funds Recommendation herein.

Strengths:

1. Per the Market Study, Integra Realty Resources ("Integra") states the capture rate for the property is very low at 0.6% and indicates the Development has a good chance to succeed based on achieving stabilized occupancy and rental rates. The average occupancy for the comparable properties within the Subject's Primary Market Area ("PMA") is 98.1%. Integra also stated that the area is in the growth stage of its life cycle and it is anticipated that property values will increase in the near future.
2. VOAF has served as the Developer and Management Company for multiple Florida Housing projects and is experienced in affordable multifamily housing.

Other Considerations: None

Waiver Requests/Special Conditions:

1. On November 3, 2023, Florida Housing Staff approved the Applicant's request to modify the unit mix and add one unit to the Development increasing the total number of units beyond the maximum 30 units allowed in the RFA to 31 units. Per the RFA for medium and large county developments, the minimum is 10 units and the maximum is 30 units. Since the proposed Development will consist of 31 units, an RFA waiver is required to be approved by the Board to increase the total units above the maximum 30 units. In addition, the extra unit is intended for a resident manager to assist residents. Per the RFA, the total units include all Set-Aside Units and Manager units. Therefore, the manager unit will be included in the LURA with 31 total set-aside units as required in the RFA. The Applicant indicated the proposed unit would be non-income qualifying and non-income generating and is intended to serve as a Resident Manager unit in order to provide on-call support during critical hours to enhance the overall well-being and safety of the Special Needs Community. Due to the unit increase, the unit mix changed from 24 - 1 bedroom/1 bath units and 6 - 2 bedroom/2 bath units to 25 - 1 bedroom/1 bath units and 6 - 2 bedroom/2 bath units.

Additional Information:

1. Per the Rule 67-48.0072 (11), the maximum debt service coverage shall be 1.50 to 1.00 for the SAIL or HOME loan, including all superior mortgages. The DSC is 4.009 to 1.00 for SAIL and 2.256 to 1.00 for HOME which exceeds the maximum threshold. In extenuating circumstances, such as when the Development has deep or short-term subsidy, the Debt Service Coverage ("DSC") may exceed 1.50 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Based on the deep subsidy provided by the zero-interest rate for the SAIL and HOME-ARP loans, exceeding the maximum threshold is permitted.

The DSC for the Subject Development declines annually through year 15, as shown in Exhibit 1. However, the DSC does exceed the maximum requirement noted above through all 15 years for the SAIL and from year one through year ten for the HOME-ARP. Based upon an estimated Net Operating Income ("NOI") of $43,330 for the proposed development's initial year of stabilized operations, the DSC for the SAIL loan with fees is 4.009 and 1.987 in year fifteen. The DSC for the HOME-ARP loan with fees in the initial year of stabilized operations is 2.256 and 1.191 in year fifteen.

2. Florida Housing's SAIL Program has a loan maximum that is 25% of Total Development Costs unless it qualifies as an exception. The Development qualifies as an exception to Rule 67- 48.009(2) because the Applicant has set aside at least 80% of the total units for residents that qualify as Persons with Special Needs over the life of the loan.

Issues and Concerns: None

Mitigating Factors: None

Recommendation:

SMG recommends FHFC approve a SAIL loan in the amount of $2,950,000, a HOME-ARP loan in the amount of $2,950,000 and an NHTF loan in the amount of $2,240,000 for the construction and permanent financing of Space Coast Commons.

This recommendation is based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, this recommendation is subject to the, SAIL, HOME-ARP and NHTF Loan Conditions (Section B). The reader is cautioned to refer to these sections for complete information.

This recommendation is only valid for six months from the date of the report.

| Prepared by: | Reviewed by: |
| --- | --- |
| Frank Sforza | Joshua Scribner |
| Credit Underwriter II | Credit Underwriting Manager |

## Overview

### Construction Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Construction Debt Service |
|---|---|---|---|---|---|---|
| First Mortgage | | $800,000 | $0 | $0 | 0.00% | $0 |
| First Mortgage | FHFC - SAIL | $2,950,000 | $2,950,000 | $2,950,000 | 0.00% | $0 |
| Second Mortgage | FHFC - HOME ARP | $2,950,000 | $2,950,000 | $2,950,000 | 0.00% | $0 |
| Third Mortgage | FHFC - NHTF | $2,240,000 | $2,240,000 | $2,240,000 | 0.00% | $0 |
| Grant | City of Palm Bay ARP | $975,000 | $975,000 | $975,000 | 0.00% | $0 |
| Grant | City of Palm Bay SHIP | $100,000 | $100,000 | $100,000 | 0.00% | $0 |
| Deferred Developer Fee | VOAF | $253,458 | $216,994 | $127,673 | | |
| **Total** | | **$10,268,458** | **$9,431,994** | **$9,342,673** | | **$0** |

First Mortgage SAIL, Second Mortgage HOME-ARP and Third Mortgage NHTF:

See the Permanent Financing section below for details.

Other Construction Sources of Funds:

Additional sources of funds for this Development during construction consist of a Grant from the City of Palm Bay ARP Funding in the amount of $975,000, a Grant from the City of Palm Bay SHIP Funding in the amount of $100,000 and deferred Developer Fee in the amount of $127,673. See the Permanent Financing section below for details.

## Permanent Financing Sources

| Source | Lender | Applicant | Revised Applicant | Underwriter | Interest Rate | Amort. Yrs. | Term Yrs. | Annual Debt |
|---|---|---|---|---|---|---|---|---|
| First Mortgage | FHFC - SAIL | $2,950,000 | $2,950,000 | $2,950,000 | 0.00% | N/A | 15 | $0 |
| Second Mortgage | FHFC - HOME ARP | $2,950,000 | $2,950,000 | $2,950,000 | 0.00% | N/A | 30 | $0 |
| Third Mortgage | FHFC - NHTF | $2,240,000 | $2,240,000 | $2,240,000 | 0.00% | N/A | 30 | $0 |
| Grant | City of Palm Bay ARP | $975,000 | $975,000 | $975,000 | 0.00% | N/A | 20 | $0 |
| Grant | City of Palm Bay SHIP | $100,000 | $100,000 | $100,000 | 0.00% | N/A | 20 | $0 |
| Def. Developer Fee | VOAF | $253,458 | $216,994 | $127,673 | | | | |
| **Total** | | **$9,468,458** | **$9,431,994** | **$9,342,673** | | | | **$0** |

First Mortgage SAIL:

The Applicant applied to FHFC under RFA 2022-109 for SAIL funds in the amount of $2,950,000. The SAIL will have a total term of 17 years, of which 2 years is for the construction/stabilization period and 15 years is for the permanent period. The SAIL will be non-amortizing and will bear a zero percent (0%) interest rate over the life of the loan. At the maturity of the SAIL Loan, all principal will be due.

The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month and a minimum monthly fee of $236.

The Compliance Monitoring Fee is based on a base fee of $183 per month plus an additional fee per set-aside unit of 11.24 per year, subject to a minimum of $286 per month, and subject to an automatic annual increase of 3 percent of the prior year's fee.

Second Mortgage HOME-ARP:

The Applicant applied to FHFC under RFA 2022-109 for HOME-ARP funds in the amount of $2,950,000. The HOME-ARP Loan will be non-amortizing at 0 percent simple interest per annum over the life of the HOME-ARP Loan, with the principal forgivable at maturity provided the units for which the HOME-ARP Loan amount is awarded are targeted as HOME-ARP Units for the 30 years of the Compliance Period. The total term of the HOME-ARP Loan is 32 years of which 2 years is for the construction/stabilization period and 30 years is for the permanent period.

The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month and a minimum monthly fee of $236. The Compliance Monitoring Fee is based on the Multiple Program fee of $1,023 annually.

Third Mortgage NHTF Loan:

The Applicant applied to FHFC under RFA 2022-109 for NHTF Loan funds in the amount of $2,240,000 to subsidize additional deep targeted units for Persons with Special Needs ("NHTF Units"). The RFA requires 25% of the total units (8 units) to be set aside to serve households at 30% AMI or less. The NHTF Loan will be non-amortizing at 0 percent (0%) simple interest per annum over the life of the NHTF Loan, with the principal forgivable at maturity provided the units for which the NHTF Loan amount is awarded are targeted as NHTF Units for 30 years of the Compliance Period. The total term of the NHTF Loan is 32 years of which 2 years is for the construction/stabilization period and 30 years is for the permanent period.

The Annual Permanent Loan Servicing Fee is based on 25 bps of the outstanding loan amount with a maximum of $936 per month and a minimum monthly fee of $236. The Compliance Monitoring Fee is based on the Multiple Program fee of $1,023 annually.

City of Palm Bay – ARP

The Applicant provided a letter from The City of Palm Bay's Community & Economic Development dated October 6, 2023 entering into a reimbursable American Rescue Plan Act ("ARPA") Grant Agreement with VOAF totaling $975,000. The interest rate will be 0% per annum. Repayment will be deferred and then forgiven when the LURA term of 20 years is met.

City of Palm Bay – SHIP

The Applicant provided a letter from The City of Palm Bay's Community & Economic Development dated October 6, 2023 entering into a reimbursable SHIP Grant Agreement with VOAF totaling $100,000. The interest rate will be 0% per annum. Repayment will be deferred and then forgiven when the LURA term of 20 years is met.

Other Permanent Sources of Funds:

In order to balance the sources and uses of funds after all loan proceeds have been received, the Developer will have to defer $127,673.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accessory Buildings | | | | $0 | |
| Demolition | | | | $0 | |
| Installation of Pre Fab Units | | | | $0 | |
| New Rental Units | $5,650,680 | $4,630,047 | $4,630,047 | $149,356 | |
| Off-Site Work | | | | $0 | |
| Recreational Amenities | | | | $0 | |
| Rehab of Existing Common Areas | | | | $0 | |
| Rehab of Existing Rental Units | | | | $0 | |
| Site Work | $630,000 | $1,086,677 | $1,086,677 | $35,054 | |
| Swimming Pool | | | | $0 | |
| Furniture, Fixture, & Equipment | | | | $0 | |
| Hard Cost Contingency - in Constr. Cont. | | | | $0 | |
| Constr. Contr. Costs subject to GC Fee | $6,280,680 | $5,716,724 | $5,716,724 | $184,410 | $0 |
| General Conditions | $879,295 | $282,070 | $282,070 | $9,099 | |
| Overhead | | $257,804 | $515,608 | $16,633 | |
| Profit | | $257,804 | | $0 | |
| Builder's Risk Insurance | | | | $0 | |
| General Liability Insurance | | $50,990 | $50,990 | $1,645 | |
| Payment and Performance Bonds | | $58,750 | $58,750 | $1,895 | |
| Contract Costs not subject to GC Fee | | $55,000 | $55,000 | $1,774 | |
| Total Construction Contract/Costs | $7,159,975 | $6,679,142 | $6,679,142 | $215,456 | $0 |
| Hard Cost Contingency | $357,998 | $333,957 | $333,957 | $10,773 | |
| PnP Bond paid outside Constr. Contr. | | | | $0 | |
| Fees for LOC used as Constr. Surety | | | | $0 | |
| Demolition paid outside Constr. Contr. | | | | $0 | |
| FF&E paid outside Constr. Contr. | | $50,000 | $50,000 | $1,613 | |
| **Total Construction Costs:** | **$7,517,973** | **$7,063,099** | **$7,063,099** | **$227,842** | **$0** |

*Notes to the Construction Costs:*

1. The Applicant has provided an executed AIA Document A102-2017 Standard Form of Agreement between Owner and Contractor where the basis of payment is the Cost of the Work plus a Fee with a Guaranteed Maximum Price dated September 13, 2023, in the amount of $6,679,142. Commencement is to be shall be established in a Notice to Proceed issued after the Closing of the funding and filing of the Notice of Commencement. Substantial Completion is expected to occur not later than 335 days (approximately 11 months) from the Date of Commencement. Retainage will be 10% withheld on all work performed up to 50% completion and thereafter 5% will be withheld. Final payment will be made when the General Contractor ("GC") has fully performed the contract and a final certificate for payment has been issued by the Architect. The Owner's final payment to the GC shall be made no later than 30 days after issuance of the Architect's final Certificate of Payment.

   The GMP includes specific Allowances listed in Exhibit E totaling $115,000 detailed below.

   Allowances in GMP Contract:

   b. FPL Service $10,000
   c. LV/Data/Security $50,000
   d. Building Permit $55,000

On Solid Ground, LLC ("OSG") indicated the allowances were reasonable for the project.

2. SMG received the General Contractor's Certification of Requirements, whereby the General Contractor acknowledges and commits to adhere to all requirements related to a General Contractor as published within Rule Chapter 67-48 ("Rule"), Florida Administrative Code.
3. General Contractor fees as stated are within the 14% maximum per RFA 2022-109 and the Rule.
4. The Hard Cost Contingency is within the 5.00% allowed by RFA 2022-109 and the Rule.
5. FF&E outside the Construction Contract are costs associated with Clubhouse furniture.
6. SMG engaged and received a Plan and Cost Analysis ("PCA") from OSG. Complete results are set forth in Section C of this credit underwriting report.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | | $9,000 | $9,000 | $290 | |
| Appraisal | $5,000 | $5,200 | $5,200 | $168 | |
| Architect's and Planning Fees | | | | $0 | |
| Architect's Fee - Green Initiative | | | | $0 | |
| Architect's Fee - Landscape | | | | $0 | |
| Architect's Fee - Site/Building Design | $120,000 | $90,000 | $90,000 | $2,903 | |
| Architect's Fee - Supervision | $30,000 | $40,000 | $40,000 | $1,290 | |
| Building Permits | | | | $0 | |
| Builder's Risk Insurance | $30,000 | $52,000 | $52,000 | $1,677 | |
| Capital Needs Assessment/Rehab | | | | $0 | |
| Engineering Fees | $45,000 | $59,500 | $29,500 | $952 | |
| Environmental Report | $2,500 | $19,000 | $19,000 | $613 | |
| Federal Labor Standards Monitoring | | | | $0 | |
| FHFC Administrative Fees | $15,000 | $0 | $0 | $0 | |
| FHFC Application Fee | $1,500 | $1,500 | $1,500 | $48 | |
| FHFC Credit Underwriting Fee | $13,820 | $24,905 | $24,905 | $803 | |
| FHFC Compliance Fee | $15,000 | $0 | $0 | $0 | |
| FHFC Other Processing Fee(s) | | | | $0 | |
| Impact Fee | $150,148 | $148,422 | $148,422 | $4,788 | |
| Lender Inspection Fees / Const Admin | $20,000 | $45,000 | $45,000 | $1,452 | |
| Green Building Cert. (LEED, FGBC, NGBS) | $15,000 | $30,000 | $25,000 | $806 | |
| Home Energy Rating System (HERS) | | | | $0 | |
| Insurance | | $20,000 | $20,000 | $645 | |
| Legal Fees - Organizational Costs | $50,000 | $60,000 | $60,000 | $1,935 | |
| Local Subsidy Underwriting Fee | | | | $0 | |
| Market Study | $2,500 | $4,700 | $4,700 | $152 | |
| Marketing and Advertising | | | | $0 | |
| Plan and Cost Review Analysis | | $2,800 | $2,800 | $90 | |
| Property Taxes | | | | $0 | |
| Soil Test | $5,000 | $7,600 | $7,600 | $245 | |
| Survey | $5,000 | $11,100 | $11,100 | $358 | |
| Tenant Relocation Costs | | | | $0 | |
| Title Insurance and Recording Fees | $10,000 | $15,000 | $15,000 | $484 | |
| Traffic Study | | | | $0 | |
| Utility Connection Fees | $25,000 | $144,957 | $144,957 | $4,676 | |
| Soft Cost Contingency | $28,023 | $39,534 | $39,534 | $1,275 | |
| **Total General Development Costs:** | **$588,491** | **$830,218** | **$795,218** | **$25,652** | **$0** |

*Notes to the General Development Costs:*

1. Appraisal, Market Study, and Plan and Cost Review fees reflect the actual cost of the reports engaged by SMG.
2. Architect's Fees reflect the fees for services as stipulated in the B109-2020 Standard Form of Agreement dated February 17, 2023 between the Applicant and Architectonics Studio Design, Inc.
3. Builder's Risk reflects the Applicant's builder's risk insurance during construction.
4. Engineering fees reflect the contracted fees stipulated in the Agreement for Civil Engineering Services dated September 27, 2021.
5. The FHFC Application and Credit Underwriting fees reflect the application fee noted in RFA 2022-109 and the underwriting fee for FHFC SAIL, HOME-ARP and NHTF noted in the Invitation to Credit Underwriting letter.
6. Impact Fees and Utility Connection Fees were based on documentation provided by the City of Palm Bay.
7. The Green Building Certification reflects the costs noted in the National Green Building Standard Project Verification Contract executed September 25, 2023 between the Applicant and SK Collaborative, LLC.
8. Legal Fees include Organizational-related Fees.
9. Soft cost contingency is within the 5% limit as allowed per RFA 2022-109 and the Rule.
10. Other General Development Costs are based on the Applicant's estimates, which appear reasonable.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Application Fee | | | | $0 | |
| Construction Loan Underwriting Fee | | | | $0 | |
| Construction Loan Origination Fee | $2,000 | | | $0 | |
| Construction Loan Commitment Fee | | | | $0 | |
| Construction Loan Closing Costs | | | | $0 | |
| Construction Loan Interest | $54,000 | | | $0 | |
| Construction Loan Servicing Fees | | | | $0 | |
| SAIL Commitment Fee | | $59,000 | $29,500 | $952 | |
| SAIL Closing Costs | | $12,500 | $12,500 | $403 | |
| SAIL Interest | | | | $0 | |
| SAIL Servicing Fee | | | | $0 | |
| SAIL-ELI Commitment Fee | | | | $0 | |
| SAIL-ELI Closing Costs | | | | $0 | |
| SAIL-ELI Servicing Fee | | | | $0 | |
| HOME Subsidy Layering Review | | | | $0 | |
| HOME Closing Costs | | $12,500 | | $0 | |
| HOME Interest | | | | $0 | |
| HOME Servicing Fee | | | | $0 | |
| NHTF Subsidy Layering Review | | $1,951 | $1,951 | $63 | |
| NHTF Commitment Fee | | | | $0 | |
| NHTF Closing Costs | | $12,500 | $12,500 | $403 | |
| NHTF Servicing Fee | | | | $0 | |
| Legal Fees - Financing Costs | | | | $0 | |
| FHA MIP (Prepayment) | | | | $0 | |
| FHA Exam Fee | | | | $0 | |
| NIBP Commitment Fee | | | | $0 | |
| **Total Financial Costs:** | **$56,000** | **$98,451** | **$56,451** | **$1,821** | **$0** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$8,162,464** | **$7,991,768** | **$7,914,768** | **$255,315** | **$0** |

*Notes to the Financial Costs:*

1. SAIL Commitment Fee is equal to 1 percent of the SAIL loan amount.
2. SAIL and NHTF closing costs include fees for FHFC's Legal Counsel of $12,500 for each of the SAIL and NHTF Loans.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Building | | | $0 | $0 | |
| Building Acquisition Cost | | | $0 | $0 | |
| Developer Fee on Non-Land Acq. Costs | | | $0 | $0 | |
| **Total Non-Land Acquisition Costs:** | **$0** | **$0** | **$0** | **$0** | **$0** |

*Notes to the Non-Land Acquisition Costs:*

1. Since this is a new construction development, there are no non-land acquisition costs.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $1,305,994 | $1,278,683 | $1,266,362 | $40,850 | |
| DF to fund Operating Debt Reserve | | | | $0 | |
| DF to Brokerage Fees - Land | | | $0 | $0 | |
| DF to Excess Land Costs | | | | $0 | |
| DF to Excess Bldg Acquisition Costs | | | | $0 | |
| DF to Consultant Fees | | | | $0 | |
| DF to Guaranty Fees | | | | $0 | |
| **Total Other Development Costs:** | **$1,305,994** | **$1,278,683** | **$1,266,362** | **$40,850** | **$0** |

*Notes to the Other Development Costs:*

1. Developer Fee does not exceed 16% of the Development's construction costs, exclusive of land acquisition costs and reserves, as required per the RFA.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Brokerage Fees - Land | | | | $0 | |
| Land Acquisition Cost | | $0 | $0 | $0 | |
| Land | $0 | $160,000 | $160,000 | $5,161 | |
| Land Lease Payment | | | | $0 | |
| Land Carrying Costs | | | | $0 | |
| Other: Settlement Charges | | $1,543 | $1,543 | $50 | |
| **Total Acquisition Costs:** | **$0** | **$161,543** | **$161,543** | **$5,211** | **$0** |

*Notes to the Land Acquisition Costs:*

1. The Applicant provided an executed Purchase and Sale Agreement, executed March 3, 2022, between the Applicant and Thomas Victory Jr., John B. Chambers, Robert S. Chambers, Co. Trustees with a purchase prices of $160,000. In addition, the Applicant provided a Warranty Deed dated September 21, 2022 and a Settlement Statement dated September 21, 2022.

   The appraised value of the vacant land is $310,000, which supports the purchase price.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| ACC Reserve (Lender) | | | | $0 | |
| ACC Reserve (Syndicator) | | | | $0 | |
| Operating Deficit Reserve (FHFC) | | | | $0 | |
| Operating Deficit Reserve (Lender) | | | | $0 | |
| Operating Deficit Reserve (Syndicator) | | | | $0 | |
| Debt Service Coverage Reserve (FHFC) | | | | $0 | |
| Debt Service Coverage Reserve (Lender) | | | | $0 | |
| Debt Service Coverage Reserve (Syndicator) | | | | $0 | |
| Replacement Reserves (FHFC) | | | | $0 | |
| Replacement Reserves (Lender) | | | | $0 | |
| Replacement Reserves (Syndicator) | | | | $0 | |
| Reserves - Start-Up/Lease-up Expenses | | | | $0 | |
| Reserves - Working Capital | | | | $0 | |
| **Total Reserve Accounts:** | **$0** | **$0** | **$0** | **$0** | **$0** |

*Notes to Reserve Accounts:*

1. N/A

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HOME Ineligible Costs - CUR |
|---|---|---|---|---|---|
| **TOTAL DEVELOPMENT COSTS:** | **$9,468,458** | **$9,431,994** | **$9,342,673** | **$301,377** | **$0** |

*Notes to the Total Development Costs:*

1. Per RFA 2022-109, Total Development Cost ("TDC") is limited on a per unit basis based on the construction type of the units as indicated by the Applicant. The application indicated a construction type of Garden Apartments-ESS Construction, which had a maximum allowable per unit cost of $370,000. Based on changes to TDC limits approved at the April 1, 2022 Telephonic FHFC Board Meeting, the maximum allowable per unit cost is $435,778. Space Coast Commons' final TDC per unit is $296,215.26 and is within TDC limits.

## Operating Pro forma

| | OPERATING PRO FORMA | | ANNUAL | PER UNIT |
|---|---|---|---|---|
| INCOME | Gross Potential Rental Income | | $260,400 | $8,400 |
| | Rent Subsidy (ODR) | | $0 | $0 |
| | Other Income: | | | |
| | Ancillary Income-Parking | | $0 | $0 |
| | Miscellaneous | | $0 | $0 |
| | Gross Potential Income | | $260,400 | $8,400 |
| | Less: | | | |
| | Economic Loss - Percentage: | 0.0% | $0 | $0 |
| | Physical Vacancy Loss - Percentage: | 4.0% | ($10,416) | ($336) |
| | Collection Loss - Percentage: | 1.0% | ($2,604) | ($84) |
| **Total Effective Gross Revenue** | | | $247,380 | $7,980 |
| EXPENSES | Fixed: | | | |
| | Real Estate Taxes | | $50 | $2 |
| | Insurance | | $40,000 | $1,290 |
| | Other | | $0 | $0 |
| | Variable: | | | |
| | Management Fee - Percentage: | 8.2% | $20,249 | $653 |
| | General and Administrative | | $12,356 | $399 |
| | Payroll Expenses | | $75,000 | $2,419 |
| | Utilities | | $22,475 | $725 |
| | Marketing and Advertising | | $620 | $20 |
| | Maintenance and Repairs | | $23,000 | $742 |
| | Grounds Maintenance and Landscaping | | $0 | $0 |
| | Resident Programs | | $0 | $0 |
| | Contract Services | | $0 | $0 |
| | Security | | $1,000 | $32 |
| | Other-Pest Control | | $0 | $0 |
| | Reserve for Replacements | | $9,300 | $300 |
| **Total Expenses** | | | $204,050 | $6,582 |
| **Net Operating Income** | | | $43,330 | $1,398 |
| **Debt Service Payments** | | | | |
| DEBT SERVICE | First Mortgage - FHFC - SAIL | | $0 | $0 |
| | Second Mortgage - FHFC - HOME ARP | | $0 | $0 |
| | Third Mortgage - FHFC - NHTF | | $0 | $0 |
| | Fourth Mortgage - City of Palm Bay ARP | | $0 | $0 |
| | Fifth Mortgage - City of Palm Bay SHIP | | $0 | $0 |
| | All Other Mortgages - | | $0 | $0 |
| | First Mortgage Fees - FHFC - SAIL | | $10,807 | $349 |
| | Second Mortgage Fees - FHFC - HOME ARP | | $8,398 | $271 |
| | Third Mortgage Fees - FHFC - NHTF | | $6,623 | $214 |
| | Fourth Mortgage Fees - City of Palm Bay ARP | | $0 | $0 |
| | Fifth Mortgage Fees - City of Palm Bay SHIP | | $0 | $0 |
| | All Other Mortgages Fees - | | $0 | $0 |
| **Total Debt Service Payments** | | | $25,828 | $833 |
| **Cash Flow After Debt Service** | | | $17,502 | $565 |

| Debt Service Coverage Ratios | |
|---|---|
| DSC - First Mortgage plus Fees | 4.009 |
| DSC - Second Mortgage plus Fees | 2.256 |
| DSC - Third Mortgage plus Fees | 1.678 |
| DSC - Fourth Mortgage plus Fees | 1.678 |
| DSC - Fifth Mortgage plus Fees | 1.678 |
| DSC - All Mortgages and Fees | 1.678 |

| Financial Ratios | |
|---|---|
| Operating Expense Ratio | 82.5% |
| Break-Even Ratio | 88.7% |

*Notes to the Operating Pro forma and Ratios:*

1. As noted in the "Additional Information" section of this report, according to Rule 67-48.0072 (11), the maximum DSC shall be 1.50 to 1.00 for the SAIL or HOME Loan, including all superior mortgages. The DSC is 4.009 to 1.00 for SAIL and 2.256 to 1.00 for HOME which exceeds the maximum threshold. In extenuating circumstances, such as when the Development has deep or short-term subsidy, the DSC may exceed 1.50 if the Credit Underwriter's favorable recommendation is supported by the projected cash flow analysis. Based on the deep subsidy provided by the zero-interest rate for the SAIL and HOME-ARP loans, exceeding the maximum threshold is permitted.

2. The Development will be utilizing SAIL, HOME-ARP and NHTF, which will impose rent restrictions. Space Coast Commons is projected to achieve 2023 Maximum Allowable HOME and NHTF Rents published by Florida Housing on all units based upon the appraiser's estimate of achievable rents per comparable properties surveyed. The below rent roll reflects the anticipated rents that will be in place at closing. Utility allowances are based on a July 12, 2023 Brevard County Allowances for Tenant-Furnished Utilities Chart prepared by the U.S. Department of Housing and Urban Development reflecting the resident paying "in-unit" electricity.

   The rent roll is shown below:

   MSA: Brevard County / Palm Bay-Melbourne-Titusville

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 7 | 596 | 30% | | | $484 | $87 | $397 | | $397 | $397 | $397 | $33,348 |
| 1 | 1.0 | 11 | 596 | 50% | $806 | | | $87 | $719 | | $719 | $719 | $719 | $94,908 |
| 1 | 1.0 | 6 | 596 | 60% | | $1,029 | | $87 | $942 | | $942 | $942 | $942 | $67,824 |
| 1 | 1.0 | 1 | 596 | 60% | | | $0 | $0 | $0 | | $0 | $0 | $0 | |
| 2 | 1.0 | 1 | 950 | 30% | | | $621 | $106 | $515 | | $515 | $515 | $515 | $6,180 |
| 2 | 1.0 | 3 | 950 | 50% | $967 | | | $106 | $861 | | $861 | $861 | $861 | $30,996 |
| 2 | 1.0 | 2 | 950 | 60% | | $1,237 | | $106 | $1,131 | | $1,131 | $1,131 | $1,131 | $27,144 |
| | | 31 | 20,600 | | | | | | | | | | | $260,400 |

3. Seltzer utilized a physical vacancy of 4.00% and a 1.00% collection loss which is more conservative than the Appraiser's estimate.

4. Real estate tax expense is based on the Appraiser's estimate.

5. Management Fees are based upon the Affiliate Management Agreement provided by the Applicant dated October 4, 2023 that reflects a management fee in the amount of 6.0% of the gross collections

plus a monthly bookkeeping/data-processing fee of $12.00 per unit per month for a total management fee of 8.2%.

6. Other operating expense estimates are based on comparable properties and are supported by the appraisal.
7. Replacement Reserves in the amount of $300 per unit per year meet RFA 2022-109 and the Rule requirements.
8. The 15-year income and expense projections reflect a declining debt service coverage ("DSC") through year 15. At year 15, the DSC on all mortgages and fees is estimated at 0.905. This projection is attached to this report as Exhibit 1.

## Section B

# Loan Conditions

Special Conditions

These recommendations are contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. FHFC Board approval of additional exempt unit noted in the Waiver Request section by Florida Housing.
2. Satisfactory completion of a Davis-Bacon Federal Labor Standards and Section 3 pre-construction conference.
3. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701 u and 24CFR Part 135).

General Conditions

This recommendation is contingent upon the review and approval of the following items by SMG and Florida Housing at least two weeks prior to loan closing. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Applicant to comply with any and all recommendations noted in the Plan and Cost Review.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report, if any, must be bound within the final plans and specifications.
4. Building permits and any other necessary approvals and permits (e.g., final site plan approval, water management district, Department of Environmental Protection, Army Corps of Engineers, Department of Transportation, etc.). Acceptable alternatives to this requirement are receipt and satisfactory review of a letter from the local permitting and approval authority that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.
5. Final sources and uses of funds itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction interest based on the final draw schedule (see below), documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved Development budget.
6. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL, HOME-ARP and NHTF Loan Proceeds shall be disbursed pro rata with other funding sources during the construction or rehabilitation phase, unless otherwise approved by the Credit Underwriter. The closing draw shall include appropriate backup and ACH wiring instructions.

7. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the Development, as approved and reviewed by FHFC and Servicer.

   Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

8. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.

9. The General Contractor shall secure a payment and performance bond equal to 100% of the total construction cost listing FHFC as co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by A.M. Best & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit ("LOC") issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

10. Architect, Construction Consultant, and Applicant certifications on forms provided by Florida Housing will be required for both design and as-built with respect to Section 504 of the Rehabilitation Act, the Americans with Disabilities Act ("ADA"), and Federal Fair Housing Act requirements, as applicable.

11. Satisfactory resolution of any outstanding past due and/or noncompliance items.

12. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C., of an Applicant or a Developer).

13. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Applicant will be required to expend additional equity on Development costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

14. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a

Replacement Reserve account for the Development. In no event shall the payments of amounts to Applicant or the Developer from the Reserve Account cause the Developer fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to FHFC, its Servicer and its Legal Counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing and its Legal Counsel <u>at least two weeks prior to loan closing</u>. Failure to receive approval of these items within this time frame may result in postponement of the loan closing.

1. Documentation of the legal formation and current authority to transact business in Florida for the Applicant, the general partner/member(s)/principal(s)/manager(s) of the Applicant, the guarantors, and any limited partners/members of the Applicant.
2. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its Legal Counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its Legal Counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area, and any other requirements of Florida Housing.
3. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of SAIL, HOME-ARP and NHTF loan closing, unless otherwise approved by Florida Housing, and Legal Counsel, based upon the particular circumstances of the transaction. Applicant to comply with any and all recommendations noted in the Environmental Assessment(s) and Update and the Environmental Review, if applicable.
4. Title insurance pro-forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the SAIL, HOME-ARP and NHTF loans naming FHFC as the insured. All endorsements required by Florida Housing shall be provided.
5. Florida Housing and its Legal Counsel shall review and approve all other lenders closing documents or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loans have been satisfied.
6. Evidence of insurance coverage pursuant to the Request for Application governing this proposed transaction and, if applicable, the FHFC Insurance Guide.
7. Receipt of a legal opinion from the Applicant's Legal Counsel acceptable to Florida Housing addressing the following matters:
    a. The legal existence and good standing of the Borrower and of any partnership or limited liability company that is the general partner of the Borrower (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;
    b. Authorization, execution, and delivery by the Borrower and the guarantors, of all Loan documents;
    c. The Loan documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

   d. The Borrower's and the guarantor's execution, delivery and performance of the loan documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Borrower is a party and;

   e. Such other matters as Florida Housing or its Legal Counsel may require.

8. Evidence of compliance with local concurrency laws, as applicable.

9. UCC Searches for the Borrower, its partnerships, as requested by Legal Counsel.

10. Such other assignments, affidavits, certificates, financial statements, closing statements, and other documents as may be reasonably requested by Florida Housing or its Legal Counsel in form and substance acceptable to Florida Housing and its Legal Counsel, in connection with the loan(s).

11. Any other reasonable conditions established by Florida Housing and its Legal Counsel.

Additional Conditions

This recommendation is also contingent upon the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5087, Florida Statutes, Rule Chapters 67-48, 67-53 and 67-60, F.A.C., RFA 2022-109, Section 42 I.R.C., and any other State and Federal requirements.

2. Acceptance by the Borrower and execution of all documents evidencing and securing the SAIL, HOME-ARP and NHTF Loans in form and substance satisfactory to Florida Housing and its Legal Counsel, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s) and the Land Use Restriction Agreement(s).

3. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

4. Guarantors are to provide the standard FHFC Construction Completion Guaranty, to be released upon lien free completion as approved by the Servicer.

5. Guarantors for the SAIL are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the permanent first mortgage, SAIL as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

6. Guarantors for the HOME loan are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15 DSC on the combined permanent first mortgage, SAIL and HOME Loan as determined by FHFC or its Servicer, 90% Occupancy and 90% of Gross Potential Rental Income net of utility allowances, if applicable, for a period equal to twelve (12) consecutive months, all certified by an independent Certified Public

Accountant ("CPA") and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by Florida Housing or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

7. Guarantors are to provide the standard FHFC Environmental Indemnity Guaranty.

8. Guarantors are to provide the standard FHFC Guaranty of Recourse Obligations.

9. A mortgagee title insurance lender's policy naming Florida Housing as the insured SAIL, HOME-ARP and NHTF mortgage holder in the amount of the Loans is to be issued at closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its Legal Counsel. All endorsements that are required by Florida Housing are to be issued and the form of the title policy must be approved prior to closing.

10. Property tax and hazard insurance escrows are to be established and maintained by the First Lender or the Servicer. In the event the reserve account is held by Florida Housing's loan servicing agent, the release of funds shall be at Florida Housing's sole discretion.

11. Replacement Reserves in the minimum amount of $300 per unit per year are required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee/Credit Enhancer, the Trustee, or Florida Housing's loan servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per RFA, in the amount of $9,300 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $300 per unit per year for year 1, then escalating at 3.00% per year thereafter. The initial Replacement Reserve will have limitations on the ability to be drawn. New construction or Redevelopment Developments (with or without acquisition) shall not be allowed to draw during the first five years or until the establishment of a minimum balance equal to the accumulation of five years of replacement reserves per unit.

    The amount established as a Replacement Reserve shall be adjusted based on a Capital Needs Assessment ("CNA") to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the 10th year after the first residential building in the Development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("Initial Replacement Reserve Date"). A subsequent CNA is required no later than the 15th year after the Initial Replacement Reserve Date and subsequently every five (5) years thereafter.

12. On Solid Ground, LLC ("OSG") or other construction inspector acceptable for Florida Housing is to act as Florida Housing's inspector during the construction period.

13. Under the Space Coast Commons construction contract, a minimum of 10% retainage holdback on all construction draws will be withheld until construction is 50% complete and 5% retainage holdback thereafter. Retainage will not be released until successful lien free completion of construction and issuance of all certificates of occupancy, which satisfies RFA 2022-109 and Rule minimum requirement.

14. Satisfactory completion of a pre-loan closing compliance audit conducted by Florida Housing or its Servicer, if applicable.
15. Closing of all funding sources prior to or simultaneous with the closing of the SAIL, HOME-ARP and NHTF loans.
16. Satisfactory evidence of compliance with the Davis Bacon Act and other applicable Federal Labor Standards during the construction of this Development. Evidence of compliance must be through satisfactory completion of a compliance audit by HUD and its authorized subcontractor.
17. HOME funds are subject to the National Environmental Policy Act ("NEPA") of 1969 and related federal environmental authorities and regulations at 24 CFR Part 58 "Environmental Review Procedures." No HOME funds may be committed to a development before completion of the environmental review process and HUD approval of the environmental review and Request for Release of Funds.
18. Any other reasonable requirements of the Servicer, Florida Housing or its Legal Counsel.

# EXHIBIT 1
# SPACE COAST COMMONS
# 15 YEAR INCOME AND EXPENSE PROJECTION

| FINANCIAL COSTS: | | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATING PRO FORMA** | | | | | | | | | | | | | | | | |
| **INCOME** | | | | | | | | | | | | | | | | |
| Gross Potential Rental Income | | $260,400 | $265,608 | $270,920 | $276,339 | $281,865 | $287,503 | $293,253 | $299,118 | $305,100 | $311,202 | $317,426 | $323,775 | $330,250 | $336,855 | $343,592 |
| Rent Subsidy (ODR) | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Other Income: | | | | | | | | | | | | | | | | |
| Ancillary Income-Parking | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Miscellaneous | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Washer/Dryer Rentals | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Cable/Satellite Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Rent Concessions | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Alarm Income | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Gross Potential Income | | $260,400 | $265,608 | $270,920 | $276,339 | $281,865 | $287,503 | $293,253 | $299,118 | $305,100 | $311,202 | $317,426 | $323,775 | $330,250 | $336,855 | $343,592 |
| Less: | | | | | | | | | | | | | | | | |
| Economic Loss - Percentage: | | | | | | | | | | | | | | | | |
| Physical Vacancy Loss - Percentage: | 4.0% | ($10,416) | ($10,624) | ($10,837) | ($11,054) | ($11,275) | ($11,500) | ($11,730) | ($11,965) | ($12,204) | ($12,448) | ($12,697) | ($12,951) | ($13,210) | ($13,474) | ($13,744) |
| Collection Loss - Percentage: | 1.0% | ($2,604) | ($2,656) | ($2,709) | ($2,763) | ($2,819) | ($2,875) | ($2,933) | ($2,991) | ($3,051) | ($3,112) | ($3,174) | ($3,238) | ($3,303) | ($3,369) | ($3,436) |
| **Total Effective Gross Revenue** | | $247,380 | $252,328 | $257,374 | $262,522 | $267,772 | $273,128 | $278,590 | $284,162 | $289,845 | $295,642 | $301,555 | $307,586 | $313,738 | $320,012 | $326,413 |
| **EXPENSES** | | | | | | | | | | | | | | | | |
| Fixed: | | | | | | | | | | | | | | | | |
| Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Sub-Ground Lease | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Real Estate Taxes | | $50 | $52 | $53 | $55 | $56 | $58 | $60 | $61 | $63 | $65 | $67 | $69 | $71 | $73 | $76 |
| Insurance | | $40,000 | $41,200 | $42,436 | $43,709 | $45,020 | $46,371 | $47,762 | $49,195 | $50,671 | $52,191 | $53,757 | $55,369 | $57,030 | $58,741 | $60,504 |
| Other | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Variable: | | | | | | | | | | | | | | | | |
| Management Fee - Percentage: | 8.2% | $20,249 | $20,654 | $21,067 | $21,488 | $21,918 | $22,357 | $22,804 | $23,260 | $23,725 | $24,199 | $24,683 | $25,177 | $25,681 | $26,194 | $26,718 |
| General and Administrative | | $12,356 | $12,727 | $13,108 | $13,502 | $13,907 | $14,324 | $14,754 | $15,196 | $15,652 | $16,122 | $16,605 | $17,104 | $17,617 | $18,145 | $18,690 |
| Payroll Expenses | | $75,000 | $77,250 | $79,568 | $81,955 | $84,413 | $86,946 | $89,554 | $92,241 | $95,008 | $97,858 | $100,794 | $103,818 | $106,932 | $110,140 | $113,444 |
| Utilities | | $22,475 | $23,149 | $23,844 | $24,559 | $25,296 | $26,055 | $26,836 | $27,641 | $28,471 | $29,325 | $30,205 | $31,111 | $32,044 | $33,005 | $33,995 |
| Marketing and Advertising | | $620 | $639 | $658 | $677 | $698 | $719 | $740 | $763 | $785 | $809 | $833 | $858 | $884 | $910 | $938 |
| Maintenance and Repairs | | $23,000 | $23,690 | $24,401 | $25,133 | $25,887 | $26,663 | $27,463 | $28,287 | $29,136 | $30,010 | $30,910 | $31,837 | $32,793 | $33,776 | $34,790 |
| Grounds Maintenance and Landscaping | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Resident Programs | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Contract Services | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Security | | $1,000 | $1,030 | $1,061 | $1,093 | $1,126 | $1,159 | $1,194 | $1,230 | $1,267 | $1,305 | $1,344 | $1,384 | $1,426 | $1,469 | $1,513 |
| Other-Pest Control | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Reserve for Replacements | | $9,300 | $9,300 | $9,300 | $9,300 | $9,300 | $9,300 | $9,300 | $9,300 | $9,300 | $9,300 | $9,579 | $9,866 | $10,162 | $10,467 | $10,781 |
| **Total Expenses** | | $204,050 | $209,690 | $215,495 | $221,470 | $227,621 | $233,951 | $240,467 | $247,174 | $254,078 | $261,184 | $268,777 | $276,594 | $284,640 | $292,922 | $301,448 |
| **Net Operating Income** | | $43,330 | $42,638 | $41,879 | $41,051 | $40,151 | $39,176 | $38,123 | $36,988 | $35,768 | $34,458 | $32,778 | $30,992 | $29,098 | $27,090 | $24,965 |
| **Debt Service Payments** | | | | | | | | | | | | | | | | |
| **DEBT SERVICE** | | | | | | | | | | | | | | | | |
| First Mortgage - FHFC - SAIL | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Second Mortgage - FHFC - HOME ARP | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Third Mortgage - FHFC - NHTF | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fourth Mortgage - City of Palm Bay ARP | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fifth Mortgage - City of Palm Bay SHIP | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| All Other Mortgages - | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| First Mortgage Fees - FHFC - SAIL | | $10,807 | $10,910 | $11,016 | $11,125 | $11,238 | $11,354 | $11,473 | $11,596 | $11,723 | $11,853 | $11,987 | $12,126 | $12,268 | $12,415 | $12,566 |
| Second Mortgage Fees - FHFC - HOME ARP | | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 | $8,398 |
| Third Mortgage Fees - FHFC - NHTF | | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 | $6,623 |
| Fourth Mortgage Fees - City of Palm Bay ARP | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fifth Mortgage Fees - City of Palm Bay SHIP | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| All Other Mortgages Fees - | | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Total Debt Service Payments** | | $25,828 | $25,931 | $26,037 | $26,146 | $26,259 | $26,375 | $26,494 | $26,617 | $26,744 | $26,874 | $27,008 | $27,147 | $27,289 | $27,436 | $27,587 |
| **Cash Flow After Debt Service** | | $17,502 | $16,707 | $15,842 | $14,905 | $13,893 | $12,802 | $11,629 | $10,371 | $9,024 | $7,584 | $5,769 | $3,846 | $1,809 | ($346) | ($2,622) |
| | | | | | | | | | | | | | | | | |
| **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | | |
| DSC - First Mortgage plus Fees | | 4.009 | 3.908 | 3.802 | 3.690 | 3.573 | 3.451 | 3.323 | 3.190 | 3.051 | 2.907 | 2.734 | 2.556 | 2.372 | 2.182 | 1.987 |
| DSC - Second Mortgage plus Fees | | 2.256 | 2.208 | 2.157 | 2.103 | 2.045 | 1.983 | 1.919 | 1.850 | 1.778 | 1.702 | 1.608 | 1.510 | 1.408 | 1.302 | 1.191 |
| DSC - Third Mortgage plus Fees | | 1.678 | 1.644 | 1.608 | 1.570 | 1.529 | 1.485 | 1.439 | 1.390 | 1.337 | 1.282 | 1.214 | 1.142 | 1.066 | 0.987 | 0.905 |
| DSC - Fourth Mortgage plus Fees | | 1.678 | 1.644 | 1.608 | 1.570 | 1.529 | 1.485 | 1.439 | 1.390 | 1.337 | 1.282 | 1.214 | 1.142 | 1.066 | 0.987 | 0.905 |
| DSC - Fifth Mortgage plus Fees | | 1.678 | 1.644 | 1.608 | 1.570 | 1.529 | 1.485 | 1.439 | 1.390 | 1.337 | 1.282 | 1.214 | 1.142 | 1.066 | 0.987 | 0.905 |
| DSC - All Mortgages and Fees | | 1.678 | 1.644 | 1.608 | 1.570 | 1.529 | 1.485 | 1.439 | 1.390 | 1.337 | 1.282 | 1.214 | 1.142 | 1.066 | 0.987 | 0.905 |
| **Financial Ratios** | | | | | | | | | | | | | | | | |
| Operating Expense Ratio | | 82.5% | 83.1% | 83.7% | 84.4% | 85.0% | 85.7% | 86.3% | 87.0% | 87.7% | 88.3% | 89.1% | 89.9% | 90.7% | 91.5% | 92.4% |
| Break-Even Ratio | | 88.7% | 89.1% | 89.6% | 90.0% | 90.5% | 91.0% | 91.4% | 91.9% | 92.5% | 93.0% | 93.6% | 94.2% | 94.9% | 95.5% | 96.2% |

**SPACE COAST COMMONS**
**RFA 2022-109 (2022-273 SAN)**
**DESCRIPTION OF FEATURES AND AMENITIES**

**A.** The Development will consist of:

31 Garden Apartments located in 1 residential building

Unit Mix:

Twenty-five (25) one bedroom/one bath units;

Six (6) two bedroom/one bath units:

31 Total Units

**B.** All units are expected to meet all requirements as outlined below. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors. All features and amenities committed to and proposed by the Applicant that are not unit-specific shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, Florida Statutes, Section 504 of the Rehabilitation Act of 1973*, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

*All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

NOTE: Section 504 of the Rehabilitation Act of 1973 requirements are met through the Applicant's commitment to meet either the Level 1 or Level 2 requirements described in C. below.

**C.** The Development must provide the following General Features:

1. Termite prevention;

2. Pest control;

3. Full-size stove/range;

4. Primary entrance door with a threshold with no more than a 1/2 inch rise;

5. Lever handles on all door handles on primary entrance door and interior doors;

6. Lever handles on all bathroom faucets and kitchen sink faucets;

7. Mid-point on light switches and thermostats that are not more than 48 inches above finished floor level;

8. Cabinet drawer handles and cabinet door handles in bathrooms and kitchens shall be level or D-pull type that operate easily using a single closed fist;

9. Window covering for each window and glass door inside each unit; and

10. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

11. All proposed Developments must include the following general features on the site. If the proposed Development meets the definition of Scattered Sites, the following general features must be located on each of the Scattered Sites:

    1. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If an on-site laundry facility is provided, the following must be met:

        - A proposed Development consisting of 4 to 20 units must provide a minimum of two Energy Star qualified washers and two dryers in the on-site laundry facility;
        - If the proposed Development consists of 21 to 30 units, there must be a minimum of three Energy Star qualified washers and three dryers in the on-site laundry facility;

- At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504; and

2. At least two full bathrooms in all three bedroom new construction units.
3. For proposed Developments consisting of 10 or more units, a Community Building/dedicated space that includes:
    - At least one private office space with a door for resident purposes such as meeting with case managers and/or counselors; and
    - At least one enclosed training room with a door to conduct group training and educational activities for residents.

**D.** Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

**Level 2 Accessibility Requirements**

All Applicants that did not select the Persons with Special Needs population of (a) Adult persons requiring independent living services in order to maintain housing or develop independent living skills and who have a Disabling Condition that currently impairs or is likely to impair their physical mobility at question 2.b.(1) of Exhibit A; and/or (b) Persons receiving benefits under the Social Security Disability Insurance (SSDI) program or the Supplemental Security Income (SSI) program or from veterans' disability benefits at question 2.b.(2) of Exhibit A shall be required to do the following:

1. Set aside a minimum of five percent of the total units, rounded up, as fully accessible units in accordance with the 2010 ADA Standards for Accessible Design. These fully accessible units must (A) be on an accessible route and provide mobility features that comply with the residential dwelling units provision of the 2010 ADA Standards for Accessible Design*; and (B) be equally distributed among

different unit sizes and Development types and must be dispersed throughout the Development (not located in the same area, or on a single floor); and

2. Set aside at least one additional unit to be accessible to persons with visual and hearing impairments in accordance with the 2010 ADA Standards for Accessible Design*. The unit(s) that is accessible to persons with visual and hearing impairments shall comply with the communication features described for Residential Dwelling Units with Communication Features in the 2010 ADA Standards for Accessible Design*.

*The 2010 ADA Standard for Accessible Design can be found at http://www.ada.gov/regs2010/2010ADAStandards/2010ADAstandards.htm

**E.** Green Building Features required in all Developments:

All new construction units and, as applicable, all common areas must have the features listed below:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less,
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher;

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
   - Residential Electric:
     i. Up to 55 gallons = 0.95 EF or 0.92 UEF; or
     ii. More than 55 gallons = Energy Star certified; or
     iii. Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
   - Residential Gas (storage or tankless/instantaneous): Energy Star certified
   - Commercial Gas Water Heater: Energy Star certified;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
   i. Air-Source Heat Pumps – Energy Star certified:
      a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
      b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
   ii. Central Air Conditioners – Energy Star certified:
      a. ≥15 SEER/ ≥12.5 EER* for split systems
      b. ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.

      NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and one-bedroom units;

      NOTE: All other equipment types shall follow Florida Building Code – Energy Conservation, current edition requirements.

**F.** The Applicant has committed to provide the following additional Green Building Features to achieve a total point value of at least 10 points:

1. _X__ Programmable thermostat in each unit (2 points)

2. ____ Humidistat in each unit (2 points)

3. ____ Water Sense certified dual flush toilets in all bathrooms (2 points)

4. ____ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)

5. ____ Energy Star certified roof coating (2 points) *

6. _X__ Energy Star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points) *

7. ____ Eco-friendly cabinets – Formaldehyde free and material must be certified by the Forest Stewardship Council, the Environmental Stewardship Program, or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)

8. ____ Eco-friendly flooring– Carpet and Rug Institute Green Label certified carpet and pad, FloorScore certified flooring, bamboo, cork, 80% recycled content tile, and/or natural linoleum (3 points)

9. _X__ High Efficiency HVAC with SEER of at least 16 (2 points) **

10. _X__ Energy efficient windows in each unit (3 points)
    - For all Development Types except Mid-Rise: Energy Star rating for all windows in each unit;
    - For Development Type of Mid-Rise:
        1. U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and
        2. U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)

11. ____ Florida Yards and Neighborhoods certification on all landscaping (2 points)

12. ____ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Borrowers may choose only one option related to Energy Star certified roofing.

**Borrowers who choose high efficiency HVACs must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments in Section Four A.8 of the RFA.

**G.** The Applicant must provide the following Required Resident Programs:

Resident Community-Based Services Coordination

The provision of community-based services coordination will be the responsibility of the Applicant but may be in conjunction with public and/or private partnerships as approved by the Corporation in credit underwriting. All proposed Developments will be required to assist interested residents with the coordination of their community-based services. The purpose is to assist each resident to become aware of, access and/or maintain adequate and appropriate community-based services and resources. It is not the intent for this resident service to take the place of services coordination already provided for a resident by a program and/or agency as part of their supportive services plan. The focus shall be to assist residents not receiving community-based services coordination by another program and/or agency, as well as to assist those residents who need additional assistance with coordination of community-based services.

The approved provider of this service must have a minimum of three years' experience administering and providing supportive services including outreach, information and referral services, benefits counseling, community-based services planning and coordination, and/or other related supportive services. Such experience must demonstrate that the supportive services listed above have been oriented to the needs and preferences of each intended resident in assisting them to access services related to health care, independent activities of daily living, employment, income and housing. The provider of this resident service shall also provide, at credit underwriting, information demonstrating its mission, qualifications, experience, agreements and/or contracts with state and federal supportive services programs, professional staffing and experience in serving the intended residents described in question 2.b. of Exhibit A.

Community-based services coordination shall be offered and made available on-site and at no charge to the residents initially and regularly and resident participation shall be voluntary. If the proposed Development consists of Scattered Sites, the community-based services coordination shall be equally available to residents of each unit on each Scattered Site. Resident participation shall not be a requirement for new or continued residency. The Applicant shall commit to submit a Resident Community-Based Service Coordination Plan at credit underwriting. The Resident Community-Based Service Coordination Plan shall adhere to guidelines developed by the Corporation, in conjunction with state agencies, or their designee(s), that administer publicly funded supportive services for the intended residents.

Property management and resident community-based services coordination should not be the responsibility of the same staff persons; the functions must be entirely separate.

# COMPLETENESS AND ISSUES CHECKLIST

DEVELOPMENT NAME: Space Coast Commons
DATE: December 1, 2023

In accordance with applicable Program Rule(s), the Borrower is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("Florida Housing" or "FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the Borrower that the transaction can close within the allotted time frame. Unsatisfactory items, if any, are noted below and in the "Issues and Concerns" section of the Executive Summary.

| CREDIT UNDERWRITING REQUIRED ITEMS: | STATUS | NOTE |
|---|---|---|
| | Satis. /Unsatis. | |
| 1. The Development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | |
| 4. Pre-construction analysis ("PCA"). | Satis. | |
| 5. Survey. | Satis. | |
| 6. Complete, thorough soil test reports. | Satis. | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in the Rule for credit enhancers, Borrower, general partner, principals, guarantors and general contractor. | Satis. | |

| | | |
|---|---|---|
| 11. Resumes and experience of Borrower, general contractor and management agent. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Satis. | |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | Satis. | |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | |
| 16. Firm commitment letter(s) for any other financing sources. | Satis. | |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis. | |
| 22. Any additional items required by the credit underwriter. | Satis. | 1-3 |

NOTES AND APPLICANT'S RESPONSES:

1. FHFC Board approval of additional exempt unit noted in the Waiver Request section by Florida Housing.
2. Satisfactory completion of a Davis-Bacon Federal Labor Standards and Section 3 pre-construction conference.
3. The Development shall meet the Section 3 requirements of the Housing and Urban Development Act of 1968 as amended (12 U.S.C. 1701 u and 24CFR Part 135).

November 6, 2023

Tim Kennedy
Florida Housing Finance Corporation
227 North Bronough Street, #5000
Tallahassee, FL 32301

RE: The Village of Casa Familia, RFA 2019-107, 2019-422CGN/2021-325CGN, RFA 2021-211/2022-230V, CHIRP ITP Closing deadline and Carryover Agreement deadlines - Extension Requests

Dear Mr. Kennedy:

The Village of Casa Familia ("Casa Familia") is a proposed affordable housing community located in Unincorporated Miami-Dade County for persons with developmental disabilities. We kindly request an extension of the following deadlines to February 2, 2024: CHIRP ITP closing deadline, as well as the Carryover Agreement deadlines to close on the partnership agreement and to commence construction.

Casa Familia has incurred substantial delays caused by concerns raised by HUD's Fair Housing and Equal Opportunity ("FHEO") office since early 2021. For more than two years we have coordinated with HUD, Florida Housing, and Miami-Dade County Public Housing and Community Development department ("PHCD") to address FHEO's concerns with the proposed development. During this time period, we were unable to progress the Miami-Dade County Surtax loan and General Obligation Bond grant underwriting, and we were unable to progress the project-based voucher subsidy layering review process with HUD and PHCD.

We have received guidance from HUD that allows all parties to proceed towards a closing. We are currently having weekly closing calls and working with the various funding parties to draft loan documents. The Subsidy Layering Review for the project-based vouchers was submitted to HUD on June 23, 2023, and it is still pending HUD approval.

We are working diligently to complete these items and expect to obtain the necessary Miami-Dade Board of County Commission approvals by early December, which should allow us to close by the end of this year. However, as a precaution, we are requesting an extension of the aforementioned deadlines to February 2, 2024.

Should you and/or staff have any questions or comments please do not hesitate to contact us. We appreciate your assistance and consideration of our request.

Sincerely,

D Lawrence

Deborah Lawrence
Senior Housing Director

# Florida Housing Finance Corporation

**Credit Underwriting Report**

# St. Mary Towers

**State Apartment Incentive Loan (“SAIL”), Extremely Low Income (“ELI”) Loan, and 4% Non-Competitive Housing Credits (“HC”)**

**RFA 2022-101 (2023-019S) / 2022-519C**

**SAIL Financing for the Preservation of Elderly Developments**

**Section A: Report Summary**

**Section B: SAIL and ELI Loan Special and General Conditions**
**HC Allocation Recommendation and Contingencies**

**Section C: Supporting Information and Schedules**

**Prepared by**

**First Housing Development Corporation of Florida**

**FINAL REPORT**

**December 4, 2023**

# St. Mary Towers

## TABLE OF CONTENTS

# Section A

# Report Summary

**Recommendation**

First Housing Development Corporation of Florida ("First Housing", "FHDC", or "Servicer") recommends a SAIL Loan in the amount of $1,770,746, an ELI Loan in the amount of $750,000, and an annual 4% HC Allocation of $1,677,250 for the acquisition and preservation of St. Mary Towers ("Development").

| DEVELOPMENT & SET-ASIDES | |
|---|---|
| Development Name: | St. Mary Towers |
| RFA/Program Numbers: | RFA 2022-101 / 2023-019S 2022-519C |
| Address: | 7615 NW 2nd Avenue |
| City: | Miami |
| Zip Code: | 33150 |
| County: | Miami-Dade |
| County Size: | Large |
| Development Category: | Acquisition/Rehab |
| Development Type: | Mid-Rise (4 Stories) |
| Construction Type: | Masonry |
| Demographic Commitment: | |
| Primary: | Elderly: 55+ or 62+ for 80% of the Units |
| Unit Composition: | |
| # of ELI Units: | 10 |
| ELI Units Are Restricted to | 28% AMI, or less. |
| Total # of units with PBRA? | 99 |
| # of Link Units: | 5 |
| Are the Link Units Demographically Restricted? | Yes |
| # of NHTF Units: | 0 |

Miami-Dade County, Miami-Miami Beach-Kendall HMFA

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | 1.0 | 3 | 408 | 28% | | | $506 | $41 | $ 465 | $ 1,525 | $ 1,525 | $ 1,525 | $ 1,525 | $ 54,900 |
| 0 | 1.0 | 21 | 408 | 60% | | | $1,084 | $41 | $ 1,043 | $ 1,525 | $ 1,525 | $ 1,525 | $ 1,525 | $ 384,300 |
| 1 | 1.0 | 7 | 528 | 28% | | | $542 | $58 | $ 484 | $ 1,700 | $ 1,700 | $ 1,700 | $ 1,700 | $ 142,800 |
| 1 | 1.0 | 68 | 528 | 60% | | | $1,161 | $58 | $ 1,103 | $ 1,700 | $ 1,700 | $ 1,700 | $ 1,700 | $ 1,387,200 |
| 2 | 1.0 | 1 | 600 | 60% | | | $1,393 | $100 | $ 1,293 | | $ - | $ - | $ 1,293 | $ 15,516 |
| | | 100 | 49,992 | | | | | | | | | | | $ 1,984,716 |

According to the Request for Applications 2022-101 ("RFA"), since the Applicant selected 40% of the units at 60% Area Median Income ("AMI") or lower, the Applicant must set-aside 10% of the total units (10 units) for ELI set-aside units at 28% or less of AMI.

The Applicant is eligible for ELI Loan funding for each ELI Set-Aside, not to exceed the lesser of $750,000 or the maximum amount based on the ELI Set-Aside per unit limits for 10% of the total units (10 units).

<u>ELI Limits Miami-Dade County</u>:
Ten (10) - 0 & 1 Bedroom Units at $111,800 = $1,118,000
**Total ELI Loan $750,000**

As required by the Federal Fair Housing Act and the RFA, at least 80% of the total units will be rented to residents that qualify as Elderly.

Persons with Special Needs Set-Aside Commitment: The proposed Development must set-aside 50% of the ELI Set-Aside units (5 units) as Link Units for Persons with Special Needs. In order to meet the commitment of Link units for Persons with Special Needs, the Applicant must develop and execute a Memorandum of Understanding ("MOU") with at least one designated Special Needs Household Referral Agency that provides supportive services for Persons with Special Needs for the county where the proposed Development will be located (Miami-Dade County). A MOU must be approved by Florida Housing Finance Corporation ("FHFC" or "Florida Housing") and is a condition to close.

After 15 years all of the ELI Set-Aside Units may convert to serve residents at or below 60% AMI; however, the Persons with Special Needs set-aside commitment must be maintained throughout the entire 50-year Compliance Period.

The Tenant Selection Plan must be approved by FHFC and is a condition to close.

Buildings: Residential - 1 Non-Residential - 0
Parking: Parking Spaces - 47 Accessible Spaces - 7

Set Asides:

| Program | % of Units | # of Units | % AMI | Term (Years) |
|---|---|---|---|---|
| SAIL/ELI/HC | 10% | 10 | 28% | 50 |
| SAIL/HC | 90% | 90 | 60% | 50 |
| County MMRB | 10% | 10 | 28% | 50 |
| County MMRB | 90% | 90 | 60% | 50 |

Absorption Rate 100 units per month for 1.0 months.

Occupancy Rate at Stabilization: Physical Occupancy 97.00% Economic Occupancy 95.25%

Occupancy Comments: According to a Rent Roll, dated September 30, 2023, the Development was 99% occupied

DDA: No QCT: Yes Multi-Phase Boost: No QAP Boost: No
Site Acreage: 1.728 Density: 57.8704 Flood Zone Designation: X
Zoning: CI, Civic Institution Zone; T5-R, Urban Center Zone Flood Insurance Required?: No

The planned rehabilitation will be tenant-in-place, allowing for the Development to maintain occupancy throughout the construction period. The Market Study indicates the Development is fully stabilized and thus an absorption rate is not warranted.

## DEVELOPMENT TEAM

| | | % Ownership |
|---|---|---|
| Applicant/Borrower: | St. Mary Towers Apartments, LLLP | |
| General Partner | CHS St. Mary Towers, Inc. | 0.0051% |
| Limited Partner | SHAG St. Mary Towers, LLC | 0.0049% |
| Limited Partner | Raymond James Affordable Housing Investments, Inc. ("RJAHI") | 99.99% |
| Construction Completion Guarantor(s): | | |
| CC Guarantor 1: | St. Mary Towers Apartments, LLLP | |
| CC Guarantor 2: | CHS St. Mary Towers, Inc. | |
| CC Guarantor 3: | SHAG St. Mary Towers, LLC | |
| CC Guarantor 4: | Darren Smith | |
| CC Guarantor 5: | Timothy Henzy | |
| CC Guarantor 6: | CHS St. Mary Towers Development, LLC | |
| CC Guarantor 7: | Catholic Health Services, Inc. ("CHS") | |
| CC Guarantor 8: | SHAG St. Mary Towers Developer, LLC | |
| Operating Deficit Guarantor(s): | | |
| OD Guarantor 1: | St. Mary Towers Apartments, LLLP | |
| OD Guarantor 2: | CHS St. Mary Towers, Inc. | |
| OD Guarantor 3: | SHAG St. Mary Towers, LLC | |
| OD Guarantor 4: | Darren Smith | |
| OD Guarantor 5: | Timothy Henzy | |
| OD Guarantor 6: | CHS St. Mary Towers Development, LLC | |
| OD Guarantor 7: | CHS | |
| OD Guarantor 8: | SHAG St. Mary Towers Developer, LLC | |
| Bond Purchaser | Public Offering | |
| Developer: | SHAG St. Mary Towers Developer, LLC | |
| Co-Developer: | CHS St. Mary Towers Development, LLC | |
| General Contractor 1: | JWR Construction Services, Inc. | |
| Management Company: | Catholic Housing for the Elderly & Handicapped, Inc. D/B/A Catholic Housing Management ("CHM") | |
| Syndicator: | RJAHI | |
| Bond Issuer: | Housing Finance Authority of Miami-Dade County ("HFAMDC") | |
| Architect: | Brian P. Herbert (Gallo Herbert Architects, LLC) | |
| Market Study Provider: | Walter Duke & Partners ("Walter Duke") | |
| Appraiser: | Walter Duke | |

| PERMANENT FINANCING INFORMATION | | | | | |
|---|---|---|---|---|---|
| | **1st Source** | **2nd Source** | **3rd Source** | **4th Source** | **5th Source** |
| Lien Position | First | Second | Third | Fourth | Fifth |
| Lender/Grantor | HFAMDC/ Berkadia Commercial Mortgage LLC ("Berkadia")/ Freddie Mac | FHFC - SAIL | FHFC - SAIL ELI | St. Mary Towers, Inc | St. Mary Towers, Inc. - Reserve Loan |
| Amount | $9,500,000 | $1,770,746 | $750,000 | $10,137,969 | $395,147 |
| All In Interest Rate | 6.91% | 1.00% | 0.00% | 6.38% | 6.38% |
| Loan Term | 15 | 15.5 | 27.5 | 63 | 63 |
| Amortization | 40 | 0 | 0 | 0 | 0 |
| Market Rate/Market Financing LTV | 44% | 52% | 56% | 103% | 105% |
| Restricted Market Financing LTV | 39% | 46% | 49% | 91% | 92% |
| Loan to Cost - Cumulative | 23% | 28% | 30% | 55% | 56% |
| Loan to Cost - SAIL Only | N/A | 4% | N/A | N/A | N/A |
| Debt Service Coverage | 1.54 | 1.49 | 1.48 | 0.80 | 0.79 |
| Operating Deficit & Debt Service Reserves | $424,331 | | | | |
| # of Months covered by the Reserves | 3.4 | | | | |

| | |
|---|---|
| Deferred Developer Fee | $163,948 |
| As-Is Land Value | $4,000,000 |
| As-Is Value (Land & Building) | $14,360,000 |
| Market Rent/Market Financing Stabilized Value | $21,510,000 |
| Rent Restricted Market Financing Stabilized Value | $24,470,000 |
| Projected Net Operating Income (NOI) - Year 1 | $1,125,470 |
| Projected Net Operating Income (NOI) - 15 Year | $1,354,684 |
| Year 15 Pro Forma Income Escalation Rate | 2.00% |
| Year 15 Pro Forma Expense Escalation Rate | 3.00% |
| Bond Structure | Public Offering |
| Housing Credit (HC) Syndication Price | $0.92 |
| HC Annual Allocation - Initial Award | $897,840 |
| HC Annual Allocation - Qualified in CUR | $1,677,250 |
| HC Annual Allocation - Equity Letter of Interest | $1,710,940 |

**CONSTRUCTION/PERMANENT SOURCES:**

| Source | Lender | Construction | Permanent | Perm Loan/Unit |
|---|---|---|---|---|
| Local HFA Bonds | HFAMDC/ Berkadia/ Freddie Mac | $20,000,000 | $9,500,000 | $95,000 |
| Regulated Mortgage Lender | TD Bank | $2,000,000 | $0 | $0 |
| FHFC - SAIL | FHFC | $1,770,746 | $1,770,746 | $17,707 |
| FHFC - SAIL ELI | FHFC | $750,000 | $750,000 | $7,500 |
| Seller Financing | St. Mary Towers, Inc | $10,137,969 | $10,137,969 | $101,380 |
| Seller Financing | St. Mary Towers, Inc. - Reserve Loan | $395,147 | $395,147 | $3,951 |
| HC Equity | RJAHI | $2,360,862 | $15,739,074 | $157,391 |
| Deferred Developer Fee | SHAG St. Mary Towers Developer, LLC & CHS St. Mary Towers Development, LLC | $1,042,160 | $163,948 | $1,639 |
| Other | Interest Revenue | $2,000,000 | $2,000,000 | $20,000 |
| Other | Interim Income | $0 | $0 | $0 |
| **TOTAL** | | $40,456,884 | $40,456,884 | $404,569 |
| **Cash Collateral Source(s):** | | | | |
| Regulated Mortgage Lender | TD Bank | $20,000,000 | | |
| **GRAND TOTAL** | | $60,456,884 | | |

Credit Underwriter: First Housing
Date of Final CUR: 12/04/2023
TDC PU Limitation at Application: $277,500 TDC PU Limitation at Credit Underwriting: $299,700
Minimum 1st Mortgage per Rule: N/A Amount Dev. Fee Reduced for TDC Limit: $0

<u>Changes from the Application:</u>

| COMPARISON CRITERIA | YES | NO |
|---|---|---|
| Does the level of experience of the current team equal or exceed that of the team described in the Application? | 1. | |
| Are all funding sources the same as shown in the Application? | | 2. |
| Are all local government recommendations/contributions still in place at the level described in the Application? | N/A | |
| Is the Development feasible with all amenities/features listed in the Application? | | 3-5. |
| Do the site plans/architectural drawings account for all amenities/features listed in the Application? | | 3-5. |
| Does the applicant have site control at or above the level indicated in the Application? | X | |
| Does the applicant have adequate zoning as indicated in the Application? | X | |
| Has the Development been evaluated for feasibility using the total length of set-aside committed to in the Application? | X | |
| Have the Development costs remained equal to or less than those listed in the Application? | | 5. |
| Is the Development feasible using the set-asides committed to in the Application? | X | |
| If the Development has committed to serve a special target group (e.g. elderly, large family, etc.), do the development and operating plans contain specific provisions for implementation? | X | |
| HOME ONLY: If points were given for match funds, is the match percentage the same as or greater than that indicated in the Application? | N/A | |
| HC ONLY: Is the rate of syndication the same as or greater than that shown in the Application? | | 6. |
| Is the Development in all other material respects the same as presented in the Application? | X | |

The following are explanations of each item checked "No" in the table above:

1. The Applicant submitted a request, dated September 20, 2023, to update the board members of CHS St. Mary Towers, Inc. and Catholic Health Services, Inc. FHFC's staff approved the change on November 17, 2023.

| CHS St. Mary Towers, Inc. and Catholic Health Services, Inc. Board Members (From) | CHS St. Mary Towers, Inc. and Catholic Health Services, Inc. Board Members (To) |
|---|---|
| Patricia Palamara – Officer/Director<br>Bud Farrey - Officer/Director<br>Mark Panciera - Officer/Director<br>Aurelio Fernandez - Officer/Director<br>Patrick Taylor - Officer/Director<br>Leslie Kenneth Barnett - Officer/Director<br>Victor Romano - Officer/Director<br>Manuel P. Anton III - Officer/Director<br>Julie Staub - Officer/Director<br>Christopher Catallo - Officer/Director<br>Ralph Lawson - Officer/Director<br>Sister Elizabeth Worley - Officer/Director<br>J. Patrick Fitzgerald - Officer/Director<br>Aristides Pallin – Executive Director | Patricia Palamara – Officer/Director<br>Bud Farrey - Officer/Director<br>Patrick Taylor - Officer/Director<br>Victor Romano - Officer/Director<br>Manuel P. Anton III - Officer/Director<br>Julie Staub - Officer/Director<br>Christopher Catallo - Officer/Director<br>Ralph Lawson - Officer/Director<br>Sister Elizabeth Worley - Officer/Director<br>J. Patrick Fitzgerald - Officer/Director<br>Aristides Pallin – Executive Director |

2. At the time of the Application it was anticipated that the Applicant would receive an issuance of tax-exempt multifamily mortgage revenue bonds (“MMRB” or “Bonds”) in the amount of $13,500,000, which has increased to $20,000,000. There is now a total construction loan in the amount of $22,000,000 of which $20,000,000 will cash collateralize the bonds during construction. The permanent tax-exempt bond amount has increased from $5,320,000 to $9,500,000.

3. Receipt of a final PCA verifying all features and amenities is a condition to close.

4. The Applicant submitted a request, dated July 7, 2023, to change the following green building feature:

| Item Description (From) | Item Description (To) |
|---|---|
| Water Sense certified dual flush toilets in all bathrooms (2 Points) | Humidistat in each unit (2 Points) |

FHFC staff approved the change on July 19, 2023.

5. The Applicant submitted a request for a grab bar FHFC approved alternative, dated November 8, 2023. FHFC’s staff approval is a condition to close.

6. Since the Application, the syndication rate has decreased from $0.95 to $0.92.

7. The Total Development Cost ("TDC") has increased by a total of $18,163,603 from $22,293,281 to $40,456,884 or 81.48% since the Application. This increase is mainly due to an increase in construction costs and purchase price.

The above changes have no substantial material impact to the SAIL, ELI, or HC recommendation for this Development.

<u>Does the Development Team have any FHFC Financed Developments on the Past Due/Noncompliance Report?</u>

According to the FHFC Asset Management Noncompliance Report, dated October 18, 2023, the Development has the following noncompliance item(s) not in the correction period:

- None

According to the FHFC Past Due Report, dated October 18, 2023, the Development Team has the following past due item(s):

- None

Closing of the loan is conditioned upon verification that any outstanding past due, and/or noncompliance items noted at the time of closing, and the issuance of the annual HC allocation recommended herein, have been satisfied.

<u>Strengths</u>:

1. The Principals, Developer, and Management Company are experienced in affordable multifamily housing.

2. According to the Market Study, the existing LIHTC projects within the Primary Market Area ("PMA") reflect an average occupancy rate of 99.0%. There is currently a strong and consistent demand for low-income affordable housing, with all existing properties holding extensive waiting lists.

<u>Issues and Concerns:</u>

None

Waiver Requests/Special Conditions:

None

Additional Information:

1. The Applicant's financing structure involves cash-collateralized bonds that convert into a Freddie Mac forward tax-exempt loan ("TEL"). This cash-backed forward structure contemplates that the Applicant will simultaneously close on two loans: a taxable construction loan in senior lien position with TD Bank and a tax-exempt loan of tax-exempt bond proceeds issued by HFAMDC.

   The Applicant submitted a Multifamily Housing Bond Program Application to the HFAMDC for $20,000,000 of MMRB allocation. The MMRB will be marketed by RBC through a public offering. Proceeds will be held under the Indenture with the Trustee. Concurrent with closing, the Applicant will also close on a $22,000,000 construction loan with TD Bank. As MMRB are drawn to pay for development costs, a like amount will be drawn from the construction loan and deposited with the Trustee ensuring that at all times the MMRB will be fully cash collateralized. The Trustee will invest the MMRB proceeds in US Treasuries to offset debt payments on the MMRB. In the current market, it is anticipated that investment earnings will be in excess of the MMRB rate. Additionally, Berkadia, a Freddie Mac seller/servicer, and Freddie Mac will deliver forward commitments to the Applicant for permanent financing in the amount of $9,500,000, which will become effective upon the Development meeting all conditions to convert to the permanent financing phase. Upon conversion to the permanent phase, 1.) the TD Bank loan will be repaid from proceeds of the Freddie Mac permanent loan and HC equity proceeds and 2.) the MMRB will be tendered back to the Trustee in exchange for the cash collateral held by the Trustee. The Applicant has included in the development budget interest on the MMRB at its "gross" amount, not "netted" against interest earning, and reflected the entire amount as eligible basis. Interest earnings are reflected as a source of funds.

2. Based on the TDC per unit limitations in affect as of the April 1, 2022 Telephonic FHFC Board meeting, FHFC has set the TDC for RFA 2022-101, exclusive of purchase price and Operating Deficit Reserves ("ODR"), of $299,700 per unit for an acquisition and preservation, of a non-garden-style Enhanced Structural Systems Construction ("ESSC") development located in Miami-Dade County, which includes the $7,500 add-on. The TDC for the Development, exclusive of relocation costs, purchase price, and reserves, is $24,872,553 or $248,726 per unit, which is within the parameters of the RFA.

<u>Recommendation</u>:

First Housing recommends a SAIL Loan in the amount of $1,770,746, an ELI Loan in the amount of $750,000, and an annual 4% HC Allocation of $1,677,250 for the acquisition and preservation of the Development.

These recommendations are based upon the assumptions detailed in the Report Summary (Section A) and Supporting Information and Schedules (Section C). In addition, these recommendations are subject to the SAIL and ELI Loan Special and General Conditions and the HC Allocation Recommendation and Contingencies (Section B). **This recommendation is only valid for six months from the date of the report.**

The reader is cautioned to refer to these sections for complete information.

Prepared by:

Stephanie Petty
Senior Credit Underwriter

Reviewed by:

Ed Busansky
Senior Vice President

# Overview

## Construction Financing Sources:

| Construction Sources | Lender | Application | Revised Applicant | Underwriter | Construction Interest Rate | Annual Construction Debt Service |
|---|---|---|---|---|---|---|
| Local HFA Bonds | HFAMDC | $13,500,000 | $20,000,000 | $20,000,000 | 4.50% | $900,000 |
| Regulated Mortgage Lender | TD Bank | $0 | $2,000,000 | $2,000,000 | 8.57% | $171,400 |
| FHFC - SAIL | FHFC | $1,770,746 | $1,770,746 | $1,770,746 | 1.00% | $17,707 |
| FHFC - SAIL ELI | FHFC | $750,000 | $750,000 | $750,000 | 0.00% | $0 |
| Seller Financing | St. Mary Towers, Inc | $4,863,011 | $10,137,969 | $10,137,969 | 6.38% | $646,802 |
| Seller Financing | St. Mary Towers, Inc. - Reserve Loan | $0 | $395,147 | $395,147 | 6.38% | $25,210 |
| HC Equity | RJAHI | $1,279,295 | $3,276,873 | $2,360,862 | N/A | N/A |
| Deferred Developer Fee | SHAG St. Mary Towers Developer, LLC & CHS St. Mary Towers Development, LLC | $3,220,028 | $548,905 | $1,042,160 | N/A | N/A |
| Other | Interest Revenue | $0 | $1,725,000 | $2,000,000 | N/A | N/A |
| Other | Interim Income | $0 | $287,363 | $0 | N/A | N/A |
| Total | . | $25,383,080 | $40,892,003 | $40,456,884 | | $1,761,120 |
| Cash Collateral Source(s) | | | | | | |
| Regulated Mortgage Lender | TD Bank | | | $20,000,000 | 8.57% | $1,714,000 |
| Grand Total | | | | $60,456,884 | | $3,475,120 |

<u>First Mortgage</u>:

Based on a Summary of Financing Assumption, dated November 1, 2023, from RBC Capital Markets, it is anticipated that HFAMDC will issue $20,000,000 in tax-exempt bonds. Funds will be held in cash or Permitted Investments (consisting of Government Obligations or money market funds secured by Government Obligations) that will secure the repayment of the Bonds and will mature on or before the mandatory tender. The release of the Bond proceeds to fund the acquisition and rehabilitation of the Development will be restricted, contingent upon a like sum being funded to the Trustee and placed in the Collateral Fund. The principal and interest of the Bonds will be secured by a cash source, or Permitted Investments at all times until they are fully repaid. The source of bond collateral is expected to be a taxable loan provided by TD Bank. The Bonds will pay interest only until the mandatory tender date. The Bonds will bear interest at a fixed rate that is payable semiannually. Based on current market conditions, the bond interest rate or yield is estimated to be approximately 4.50% assuming a Mandatory Tender Date with a 30-month term. The Bond Collateral will be invested in U.S. Treasury Obligations. At the present time, the market rate on such investments is estimated to be 5.00%, which is above the expected rate on the Bonds.

First Housing has reviewed a term sheet from TD Bank, dated October 27, 2023, for construction financing. The maximum construction loan amount is $22,000,000, subject to a maximum 80% loan to value based on the "as-Complete and as restricted" value plus the value of tax credits and 80% loan to cost during construction. Of the $22,000,000 construction loan, $20,000,000 will cash collateralize the Bonds. The term of the construction loan shall be 24 months from the date of closing, plus one six-month extension. Payments of interest only will be required monthly on the outstanding principal balance. The construction loan shall bear interest at a variable rate based on the one-month term Secured Overnight Financing Rate ("SOFR") plus a 2.25% spread. The construction loan interest is calculated based on the SOFR rate of 5.32% (as of October 27, 2023) plus a 2.25% spread, and a 1.00% underwriting cushion for an all-in rate of 8.57%.

The Annual HFAMDC Issuer Fee of 25 basis points of the amount of the outstanding Bonds and the Annual Trustee Fee of $4,500 have been included in the Uses section of the report.

<u>FHFC SAIL and ELI Loans:</u>

First Housing reviewed an invitation to enter credit underwriting, dated February 2, 2023, from FHFC with a preliminary SAIL Loan in the amount of $1,770,746 and a preliminary ELI loan in the amount of $750,000.

The SAIL Loan is non-amortizing with an interest rate of 1% over the life of the loan with annual payments based upon available cash flow. The SAIL Loan will have a total term of 18 years, of which 2.5 years is for the construction/stabilization period and 15.5 years is for the permanent period. As required by Freddie Mac and permitted by Rule 67-48, the SAIL Loan will be coterminous with the first mortgage plus six months (total term of 18 years). Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of surplus cash flow on an annual basis as required by Freddie Mac. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% per annuum over the life of the loan. The ELI Loan will have a total loan term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. As requested by RJAHI and permitted by the RFA, the ELI Loan term has been extended (total term of 30 years). Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of surplus cash flow on an annual basis as required by Freddie Mac. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

Seller Financing:

First Housing received a Commitment Letter from St. Mary Towers, Inc., dated October 25, 2023, for $10,137,969 in Seller financing for the Applicant. The interest rate is 6.38% simple interest rate per annum, paid from available cash flow. The loan is non-amortizing with a 65-year term. At the maturity of the loan, all principal will be due. First Housing has assumed 2 years is for the construction/stabilization period and 63 years is for the permanent period.

Seller Financing – Reserve Loan:

First Housing received a Commitment Letter from St. Mary Towers, Inc., dated November 8, 2023, for a loan in the amount of outstanding balance of the reserves at closing, which is currently estimated at $395,147. The loan is anticipated to have the same terms of the Seller Note. The interest rate is 6.38% simple interest rate per annum, paid from available cash flow. The loan is non-amortizing with a 65-year term. At the maturity of the loan, all principal will be due. First Housing has assumed 2 years is for the construction/stabilization period and 63 years is for the permanent period.

Housing Credit Equity:

First Housing has reviewed a letter, dated October 27, 2023, indicating a Fund sponsored by RJAHI will acquire 99.99% ownership interest in the Applicant. Based on the letter, the annual HC allocation is estimated to be in the amount of $1,710,940 and a syndication rate of $0.92 per dollar. RJAHI anticipates a net capital contribution of $15,739,074 and has committed to make available 15.00% or $2,360,862 of the total net equity during the construction period. Two additional installments will be available upon construction completion and at stabilization and receipt of the Form 8609. The first installment, in the amount of $2,360,862 or 15.00% of the total net equity, meets the RFA requirement that 15% of the total equity must be contributed at or prior to the closing.

Deferred Developer Fee:

To balance the sources and uses of funds during construction, the Developer is required to defer $1,042,160 or approximately 17.48% of the total Developer Fee of $5,960,453.

Interest Revenue:

On the day of closing, the bond proceeds will be invested in U.S. Treasuries that mature on or before the initial mandatory tender date, approximately 24 months. The U.S. Treasuries will be purchased through a competitive bid process conducted by RBC. Based on current market conditions the anticipated earning rate is estimated at 5.00% and the total interest revenue is estimated to be $2,000,000.

**Permanent Financing Sources:**

| Permanent Sources | Lender | Application | Revised Applicant | Underwriter | Term Yrs. | Amort. Yrs. | Interest Rate | Annual Debt Service |
|---|---|---|---|---|---|---|---|---|
| Local HFA Bonds | HFAMDC/ Berkadia/ Freddie Mac | $5,320,000 | $9,500,000 | $9,500,000 | 15 | 40 | 6.91% | $700,992 |
| FHFC - SAIL | FHFC | $1,770,746 | $1,770,746 | $1,770,746 | 15.5 | 0 | 1.00% | $17,707 |
| FHFC - SAIL ELI | FHFC | $750,000 | $750,000 | $750,000 | 27.5 | 0 | 0.00% | $0 |
| Seller Financing | St. Mary Towers, Inc | $4,863,011 | $10,137,969 | $10,137,969 | 63 | 0 | 6.38% | $646,802 |
| Seller Financing | St. Mary Towers, Inc. - Reserve Loan | $0 | $395,147 | $395,147 | 63 | 0 | 6.38% | $25,210 |
| HC Equity | RJAHI | $8,528,627 | $15,839,303 | $15,739,074 | N/A | N/A | N/A | N/A |
| Deferred Developer Fee | LLC & CHS St. Mary Towers Development, LLC | $3,220,028 | $73,149 | $163,948 | N/A | N/A | N/A | N/A |
| Other | Interest Revenue | $0 | $2,020,000 | $2,000,000 | N/A | N/A | N/A | N/A |
| Other | Interim Income | $0 | $405,689 | $0 | N/A | N/A | N/A | N/A |
| Total | | $24,452,412 | $40,892,003 | $40,456,884 | | | | $1,390,712 |

First Mortgage:

First Housing received a Letter of Intent, dated October 5, 2023, where Berkadia intends to commit to a 24-month forward commitment to make a loan in the amount of $8,500,000 to Miami Dade Housing Finance Agency pursuant to the Federal Home Loan Mortgage ("Freddie Mac") Multifamily Direct Purchase of Tax-Exempt Loan Program (the "TEL Program"). The term of the loan is 15 years from conversion with a 40-year amortization. First Housing further received an Index Lock Agreement, dated October 24, 2023, with an Index-Locked Mortgage amount of $9,500,000. The interest will be fixed based on a spread of 204 basis points over the Index Lock of 4.87%, for an overall interest rate of 6.91%. Payments of principal and interest will be due and payable monthly throughout the Loan Term.

Additional fees included in the Debt Service calculation consist of an annual Issuer Fee of 25 bps of the outstanding Bonds and an annual Fiscal Agent Fee of $4,500. The Compliance Monitoring Fee is based on $30 per unit.

FHFC SAIL and ELI Loans:

First Housing reviewed an invitation to enter credit underwriting, dated February 2, 2023, from FHFC with a preliminary SAIL Loan in the amount of $1,770,746 and a preliminary ELI loan in the amount of $750,000.

The SAIL Loan is non-amortizing with an interest rate of 1% over the life of the loan with annual payments based upon available cash flow. The SAIL Loan will have a total term of 18 years, of which 2.5 years is for the construction/stabilization period and 15.5 years is for the permanent period. As required by Freddie Mac and permitted by Rule 67-48, the SAIL Loan will be coterminous with the first mortgage plus six months (total term of 18 years). Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of surplus cash flow on an annual basis as required by Freddie Mac. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The ELI Loan is non-amortizing with an interest rate of 0% per annuum over the life of the loan. The ELI Loan will have a total loan term of 30 years, of which 2.5 years is for the construction/stabilization period and 27.5 years is for the permanent period. As requested by RJAHI and permitted by the RFA, the ELI Loan term has been extended (total term of 30 years). Annual payments of all applicable fees will be required. The Applicant shall not be obligated to pay more than 75% of surplus cash flow on an annual basis as required by Freddie Mac. Annual payments of all applicable fees will be required. Principal is forgivable at maturity, provided the units for which the ELI Loan amount is awarded are targeted to ELI households for the first 15 years of the 50-year Compliance Period. However, after 15 years, all of the ELI set aside units may convert to serve residents at or below 60% AMI. The Persons with Special Needs set aside requirement must be maintained through the entire 50-year Compliance Period.

For each of the SAIL and ELI loans, fees include an annual multiple program Compliance Monitoring Fee of $1,023 and an annual Permanent Loan Servicing Fee of 25 bps of the outstanding loan amount up to a maximum of $936 per month, subject to a minimum of $236 per month.

<u>Seller Financing:</u>

First Housing received a Commitment Letter from St. Mary Towers, Inc., dated October 25, 2023, for $10,137,969 in Seller financing for the Applicant. The interest rate is 6.38% simple interest rate per annum, paid from available cash flow. The loan is non-amortizing with a 65-year term. At the maturity of the loan, all principal will be due. First Housing has assumed 2 years is for the construction/stabilization period and 63 years is for the permanent period.

<u>Seller Financing – Reserve Loan</u>:

First Housing received a Commitment Letter from St. Mary Towers, Inc., dated November 8, 2023, for a loan in the amount of outstanding balance of the reserves at closing, which is currently estimated at $395,147. The interest rate is 6.38% simple interest rate per annum, paid from available cash flow. The loan is non-amortizing with a 65-year term. At the maturity of the loan, all principal will be due. First Housing has assumed 2 years is for the construction/stabilization period and 63 years is for the permanent period.

Housing Credit Equity:

The Applicant has applied to FHFC to receive 4% Housing Credits directly from the U.S. Treasury in conjunction with tax-exempt financing. A HC calculation is contained in Exhibit 2 of this credit underwriting report. Based on the letter, dated October 27, 2023, a fund sponsored by RJAHI will provide HC equity as follows:

| Capital Contributions | Amount | Percentage of Total | When Due |
|---|---|---|---|
| 1st Installment | $2,360,862 | 15.00% | Closing |
| 2nd Installment | $2,360,861 | 15.00% | 100% construction completion |
| 3rd Installment | $11,017,351 | 70.00% | Stabilization and receipt of 8609s |
| Total | $15,739,074 | 100.00% | |

| | |
|---|---|
| Annual Credit Per Syndication Agreement | $1,710,940 |
| Calculated HC Exchange Rate | $0.92 |
| Limited Partner Ownership Percentage | 99.99% |
| Proceeds Available During Construction | $2,360,862 |

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $163,948 or approximately 2.75% of the total Developer Fee of $5,960,453.

Interest Revenue:

On the day of closing, the bond proceeds will be invested in U.S. Treasuries that mature on or before the initial mandatory tender date, approximately 24 months. The U.S. Treasuries will be purchased through a competitive bid process conducted by RBC. Based on current market conditions the anticipated earning rate is estimated at 5.00% and the total interest revenue is estimated to be $2,000,000.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Rehab of Existing Common Areas | $500,000 | $0 | $0 | $0 | $0 |
| Rehab of Existing Rental Units | $4,105,264 | $9,503,924 | $7,753,711 | $77,537 | $0 |
| Constr. Contr. Costs subject to GC Fee | $4,605,264 | $9,503,924 | $7,753,711 | $77,537 | $0 |
| General Conditions | $644,736 | $0 | $465,222 | $4,652 | $0 |
| Overhead | $0 | $0 | $155,074 | $1,551 | $0 |
| Profit | $0 | $0 | $465,222 | $4,652 | $0 |
| General Liability Insurance | $0 | $0 | $119,841 | $1,198 | $0 |
| Payment and Performance Bonds | $0 | $0 | $94,041 | $940 | $0 |
| Contract Costs not subject to GC Fee | $0 | $0 | $450,813 | $4,508 | $0 |
| Total Construction Contract/Costs | $5,250,000 | $9,503,924 | $9,503,924 | $95,039 | $0 |
| Hard Cost Contingency | $787,500 | $1,356,418 | $1,425,588 | $14,256 | $0 |
| FF&E paid outside Constr. Contr. | $150,000 | $600,000 | $600,000 | $6,000 | $0 |
| **Total Construction Costs:** | **$6,187,500** | **$11,460,342** | **$11,529,512** | **$115,295** | **$0** |

Notes to the Total Construction Costs:

1. The Applicant has provided an executed construction contract, dated November 6, 2023, in the amount of $9,042,788. This is a Standard Form of Agreement between Owner, St. Mary Towers Apartments, LLLP, and Contractor, JWR Construction Services, Inc., where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price ("GMP"). Per the contract, substantial completion is to be achieved not later than 305 days from the date of commencement of the work. The construction contract specifies a 10% retainage shall be withheld on all draws through fifty-percent completion of the entire Work, and such retainage shall be withheld until 100% lien-free final completion of the entire Work. Provided that the Contractor is not in default, only five percent (5%) retainage shall be withheld on amounts due and owing for remaining Work performed after fifty-percent completion of the entire Work is achieved. First Housing further received an Amendment No. 1 to Agreement between Owner and Contractor, dated November 6, 2023. According to the Amendment, the GMP was increased by $461,136, from $9,042,788 to $9,503,924.

2. First Housing utilized the Schedule of Values ("SOV") to break out the construction costs.

3. The General Contractor ("GC") fee is within the maximum 14% of hard costs allowed by the RFA and Rule Chapters 67-48 and 67-21. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per Rule Chapters 67-48 and 67-21.

4. The GC Contract includes $259,528.88 in allowances which equals 2.73% of the GMP. Based on the Plan and Cost Analysis, it is the opinion of GLE Associates, Inc. ("GLE") that the allowances are reasonable for this Development.

| | |
|---|---|
| Miscellaneous Sidewalk Repairs | $5,000.00 |
| 50 LF of Chain Link Fence Repairs & 50 LF of Picket Fence Repairs | $5,000.00 |
| Irrigation Pump Replacement | $5,000.00 |
| Replace or Relocate Sprinkler Heads | $1,500.00 |
| New Site Amenities | $50,000.00 |
| FL Yards & Neighbors | $20,000.00 |
| Unspecified Precast Concrete Cap on Monument Sign | $5,500.00 |
| Chipping and Patching for First Floor Drain Modifications | $12,750.00 |
| Patching and sealing any miscellaneous penetrations | $2,500.00 |
| Stucco Repairs around Window & PTAC Perimeters | $64,190.00 |
| Elevator Cab Renovation | $30,000.00 |
| Replace Insulation as needed for Domestic Water Piping at Roof | $2,500.00 |
| Replacement of 30 LF of Cast Iron Sanitary | $7,500.00 |
| Lint trap cleaning or replacement | $7,500.00 |
| Interior Light Fixture Package | $35,852.77 |
| Exterior Light Fixture Package | $4,736.11 |
| **Total** | **$259,528.88** |

5. The GC has budgeted for Payment and Performance Bonds ("P&P Bonds") to secure the construction contract.

6. The Contract Costs not Subject to a GC Fee includes the Elevator Modernization of $450,813.

7. The Hard Cost Contingency is within 15% of the total construction cost, as allowed for rehabilitation developments by the RFA and Rule Chapters 67-48 and 67-21.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $40,000 | $40,000 | $40,000 | $400 | $8,000 |
| Appraisal | $20,000 | $16,750 | $6,750 | $68 | $0 |
| Architect's Fee - Site/Building Design | $325,000 | $569,729 | $569,729 | $5,697 | $0 |
| Architect's Fee - Supervision | $50,000 | $0 | $0 | $0 | $0 |
| Building Permits | $200,000 | $250,000 | $250,000 | $2,500 | $0 |
| Builder's Risk Insurance | $65,625 | $118,799 | $118,799 | $1,188 | $0 |
| Capital Needs Assessment/Rehab | $10,000 | $5,440 | $5,440 | $54 | $0 |
| Engineering Fees | $25,000 | $0 | $0 | $0 | $0 |
| Environmental Report | $35,000 | $35,000 | $35,000 | $350 | $0 |
| FHFC Administrative Fees | $49,377 | $94,674 | $92,249 | $922 | $92,249 |
| FHFC Application Fee | $3,000 | $3,000 | $3,000 | $30 | $3,000 |
| FHFC Credit Underwriting Fee | $15,000 | $37,840 | $22,840 | $228 | $22,840 |
| FHFC Compliance Fee | $223,041 | $229,477 | $229,477 | $2,295 | $229,477 |
| Lender Inspection Fees / Const Admin | $54,000 | $90,000 | $90,000 | $900 | $0 |
| Market Study | $10,000 | $10,000 | $5,000 | $50 | $5,000 |
| Marketing and Advertising | $50,000 | $100,000 | $100,000 | $1,000 | $100,000 |
| Plan and Cost Review Analysis | $0 | $4,300 | $4,300 | $43 | $0 |
| Survey | $20,000 | $30,000 | $30,000 | $300 | $0 |
| Tenant Relocation Costs | $250,000 | $800,000 | $800,000 | $8,000 | $0 |
| Title Insurance and Recording Fees | $135,000 | $200,000 | $200,000 | $2,000 | $50,000 |
| Soft Cost Contingency | $118,002 | $139,001 | $130,129 | $1,301 | $0 |
| **Total General Development Costs:** | **$1,808,045** | **$2,774,010** | **$2,732,713** | **$27,327** | **$510,566** |

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. First Housing has utilized actual costs for: Appraisal, Capital Needs Assessment, FHFC Credit Underwriting, Market Study, and Plan and Cost Analysis.

3. The FHFC Administrative Fee is based on 5.5% of the recommended annual 4% Housing Credit allocation.

4. The FHFC Credit Underwriting Fee includes $20,506 for the SAIL, ELI, and HC underwriting and $2,334 for the Capital Needs Analysis ("CNA") review fee.

5. FHFC Compliance Monitoring Fee of $229,477 is based on the 2023 compliance monitoring fee calculator spreadsheet provided by FHFC.

6. First Housing received a Relocation Plan, dated October 24, 2023, for St. Mary Towers. In order to carry out the scope of work, residents will need to move out of their existing unit

and relocate to a vacant unit in the building. Tenants will be relocated to a temporary unit on-site for an estimated time of 30 days. Currently, the relocation budget totals $800,000 or $8,000 per unit, which will cover expenses related to supporting residents throughout the relocation process, including packing and moving costs, as well as cleaning costs and any exterminating costs related to turning relocation units. This budget also encompasses hiring a relocation specialist as well as any unforeseen off-site housing costs which would need to been covered during the rehabilitation process. All residents will have at a minimum a 30-day notice of their upcoming move.

7. First Housing adjusted the Soft Cost Contingency to be 5% of the General Development Costs less the soft cost contingency, as allowed by the RFA and Rule Chapters 67-48 and 67-21 for rehabilitation developments.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Origination Fee | $135,000 | $165,000 | $165,000 | $1,650 | $0 |
| Construction Loan Interest | $1,062,567 | $2,478,466 | $2,111,648 | $21,116 | $1,203,640 |
| Permanent Loan Origination Fee | $53,200 | $95,000 | $95,000 | $950 | $95,000 |
| Permanent Loan Closing Costs | $31,280 | $78,000 | $78,000 | $780 | $78,000 |
| Local HFA Bond Underwriting Fee | $0 | $19,269 | $19,269 | $193 | $19,269 |
| Local HFA Bond Trustee Fee | $0 | $0 | $9,000 | $90 | $9,000 |
| Local HFA Bond Cost of Issuance | $172,250 | $426,200 | $402,750 | $4,028 | $402,750 |
| Local HFA Bond Interest | $0 | $1,800,000 | $1,800,000 | $18,000 | $440,000 |
| SAIL Commitment Fee | $16,911 | $17,708 | $17,708 | $177 | $17,708 |
| SAIL Closing Costs | $0 | $27,500 | $12,500 | $125 | $12,500 |
| SAIL-ELI Commitment Fee | $7,500 | $7,500 | $7,500 | $75 | $7,500 |
| SAIL-ELI Closing Costs | $0 | $6,500 | $6,500 | $65 | $6,500 |
| Legal Fees - Financing Costs | $520,000 | $615,000 | $615,000 | $6,150 | $257,500 |
| Initial TEFRA Fee | $0 | $1,000 | $1,000 | $10 | $1,000 |
| Other: POS | $0 | $9,000 | $9,000 | $90 | $9,000 |
| Other: HFA Issuer Fee | $0 | $100,000 | $100,000 | $1,000 | $100,000 |
| **Total Financial Costs:** | **$1,998,708** | **$5,846,143** | **$5,449,875** | **$54,499** | **$2,659,367** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$9,994,253** | **$20,080,495** | **$19,712,100** | **$197,121** | **$3,169,933** |

Notes to the Financial Costs:

1. The Construction Loan Origination Fee is based on 0.75% of the construction loan amount of $22,000,000.

2. The Construction Loan Interest of $2,111,648 is based on an interest rate of 8.57%, for 24-months, and an average outstanding loan balance of 56%.

3. The Permanent Loan Origination Fee is based on 2% of the permanent loan amount of $9,500,000.

4. The Local Bond Trustee Fee of $9,000 represents 2 years of the Annual Trustee fee of $4,500 during the construction period.

5. Local HFA Bond Underwriting Fee includes an underwriting fee of $16,489 and a closing fee of $2,780.

6. First Housing utilized the Cost of Issuance received from RBC. However, First Housing backed out the Credit Underwriting Fee and the Bond Closing Fee.

7. Local HFA Bond Interest is reflective of the entire bond amount outstanding for the 24-month construction/stabilization period based on an interest rate of 4.5% which consistent with current market conditions.

8. The SAIL Commitment Fee is based on a 1% commitment fee on the SAIL Loan.

9. The SAIL ELI Commitment Fee is based on a 1% commitment fee on the ELI Loan.

10. First Housing included FHFC closing costs of $6,500 for the ELI loan and $12,500 for the SAIL loan for FHFC legal counsel fees.

11. HFA Issuer Fee includes 2 years of the HFAMDC Administrative Fee of 0.25% of the total Bond amount.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Building Acquisition Cost | $7,894,799 | $13,401,532 | $13,401,532 | $134,015 | $0 |
| Developer Fee on Non-Land Acq. Costs | $1,421,063 | $0 | $2,412,275 | $24,123 | $0 |
| **Total Non-Land Acquisition Costs:** | **$9,315,862** | **$13,401,532** | **$15,813,807** | **$158,138** | **$0** |

Notes to the Non-Land Acquisition Costs:

1. First Housing reviewed a Ground Lease, dated December 27, 2022, between St. Mary Towers, Inc. ("Landlord") and St. Mary Towers Apartments, LLLP ("Tenant") and a draft First Amendment to Ground Lease. Receipt of an executed First Amendment to Ground Lease, is a condition to close. The term of the lease shall be for a period of 99 years, commencing on the Commencement Date. According to the Ground Lease, there is a Capital Lease Payment in the amount $14,360,000 and shall be paid as follows: a) On the Lease Commencement Date, the outstanding principal balance on the first mortgage currently encumbering the premise in the estimated amount of $3,472,031 shall be paid ("Loan Payoff"); b) On the Lease Commencement Date, the Tenant shall pay the Landlord the sum of $750,000 as a one-time payment ("Initial Payment"); c) On the Lease

Commencement Date, the Tenant shall execute a promissory note in favor of the Landlord in the amount equal to the Capital Lease Payment less the Loan Payoff and less the initial payment (currently projected to be approximately $10,137,969). The Tenant shall pay the Landlord a base rent of $1 per annum, which shall be paid for the entire term on the Commencement Date.

2. First Housing reviewed an Appraisal for the Development, dated September 13, 2023. The hypothetical market value, "as is", at subsidized rents is $14,360,000. The appraisal supports the Capital Lease Payment.

3. The Building Acquisition Cost of $13,401,532 is the difference of the purchase price ($14,360,000) minus the Miami-Dade County Property Appraiser's land value ($958,468).

4. The recommended Developer Fee on Non-Land Acquisition Costs does not exceed 18% of the building acquisition costs as allowed by the RFA and Rule Chapters 67-21 and 67-48.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $1,798,965 | $6,026,765 | $3,548,177 | $35,482 | $0 |
| **Total Other Development Costs:** | **$1,798,965** | **$6,026,765** | **$3,548,177** | **$35,482** | **$0** |

Notes to the Developer Fee on Non-Acquisition Costs:

1. The recommended Developer's Fee does not exceed 18% of Total Development Cost before Developer Fee and ODR as allowed by the RFA and Rule Chapters 67-48 and 67-21.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Land | $1,184,201 | $958,468 | $958,468 | $9,585 | $958,468 |
| **Total Acquisition Costs:** | **$1,184,201** | **$958,468** | **$958,468** | **$9,585** | **$958,468** |

Notes to Acquisition Costs:

1. According to the appraisal, the estimated value of the underlying land value as of August 11, 2023, is $4,000,000. The Miami-Dade County Property Appraiser's website indicated that the land value for the Development as of 2023 is $958,468. First Housing has utilized the lesser value of $958,468 for the land acquisition cost.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Operating Deficit Reserve (Syndicator) | $0 | $424,743 | $424,331 | $4,243 | $424,331 |
| **Total Reserve Accounts:** | **$0** | **$424,743** | **$424,331** | **$4,243** | **$424,331** |

Notes to Reserve Accounts:

1. According to an email, dated October 27, 2023, RJAHI will require an Operating Deficit Reserve ("ODR") in the estimated amount of $424,331. In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve's original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development's capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant's obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant's organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant's discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

   At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in Rule Chapter 67-48. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its legal counsel, and its Servicer.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $22,293,281 | $40,892,003 | $40,456,884 | $404,569 | $4,552,732 |

Notes to Total Development Costs:

1. Total Development Costs have increased by a total of $18,163,603 from $22,293,281 to $40,456,884 or 81.48% since the Application. This change is mainly due to an increase in construction costs and purchase price.

## Operating Pro Forma – St. Mary Towers

| FINANCIAL COSTS: | | | Year 1 | Year 1 Per Unit |
|---|---|---|---|---|
| OPERATING PRO FORMA | | | | |
| INCOME: | Gross Potential Rental Income | | $1,984,716 | $19,847 |
| | Other Income | | | |
| | Miscellaneous | | $5,000 | $50 |
| | Gross Potential Income | | $1,989,716 | $19,897 |
| | Less: | | | |
| | Physical Vac. Loss | Percentage: 3.00% | $59,691 | $597 |
| | Collection Loss | Percentage: 1.75% | $34,793 | $348 |
| Total Effective Gross Income | | | $1,895,232 | $18,952 |
| EXPENSES: | Fixed: | | | |
| | Real Estate Taxes | | $0 | $0 |
| | Insurance | | $120,000 | $1,200 |
| | Variable: | | | |
| | Management Fee | Percentage: 5.00% | $94,762 | $948 |
| | General and Administrative | | $100,000 | $1,000 |
| | Payroll Expenses | | $170,000 | $1,700 |
| | Utilities | | $105,000 | $1,050 |
| | Maintenance and Repairs/Pest Control | | $145,000 | $1,450 |
| | Reserve for Replacements | | $35,000 | $350 |
| Total Expenses | | | $769,762 | $7,698 |
| Net Operating Income | | | $1,125,470 | $11,255 |
| Debt Service Payments | | | | |
| | First Mortgage - HFAMDC/Berkadia/Freddie Mac | | $700,992 | $7,010 |
| | Second Mortgage - FHFC - SAIL | | $17,707 | $177 |
| | Third Mortgage - FHFC - ELI | | $0 | $0 |
| | Fourth Mortgage - St. Mary Towers, Inc | | $646,802 | $6,468 |
| | Fifth Mortgage - St. Mary Towers, Inc. | | $25,210 | $252 |
| | First Mortgage Fees - HFAMDC | | $31,188 | $312 |
| | Second Mortgage Fees - FHFC - SAIL | | $5,450 | $54 |
| | Third Mortgage Fees - FHFC - ELI | | $3,855 | $39 |
| | Fourth Mortgage Fees - St. Mary Towers, Inc. | | $0 | $0 |
| | Fifth Mortgage Fees - St. Mary Towers, Inc. | | $0 | $0 |
| Total Debt Service Payments | | | $1,431,205 | $14,312 |
| Cash Flow after Debt Service | | | -$305,735 | -$3,057 |
| | | | | |
| Debt Service Coverage Ratios | | | | |
| | DSC - First Mortgage plus Fees | | 1.54x | |
| | DSC - Second Mortgage plus Fees | | 1.49x | |
| | DSC - Third Mortgage plus Fees | | 1.48x | |
| | DSC - Fourth Mortgage plus Fee | | 0.80x | |
| | DSC - Fifth Mortgage plus Fees | | 0.79x | |
| Financial Ratios | | | | |
| | Operating Expense Ratio | | 40.62% | |
| | Break-even Economic Occupancy Ratio (all debt) | | 110.85% | |

Notes to the Operating Pro Forma and Ratios:

1. The Development will be utilizing Housing Credits in conjunction with SAIL and ELI, which will impose rent restrictions. The rent levels are based on 2023 maximum Low

Income Housing Tax Credits ("LIHTC") rents published on FHFC's website for Miami-Dade County less the applicable utility allowances. The Development will have a HAP Contract for 99 of the units. First Housing has based the HAP rents on the post-rehab rents in the letter, dated November 1, 2023, from HUD. Receipt of a HAP contract is a condition to close. Below is the rent roll for the Development:

Miami-Dade County, Miami-Miami Beach-Kendall HMFA

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 0 | 1.0 | 3 | 408 | 28% | | | $506 | $41 | $ 465 | $ 1,525 | $ 1,525 | $ 1,525 | $ 1,525 | $ 54,900 |
| 0 | 1.0 | 21 | 408 | 60% | | | $1,084 | $41 | $ 1,043 | $ 1,525 | $ 1,525 | $ 1,525 | $ 1,525 | $ 384,300 |
| 1 | 1.0 | 7 | 528 | 28% | | | $542 | $58 | $ 484 | $ 1,700 | $ 1,700 | $ 1,700 | $ 1,700 | $ 142,800 |
| 1 | 1.0 | 68 | 528 | 60% | | | $1,161 | $58 | $ 1,103 | $ 1,700 | $ 1,700 | $ 1,700 | $ 1,700 | $ 1,387,200 |
| 2 | 1.0 | 1 | 600 | 60% | | | $1,393 | $100 | $ 1,293 | | $ - | $ - | $ 1,293 | $ 15,516 |
| | | 100 | 49,992 | | | | | | | | | | | $ 1,984,716 |

2. The utility allowance for the 2-bedroom unit is from Allowances for Tenant-Furnished Utilities and Other Services for Miami-Dade County, FL, which were effective January 1, 2022.

3. The Appraiser estimated vacancy and collection loss at 2%. First Housing has included vacancy and collection loss of approximately 4.75%, which is includes loss from revenue form the anticipated manager unit.

4. Miscellaneous Income is comprised of revenue from laundry income. Total Miscellaneous Income of $50/unit/per year is supported by the appraisal.

5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

6. The Development will seek ad valorem property tax exemption under Florida Statute 196.1975. The Development's ownership will be a Florida limited partnership, with the sole general partner that is a not-for-profit corporation. A real estate counsel's opinion letter verifying the proposed organizational structure meets the requirements under this statute, is a condition to close.

7. The Appraiser concluded to an insurance expense of $81,600 or $816/unit. First Housing concluded to an insurance expense of $120,000 or $1,200/unit to be more conservative and to be in line with the Developer.

8. First Housing received a draft Management Agreement between St. Mary Towers Apartments, LLLP ("Owner") and Catholic Housing for the Elderly and Handicapped, Inc. D/B/A Catholic Housing Management ("Agent") which includes a proposed management fee equal to 4.83% of actual gross rental income for the preceding month. The Agent will collect an additional $3 per unit per month to oversee more than one type of subsidy at the Development and an additional $5 per unit per month due to the Project location's adverse condition. In addition, Agent will earn a bookkeeping fee equal to $3.50 per unit per annum. First Housing utilized a 5% fee, which is more conservative than the appraiser at 4%. Receipt of a final management agreement is a condition to close.

9. The landlord will pay for water/sewer, common area utilities, trash, and pest control. The tenant will be responsible for the electric in their unit.

10. Replacement Reserves of $350 per unit per year are required, per the Capital Needs Assessment. Based on an email from RJAHI, dated October 27, 2023, Replacement Reserves will be $350 per unit and increase by 3% per year.

11. The Break-even Economic Occupancy Ratio includes all debt; however, the SAIL Loan and the Seller Notes require interest payments that are based on available cash flow. This ratio would improve to 76.19% if these interest payments were not included in the calculation.

12. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

# Section B

## SAIL and ELI Loan Special and General Conditions

## HC Allocation Recommendation and Contingencies

## Special Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the SAIL and ELI Loan closing date.

1. Firm Commitment from TD Bank (construction financing) and Berkadia/Freddie Mac (permanent financing) for the MMRB with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

2. Closing documents from St. Mary Towers, Inc. for the Seller Note and Reserve Loan with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

3. Receipt and satisfactory review of the Final signed, sealed "approved for construction" plans and specifications by the Construction Consultant and the Servicer.

4. Satisfactory receipt and review of updated financials for the Guarantors, dated within 90 days of closing.

5. Receipt of satisfactory trade references for Darren Smith, Timothy Henzy, and Catholic Health Services, Inc.

6. Approval of a grab bar FHFC approved alternative by staff.

7. Receipt of a satisfactory final Plan and Cost Analysis.

8. Receipt of an executed First Amendment to Ground Lease.

9. Receipt of a real estate counsel's opinion letter verifying the proposed organizational structure meets the requirements under Florida Statute 196.1975.

10. FHFC's staff approval of an MOU and Tenant Selection Plan.

11. FHFC Asset Management Department's approval of the Applicant's selection of management company.

12. HUD approval of the Tenant Selection Plan.

13. Receipt of an executed HAP Contract with rents consistent with this report.

14. Receipt and satisfactory review of an executed Management Agreement and final Management Plan.

15. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

## General Conditions

This recommendation is contingent upon the review and approval of the following items by Florida Housing and First Housing **at least two weeks prior to Real Estate Loan Closing**. Failure to submit and to receive approval of these items within this time frame may result in postponement of the closing date:

1. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the Development Team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025 (5) F.A.C. and 67-48.0075 (5) F.A.C. of an Applicant or a Developer).

2. GLE Associates, Inc. ("GLE") is to act as construction inspector during the construction phase.

3. At all times there will be undisbursed loan funds (collectively held by Florida Housing, the first mortgage lender and any other source) sufficient to complete the Development. If at any time there are not sufficient funds to complete the Development, the Applicant will be required to expend additional equity on Development Costs or to deposit additional equity with Florida Housing which is sufficient (in Florida Housing's judgment) to complete the Development before additional loan funds are disbursed. This condition specifically includes escrowing at closing all equity necessary to complete construction or another alternative acceptable to Florida Housing in its sole discretion.

4. Construction Period Developer Fee shall be the lessor of i) 50% of the Total Developer Fee or ii) the Total Developer Fee less the Deferred Developer Fee listed in the Sources and Uses for the construction period, as calculated by the Servicer. At closing, a maximum of 35% of the Construction Period Developer Fee may be funded. Remaining Construction Period Developer Fee will be disbursed during construction/rehabilitation on a pro rata basis, based on the percentage of completion of the development, as approved and reviewed by FHFC and Servicer.

Once the Development has achieved 100% lien free completion and retainage has been released, the Post-Construction Period Developer Fee may be funded. Post-Construction Period Developer Fee is the remaining portion of Developer Fee less Deferred Developer Fee listed in the Sources and Uses for the permanent period, as calculated by the Servicer.

5. Signed and sealed survey, dated within 90 days of loan closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing, and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

6. All building permits and any other necessary approvals and permits (e.g., final site plan approval, Department of Environmental Protection, Army Corps of Engineers, the Water Management District, Department of Transportation, etc.) or a letter from the local permitting and approval authority stating that the above referenced permits and approvals will be issued upon receipt of applicable fees (with no other conditions), or evidence of 100% lien-free completion, if applicable. If a letter is provided, copies of all permits will be required as a condition of the first post-closing draw.

7. Final "as permitted" (signed and sealed) site plans, building plans and specifications. The geotechnical report must be bound within the final plans and specifications, if applicable.

8. Final sources and uses of funds schedule itemized by source and line item, in a format and in amounts approved by the Servicer. A detailed calculation of the construction loan interest based upon the final draw schedule, documentation of the closing costs, and draft loan closing statement must also be provided. The sources and uses of funds schedule will be attached to the Loan Agreement as the approved development budget.

9. A final construction draw schedule showing itemized sources and uses of funds for each monthly draw. SAIL Program loan proceeds shall be disbursed during the construction phase in an amount per draw that does not exceed the ratio of the SAIL Loan to the Total Development Costs, unless approved by First Housing. ELI Loan proceeds shall be disbursed during the construction phase in an amount per draw which does not exceed the ratio of the ELI Loan to the Total Development Costs, unless approved by First Housing. The closing draw must include appropriate backup and ACH wiring instructions.

10. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

11. The General Contractor shall secure a payment and performance bond equal to 100 percent of the total construction cost listing FHFC as a co-obligee, whose terms do not adversely affect the Corporation's interest, issued in the name of the General Contractor, from a company rated at least "A-" by AMBest & Co., or a Corporation-approved alternate security for the General Contractor's performance such as a letter of credit issued by a financial institution with a senior long term (or equivalent) credit rating of at least "Baa3" by Moody's, or at least "BBB-" by Standard & Poor's or Fitch, or a financial rating of at least 175 by IDC Financial Publishing. The LOC must include "evergreen" language and be in a form satisfactory to Florida Housing, its Servicer and its Legal Counsel.

12. Architect, Construction Consultant, and Developer Certifications on forms provided by FHFC will be required for both design and as built with respect to Section 504 of the Rehabilitation Act, Americans with Disabilities Act, and the Federal Fair Housing Act requirements, if applicable.

13. Applicant is to comply with any and all recommendations noted in the Plan and Cost Analysis, prepared by GLE.

14. At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in the Rule. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its Servicer and its Legal Counsel.

15. A copy of an Amended and Restated Limited Partnership Agreement reflecting purchase of the HC under terms consistent with the assumptions contained within this Credit Underwriting Report. The Amended and Restated Limited Partnership Agreement shall be in a form and of financial substance satisfactory to Servicer and to FHFC and its legal counsel.

This recommendation is contingent upon the review and approval of the following items by Florida Housing, and its legal counsel **at least two weeks prior to Real Estate Loan Closing**. Failure to receive approval of these items, along with all other items listed on Florida Housing counsel's due diligence, within this time frame may result in postponement of the loan closing date.

1. Documentation of the legal formation and current authority to transact business in Florida for the Applicant, the general partner/principal(s)/manager(s) of the Applicant, the guarantor, and any limited partners of the Applicant.

2. Award of 4% Housing Credits and purchase of HC by RJAHI or an affiliate, under terms consistent with the assumptions of this report.

3. Signed and sealed survey, dated within 90 days of closing, unless otherwise approved by Florida Housing, and its legal counsel, based upon the particular circumstances of the transaction. The Survey shall be certified to Florida Housing and its legal counsel, as well as the title insurance company, and shall indicate the legal description, exact boundaries of the Development, easements, utilities, roads, and means of access to public streets, total acreage and flood hazard area and any other requirements of Florida Housing.

4. An acceptable updated Environmental Audit Report, together with a reliance letter to Florida Housing, prepared within 90 days of closing, unless otherwise approved by Florida Housing, and legal counsel, based upon the particular circumstances of the transaction. Applicant to comply with any and all recommendations and remediation restrictions noted in the Environmental Assessment(s) and Updates and the Environmental Review, if applicable.

5. Title insurance pro forma or commitment for title insurance with copies of all Schedule B exceptions, in the amount of the Loans naming FHFC as the insured. All endorsements required by FHFC shall be provided.

6. Florida Housing and its legal counsel shall review and approve all other lenders closing documents and the limited partnership or other applicable agreement. Florida Housing shall be satisfied in its sole discretion that all legal and program requirements for the Loan(s) have been satisfied.

7. Evidence of insurance coverage pursuant to the RFA governing this proposed transaction and, as applicable, the FHFC Insurance Guide.

8. Receipt of a legal opinion from the Applicant's legal counsel acceptable to Florida Housing addressing the following matters:

a. The legal existence and good standing of the Applicant and of any partnership or limited liability company that is the general partner of the Applicant (the "GP") and of any corporation or partnership that is the managing general partner of the GP, of any corporate guarantor and any manager;

b. Authorization, execution, and delivery by the Applicant and the guarantor, of all Loan(s) documents;

c. The Loan(s) documents being in full force and effect and enforceable in accordance with their terms, subject to bankruptcy and equitable principles only;

d. The Applicant's and the Guarantor's execution, delivery and performance of the Loan(s) documents shall not result in a violation of, or conflict with, any judgments, orders, contracts, mortgages, security agreements or leases to which the Applicant is a party or to which the Development is subject to the Applicant's Limited Partnership Agreement and;

e. Such other matters as Florida Housing or its legal counsel may require.

9. Evidence of compliance with the local concurrency laws, if applicable.

10. Such other assignments, affidavits, certificates, financial statements, closing statements and other documents as may be reasonably requested by Florida Housing or its legal counsel in form and substance acceptable to Florida housing or its legal counsel, in connection with the Loan(s).

11. UCC Searches for the Applicant, its partnerships, as requested by counsel.

12. Any other reasonable conditions established by Florida Housing and its legal counsel.

## Additional Conditions

This recommendation is also contingent upon satisfaction of the following additional conditions:

1. Compliance with all provisions of Sections 420.507 and 420.5087, Florida Statutes, Rule Chapter 67-21, F.A.C. (Non-Competitive 4% Housing Credits), Rule Chapter 67-48 F.A.C. (SAIL), Rule Chapter 67-53, F.A.C., Rule Chapter 67-60 F.A.C., RFA 2022-101, Section 42 I.R.C. (Housing Credits), and any other State or Federal requirements.

2. Acceptance by the Applicant and execution of all documents evidencing and securing the SAIL and ELI Loans in form and substance satisfactory to Florida Housing, including, but not limited to, the Promissory Note(s), the Loan Agreement(s), the Mortgage and Security Agreement(s), and the Land Use Restriction Agreement(s) and/or Extended Land Use Agreement(s) and Final Cost Certificate.

3. Receipt and satisfactory review of a Joint Funding Agreement between Applicant and RJAHI or an affiliate, that requires funding of all HC Equity Installments during construction, even if the Borrower is in default under the Limited Partnership Agreement.

4. All amounts necessary to complete construction must be deposited with the Trustee prior to closing, or any phased HC Equity pay-in amount necessary to complete construction shall be contingent upon an obligation of the entity providing payments, regardless of any default under any documents relating to the HC's, as long as the First Mortgage continues to be funded. Notwithstanding the foregoing, at least 15% of all HC Equity (but not less than provided for in the Syndication Agreement or such higher amount as recommended by First Housing) shall be deposited with the Trustee at the MMRB closing unless a lesser amount is approved by FHFC prior to closing.

5. Guarantors to provide the standard FHFC Construction Completion Guaranty, to be released upon lien-free completion, as approved by the Servicer.

6. For the SAIL Loan, Guarantors are to provide the standard FHFC Operating Deficit Guaranty. If requested in writing by the Applicant, the Servicer will consider a recommendation to release the Operating Deficit Guaranty if all conditions are met, including achievement of a 1.15x debt service coverage on the combined permanent first mortgage and SAIL Loan as determined by FHFC, or the Servicer, and 90 percent occupancy and 90 percent of the gross potential rental income, net of utility allowances, if applicable, for a period equal to 12 consecutive months, all as certified by an independent Certified Public Accountant, and verified by the Servicer. The calculation of the debt service coverage ratio shall be made by FHFC or the Servicer. Notwithstanding the above, the Operating Deficit Guaranty shall not terminate earlier than three (3) years following the final certificate of occupancy.

7. Guarantors to provide the Standard FHFC Environmental Indemnity Guaranty.

8. Guarantors to provide the Standard FHFC Guaranty of Recourse Obligations.

9. If applicable, receipt and satisfactory review of Financial Statements from all Guarantors dated within 90 days of Real Estate Closing.

10. A Mortgagee Title Insurance policy naming Florida Housing as the insured in the amount of the Loan(s) is to be issued immediately after closing. Any exceptions to the title insurance policy must be acceptable to Florida Housing or its legal counsel. The form of the title policy must be approved prior to closing.

11. Property tax and hazard insurance escrow are to be established and maintained by the First Mortgagee Lender, Trustee, or the Servicer. In the event the reserve account is held by Florida Housing's Loan(s) servicing agent, the release of funds shall be at Florida Housing's sole discretion.

12. Replacement Reserves in the amount of $350 per unit per year will be required to be deposited on a monthly basis into a designated escrow account, to be maintained by the First Mortgagee or Florida Housing's Loan(s) servicing agent. However, Applicant has the option to prepay Replacement Reserves, as allowed per Rule Chapters 67-21 and 67-48 F.A.C., in the amount of $35,000 (one-half the required Replacement Reserves for Years 1 and 2), in order to meet the applicable DSC loan requirements. Applicant can waive this election, if at closing of the loan(s) the required DSC is met without the need to exercise the option. It is currently estimated that Replacement Reserves will be funded from Operations in the amount of $350 per unit per year for years 1 and 2, followed by $350 per unit per year thereafter. The initial replacement reserve will have limitations on the ability to be drawn. Rehabilitation Developments (with or without acquisition) shall not be allowed to draw until the start of the scheduled replacement activities as outlined in the pre-construction capital needs assessment ("CNA") report subject to the activities completed in the scope of the rehabilitation, but no sooner than the third year. The amount established as a replacement reserve shall be adjusted based on a CNA to be received by the Corporation or its servicers, prepared by an independent third party and acceptable to the Corporation and its servicers at the time the CNA is required, beginning no later than the tenth year after the first residential building in the development receives a certificate of occupancy, a temporary certificate of occupancy, or is placed in service, whichever is earlier ("initial replacement reserve date"). A subsequent CNA is required no later than the 15th year after the initial Replacement Reserve Date and subsequently every five (5) years thereafter.

13. A minimum of 10% retainage holdback on all construction draws until the Development is 50% complete, and 0% retainage thereafter is required. Retainage will not be released until successful completion of construction and issuance of all certificates of occupancy. The GC contract specifies a 10% retainage until 50% complete, at which time retainage will be reduced to 5% thereafter. This meets the RFA and Rules 67-48 and 67-21 minimum requirements.

14. Closing of all funding sources prior to or simultaneous with the SAIL and ELI Loans.

15. Satisfactory completion of a pre-loan closing compliance audit conducted by FHFC or Servicer, if applicable.

16. Satisfactory resolution of any outstanding past due and/or noncompliance items.

17. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

## Housing Credit Allocation Recommendation

First Housing Development Corporation has estimated a preliminary annual 4% HC allocation of $1,677,250. Please see the HC Allocation Calculation in Exhibit 2 of this report for further details.

## Contingencies

The HC allocation will be contingent upon the receipt and satisfactory review of the following items by First Housing and Florida Housing by the deadline established in the Preliminary Determination. Failure to submit these items within this time frame may result in forfeiture of the HC Allocation.

1. Purchase of the HC's by RJAHI or an affiliate, under terms consistent with assumptions of this report.

2. Satisfactory resolution of any outstanding past due and/or noncompliance items.

3. Receipt of executed FHFC Fair Housing, Section 504 and ADA as-built certification forms 122, 127, and 129.

4. Any other reasonable requirements of the Servicer, Florida Housing, or its legal counsel.

# 15-Year Pro Forma

| FINANCIAL COSTS: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATING PRO FORMA** | | | | | | | | | | | | | | | |
| Gross Potential Rental Income | $1,984,716 | $2,024,410 | $2,064,899 | $2,106,196 | $2,148,320 | $2,191,287 | $2,235,113 | $2,279,815 | $2,325,411 | $2,371,919 | $2,419,358 | $2,467,745 | $2,517,100 | $2,567,442 | $2,618,791 |
| Other Income | | | | | | | | | | | | | | | |
| Miscellaneous | $5,000 | $5,100 | $5,202 | $5,306 | $5,412 | $5,520 | $5,631 | $5,743 | $5,858 | $5,975 | $6,095 | $6,217 | $6,341 | $6,468 | $6,597 |
| Gross Potential Income | $1,989,716 | $2,029,510 | $2,070,101 | $2,111,503 | $2,153,733 | $2,196,807 | $2,240,743 | $2,285,558 | $2,331,269 | $2,377,895 | $2,425,453 | $2,473,962 | $2,523,441 | $2,573,910 | $2,625,388 |
| Less: | | | | | | | | | | | | | | | |
| Physical Vac. Loss Percentage: 3.00% | $59,691 | $60,885 | $62,103 | $63,345 | $64,612 | $65,904 | $67,222 | $68,567 | $69,938 | $71,337 | $72,764 | $74,219 | $75,703 | $77,217 | $78,762 |
| Collection Loss Percentage: 1.75% | $34,793 | $35,488 | $36,198 | $36,922 | $37,661 | $38,414 | $39,182 | $39,966 | $40,765 | $41,580 | $42,412 | $43,260 | $44,125 | $45,008 | $45,908 |
| **Total Effective Gross Income** | $1,895,232 | $1,933,137 | $1,971,799 | $2,011,235 | $2,051,460 | $2,092,489 | $2,134,339 | $2,177,026 | $2,220,566 | $2,264,978 | $2,310,277 | $2,356,483 | $2,403,612 | $2,451,685 | $2,500,718 |
| Fixed: | | | | | | | | | | | | | | | |
| Real Estate Taxes | $0 | | | | | | | | | | | | | | |
| Insurance | $120,000 | $123,600 | $127,308 | $131,127 | $135,061 | $139,113 | $143,286 | $147,585 | $152,012 | $156,573 | $161,270 | $166,108 | $171,091 | $176,224 | $181,511 |
| Variable: | | | | | | | | | | | | | | | |
| Management Fee Percentage: 5.00% | $94,762 | $96,657 | $98,590 | $100,562 | $102,573 | $104,624 | $106,717 | $108,851 | $111,028 | $113,249 | $115,514 | $117,824 | $120,181 | $122,584 | $125,036 |
| General and Administrative | $100,000 | $103,000 | $106,090 | $109,273 | $112,551 | $115,927 | $119,405 | $122,987 | $126,677 | $130,477 | $134,392 | $138,423 | $142,576 | $146,853 | $151,259 |
| Payroll Expenses | $170,000 | $175,100 | $180,353 | $185,764 | $191,336 | $197,077 | $202,989 | $209,079 | $215,351 | $221,811 | $228,466 | $235,320 | $242,379 | $249,651 | $257,140 |
| Utilities | $105,000 | $108,150 | $111,395 | $114,736 | $118,178 | $121,724 | $125,375 | $129,137 | $133,011 | $137,001 | $141,111 | $145,345 | $149,705 | $154,196 | $158,822 |
| Maintenance and Repairs/Pest Control | $145,000 | $149,350 | $153,831 | $158,445 | $163,199 | $168,095 | $173,138 | $178,332 | $183,682 | $189,192 | $194,868 | $200,714 | $206,735 | $212,937 | $219,326 |
| Reserve for Replacements | $35,000 | $36,050 | $37,132 | $38,245 | $39,393 | $40,575 | $41,792 | $43,046 | $44,337 | $45,667 | $47,037 | $48,448 | $49,902 | $51,399 | $52,941 |
| **Total Expenses** | $769,762 | $791,907 | $814,697 | $838,152 | $862,291 | $887,134 | $912,702 | $939,016 | $966,098 | $993,971 | $1,022,657 | $1,052,182 | $1,082,569 | $1,113,844 | $1,146,034 |
| **Net Operating Income** | $1,125,470 | $1,141,230 | $1,157,102 | $1,173,083 | $1,189,169 | $1,205,355 | $1,221,637 | $1,238,010 | $1,254,468 | $1,271,007 | $1,287,620 | $1,304,301 | $1,321,043 | $1,337,840 | $1,354,684 |
| **Debt Service Payments** | | | | | | | | | | | | | | | |
| First Mortgage - HFAMDC/Berkadia/Freddie Mac | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 | $700,992 |
| Second Mortgage - FHFC - SAIL | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 | $17,707 |
| Third Mortgage - FHFC - ELI | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fourth Mortgage - St. Mary Towers, Inc | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 | $646,802 |
| Fifth Mortgage - St. Mary Towers, Inc. | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 | $25,210 |
| First Mortgage Fees - HFAMDC | $31,188 | $31,159 | $31,124 | $31,082 | $31,034 | $30,978 | $30,914 | $30,841 | $30,758 | $30,665 | $30,561 | $30,444 | $30,314 | $30,169 | $30,009 |
| Second Mortgage Fees - FHFC - SAIL | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 | $5,450 |
| Third Mortgage Fees - FHFC - ELI | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 | $3,855 |
| Fourth Mortgage Fees - St. Mary Towers, Inc. | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Fifth Mortgage Fees - St. Mary Towers, Inc. | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Total Debt Service Payments | $1,431,205 | $1,431,176 | $1,431,141 | $1,431,099 | $1,431,051 | $1,430,995 | $1,430,931 | $1,430,858 | $1,430,775 | $1,430,682 | $1,430,578 | $1,430,461 | $1,430,331 | $1,430,186 | $1,430,026 |
| Cash Flow after Debt Service | -$305,735 | -$289,946 | -$274,039 | -$258,016 | -$241,882 | -$225,640 | -$209,294 | -$192,848 | -$176,307 | -$159,675 | -$142,958 | -$126,160 | -$109,288 | -$92,346 | -$75,342 |
| | | | | | | | | | | | | | | | |
| **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| DSC - First Mortgage plus Fees | 1.54 | 1.56 | 1.58 | 1.60 | 1.62 | 1.65 | 1.67 | 1.69 | 1.71 | 1.74 | 1.76 | 1.78 | 1.81 | 1.83 | 1.85 |
| DSC - Second Mortgage plus Fees | 1.49 | 1.51 | 1.53 | 1.55 | 1.57 | 1.60 | 1.62 | 1.64 | 1.66 | 1.68 | 1.71 | 1.73 | 1.75 | 1.77 | 1.80 |
| DSC - Third Mortgage plus Fees | 1.48 | 1.50 | 1.52 | 1.55 | 1.57 | 1.59 | 1.61 | 1.63 | 1.65 | 1.68 | 1.70 | 1.72 | 1.74 | 1.76 | 1.79 |
| DSC - Fourth Mortgage plus Fee | 0.80 | 0.81 | 0.82 | 0.83 | 0.85 | 0.86 | 0.87 | 0.88 | 0.89 | 0.90 | 0.92 | 0.93 | 0.94 | 0.95 | 0.96 |
| DSC - Fifth Mortgage plus Fees | 0.79 | 0.80 | 0.81 | 0.82 | 0.83 | 0.84 | 0.85 | 0.87 | 0.88 | 0.89 | 0.90 | 0.91 | 0.92 | 0.94 | 0.95 |
| **Financial Ratios** | | | | | | | | | | | | | | | |
| Operating Expense Ratio | 40.62% | 40.96% | 41.32% | 41.67% | 42.03% | 42.40% | 42.76% | 43.13% | 43.51% | 43.88% | 44.27% | 44.65% | 45.04% | 45.43% | 45.83% |
| Break-even Economic Occupancy Ratio (all debt) | 110.85% | 109.78% | 108.73% | 107.71% | 106.72% | 105.76% | 104.83% | 103.93% | 103.05% | 102.20% | 101.38% | 100.59% | 99.82% | 99.08% | 98.36% |

Based on an email from RJAHI, dated October 27, 2023, Replacement Reserves will be $350 per unit and increasing 3% per year.

# HC Allocation Calculation

## Section I: Qualified Basis Calculation

### Rehabilitation

| | |
|---|---|
| Total Development Cost(including land and ineligible costs) | $40,456,884 |
| Less Land and Building Costs | $14,360,000 |
| Less Developer Fee on Building Acquisition | $2,412,275 |
| Less Other Ineligible Costs | $3,594,264 |
| Total Eligible Basis | $20,090,345 |
| Applicable Fraction | 100% |
| DDA/QCT Basis Credit | 130% |
| Qualified Basis | $26,117,449 |
| Housing Credit Percentage | 4.00% |
| Annual Housing Credit Allocation | $1,044,698 |

### Acquisition

| | |
|---|---|
| Acquisition Cost for Land and Existing Buildings | $14,360,000 |
| Less Land Costs | $958,468 |
| Plus Other Eligible Acquisition Costs | $2,412,275 |
| Less Other Ineligible Costs | $0 |
| Total Eligible Basis | $15,813,807 |
| Applicable Fraction | 100% |
| DDA/QCT Basis Credit | 100% |
| Qualified Basis | $15,813,807 |
| Housing Credit Percentage | 4.00% |
| Annual Housing Credit allocation for 4% HC's | $632,552 |
| | |
| Total Annual Tax Credit Allocation | $1,677,250 |

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include; accounting fees, FHFC Fees, insurance, legal fees, market study, advertising/marketing fees, title fees, financing costs, and reserves.

2. The Development has a 100% set-aside. Therefore, the Applicable Fraction is 100%.

3. For purposes of this analysis, the Development is located in a Qualified Census Tract ("QCT"); therefore, the 130% basis boost was applied.

4. For purposes of this recommendation a HC percentage of 4.00% was applied based on the 4% floor rate, which was established through the Consolidated Appropriations Act of 2021.

**Section II: GAP Calculation**

| | |
|---|---|
| Total Development Costs(including land and ineligible Costs) | $40,456,884 |
| Less Mortgages | $24,553,862 |
| Less Grants | $0 |
| Equity Gap | $15,903,022 |
| HC Syndication Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.92 |
| HC Required to meet Equity Gap | $17,287,622 |
| Annual HC Required | $1,728,762 |

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from letter from RJAHI, dated October 27, 2023.

2. The Mortgage line includes the interest revenue of $2,000,000.

**Section III: Summary**

| | |
|---|---|
| HC Per Syndication Agreement | $1,710,940 |
| HC Per Qualified Basis | $1,677,250 |
| HC Per GAP Calculation | $1,728,762 |
| | |
| Annual HC Recommended | $1,677,250 |
| | |
| Syndication Proceeds based upon Syndication Agreement | $15,739,074 |

1. The estimated annual 4% Housing Credit allocation is limited to the lesser of the qualified basis calculation or the gap calculation. The recommendation is based on the Qualified Basis calculation.

**50% Test**

| | |
|---|---|
| Tax-Exempt Bond Amount | $20,000,000 |
| Less: Debt Service Reserve Funded with Tax-Exempt Bond Proceeds | $0 |
| Less Proceeds Used for Cost of Issuance | $0 |
| Other: | $0 |
| Equals Net Tax-Exempt Bond Amount | $20,000,000 |
| | |
| Total Depreciable Cost | $22,502,620 |
| Plus Building/Land Cost | $14,360,000 |
| Aggregate Basis | $36,862,620 |
| Net Tax-Exempt Bond to Aggregate Basis Ratio | 54.26% |

1. Based on the budget, the Development appears to meet the 50% test for 4% Housing Credits. If, at the time of Final Cost Certification, the Tax-Exempt Bond amount is less than 50%, Developer Fee will have to be reduced by an amount to ensure compliance with the 50% Test. That may, in turn, result in a reduction to HC Equity.

St. Mary Towers
RFA 2022-101 (2023-019S) / 2022-519C
DESCRIPTION OF FEATURES AND AMENITIES

**A.** The Development will consist of:

100 Units located in 1 Mid-Rise residential building

Unit Mix:

Twenty-four (24) zero bedroom/one bath units:

Seventy-five (75) one bedroom/one bath units;

One (1) two bedroom/one bath unit;

100 Total Units

**B.** All units are expected to meet all requirements as outlined below. If the proposed Development consists of rehabilitation, the proposed Development's ability to provide all construction features will be confirmed as outlined in Exhibit F of the RFA. The quality of the construction features committed to by the Applicant is subject to approval of the Board of Directors.

The Development must meet all federal requirements and state building code requirements, including the following, incorporating the most recent amendments, regulations, and rules: The Fair Housing Act as implemented by 24 CFR 100, Florida Accessibility Code for Building Construction as adopted pursuant to Section 553.503, F.S., Section 504 of the Rehabilitation Act of 1973, and Titles II and III of the Americans with Disabilities Act ("ADA") of 1990 as implemented by 28 CFR 35.

All Developments must meet accessibility standards of Section 504. Section 504 accessibility standards require a minimum of 5 percent of the total dwelling units, but not fewer than one unit, to be accessible for individuals with mobility impairments. An additional 2 percent of the total units, but not fewer than one unit, must be accessible for persons with hearing or vision impairments. All of the accessible units must be equally distributed among different unit sizes and Development types and must be dispersed on all accessible routes throughout the Development.

**C.** The Development must provide the following General Features:

1. Broadband infrastructure which includes cables, fiber optics, wiring, or other infrastructure, as long as the installation results in accessibility in each unit;

2. Termite prevention;

3. Pest control;

4. Window covering for each window and glass door inside each unit;

5. Cable or satellite TV hook-up in each unit and, if the Development offers cable or satellite TV service to the residents, the price cannot exceed the market rate for service of similar quality available to the Development's residents from a primary provider of cable or satellite TV;

6. Washer and dryer hook ups in each of the Development's units or an on-site laundry facility for resident use. If the proposed Development will have an on-site laundry facility, the following requirements must be met:

   - There must be a minimum of one (1) Energy Star certified washer and one (1) Energy Star certified or commercial grade dryer per every 15 units. To determine the required number of washers and dryers for the on-site laundry facility; divide the total number of the Developments' units by 15, and then round the equation's total up to the nearest whole number;
   - At least one washing machine and one dryer shall be front loading that meets the accessibility standards of Section 504;
   - If the proposed Development consists of Scattered Sites, the laundry facility shall be located on each of the Scattered Sites, or no more than 1/16 mile from the Scattered Site with the most units, or a combination of both; and

7. Developments must have a minimum of one elevator per residential building provided for all units that are located on a floor higher than the first floor.

8. All units are expected to have a full-size range and oven unless found to be not physically feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of this RFA.

**D.** Required Accessibility Features, regardless of the age of the Development:

Federal and state law and building code regulations requires that programs, activities, and facilities be readily accessible to and usable by persons with disabilities. Florida Housing requires that the design, construction, or alteration of its financed Developments be in compliance with federal and state accessibility requirements. When more than one law and accessibility standard applies, the Applicant shall comply with the standard (2010 ADA Standards, Section 504, Fair Housing Act, or Florida Building Code, Accessibility) which affords the greater level of accessibility for the residents and visitors. Areas required to be made accessible to mobility-impaired residents and their visitors, including those in wheelchairs, shall include, but not be limited to, accessible routes and entrances, paths of travel, primary function areas, parking, trash bins, mail and package receiving areas for residents, pool and other amenities, including paths of travel to amenities and laundry rooms, including washers and dryers.

**E.** The Development must provide the following Accessibility Features in all units:

1. Primary entrance doors on an accessible route shall have a threshold with no more than a ½-inch rise;

2. All door handles on primary entrance door and interior doors must have lever handles;

3. Lever handles on all bathroom faucets and kitchen sink faucets;

4. Mid-point on light switches and thermostats shall not be more than 48 inches above finished floor level; and

5. Cabinet drawer handles and cabinet door handles in bathroom and kitchen shall be lever or D-pull type that operate easily using a single closed fist.

6. 20 percent of the new construction units must have roll-in showers.

7. Horizontal grab bars in place around each tub and/or shower, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed 2010 ADA Standards for Accessible Design, Section 609. In addition, the following standards for grab bars are required:

    - If a bathtub/shower combination with a permanent seat is provided, grab bars shall be installed to meet or exceed 2010 ADA Standards for Accessible Design, Section 607.4.1.

    - If a bathtub/shower combination without a permanent seat is provided, grab bars shall be installed to meet or exceed 2010 ADA Standards for Accessible Design, Section 607.4.2.

    - If a roll-in shower is provided, grab bars shall be installed to meet or exceed 2010 ADA Standards for Accessible Design, Section 608.3.2;

- Reinforced walls for future installation of horizontal grab bars in place around each toilet, or a Corporation-approved alternative approach for grab bar installation. The installation of the grab bars must meet or exceed the 2010 ADA Standards for Accessible Design;

- All bathrooms in all new construction units must have vanity cabinets with at least one roll-out shelf or drawer in bottom of cabinet;

- Adjustable shelving in master bedroom closets (must be adjustable by resident); and

- In one of the kitchen's base cabinets, there shall be a large bottom drawer that opens beyond full extension, also referred to as an "over-travel feature." Drawers with the over-travel feature allow drawers to extend completely past the cabinet front so all the contents can be accessed. The drawer shall be deep and wide enough to store pots and pans and the drawer slides shall have a weight load rating of a minimum of 100 pounds. The drawers shall be mounted on a pair of metal side rails that are ball-bearing.

**F.** Green Building Features required in all Developments:

All common areas must have the features listed below and all rehabilitation units are expected to have all of the following required Green Building features unless found to not be appropriate or feasible within the scope of the rehabilitation work utilizing a capital needs assessment as further explained in Exhibit F of the RFA:

a. Low or No-VOC paint for all interior walls (Low-VOC means 50 grams per liter or less for flat; 150 grams per liter or less for non-flat paint);

b. Low-flow water fixtures in bathrooms – WaterSense labeled products or the following specifications:
   i. Toilets: 1.28 gallons/flush or less,
   ii. Urinals: 0.5 gallons/flush,
   iii. Lavatory Faucets: 1.5 gallons/minute or less at 60 psi flow rate,
   iv. Showerheads: 2.0 gallons/minute or less at 80 psi flow rate;

c. Energy Star certified refrigerator;

d. Energy Star certified dishwasher

e. Energy Star certified ventilation fan in all bathrooms;

f. Water heater minimum efficiency specifications:
   - Residential Electric:
     i. Up to 55 gallons = 0.95 EF or 0.92 UEF; or
     ii. More than 55 gallons = Energy Star certified; or
     iii. Tankless = 0.97 EF and Max GPM of ≥ 2.5 over a 77◦ rise or 0.87 UEF and GPM of ≥ 2.9 over a 67◦ rise;
   - Residential Gas (storage or tankless/instantaneous): Energy Star certified
   - Commercial Gas Water Heater: Energy Star certified;

g. Energy Star certified ceiling fans with lighting fixtures in bedrooms;

h. Air Conditioning (in-unit or commercial):
   i. Air-Source Heat Pumps – Energy Star certified:
      a. ≥8.5 HSPF/ ≥15 SEER/ ≥12.5 EER for split systems
      b. ≥8.2 HSPF/ ≥15 SEER/ ≥12 EER for single package equipment including gas/electric package units
   ii. Central Air Conditioners – Energy Star certified:
      a. ≥15 SEER/ ≥12.5 EER* for split systems
      b. ≥15 SEER/ ≥12 EER* for single package equipment including gas/electric package units.
      NOTE: Window air conditioners and portable air conditioners are not allowed. Package Terminal Air Conditioners (PTACs) / Package Terminal Heat Pumps (PTHPs) are allowed in studio and one-bedroom units;

In addition to the required Green Building features outlined above, all Applicants must select enough additional Green Building features in Exhibit A of the RFA so that the total point value of the features selected equals at least 10 points.

**G.** The Applicant has committed to provide the following additional Green Building Features to achieve a total point value of at least 10 points:

1. _X__ Programmable thermostat in each unit (2 points)

2. _X__ Humidistat in each unit (2 points)

3. ____ Water Sense certified dual flush toilets in all bathrooms (2 points)

4. ____ Light colored concrete pavement instead of or on top of asphalt to reduce the heat-island effect (2 points)

5. ____ Energy star certified roof coating (2 points) *

6. ____ Energy star certified roofing materials (metal, shingles, thermoplastic polyolefin (TPO), or tiles) (3 points)

7. ____ Eco-friendly cabinets –formaldehyde free and material must be certified by the Forest Stewardship Council, the Environmental Stewardship Program, or a certification program endorsed by the Programme for the Endorsement of Forest Certification (3 points)

8. _X__ Eco-friendly flooring – Carpet and Rug Institute Green Label certified carpet and pad, FloorScore certified flooring, bamboo, cork, 80% recycled content tile, and/or natural linoleum (3 points)

9. ____ High Efficiency HVAC with SEER of at least 16 (2 points) **

10. ____ Energy efficient windows in each unit as provided below (3 points)
    - For all Development Types except Mid-Rise and High-Rise: Energy Star rating for all windows in each unit;
    - For Development Type of Mid-Rise and High-Rise:
        i. U-Factor of 0.50 or less and a SHHGC of 0.25 or less where the fenestration is fixed; and
        ii. U-Factor of 0.65 or less and a SHHGC of 0.25 or less where the fenestration is operable (i.e., the window opens)

11. _X__ FL Yards and Neighborhoods certification on all landscaping (2 points)

12. _X__ Install daylight sensors, timers or motion detectors on all outdoor lighting attached to buildings (2 points)

* Borrower may choose only one option related to Energy Star certified roofing.
**Borrowers who choose high efficiency HVAC's must meet the standards listed here, which exceed the minimum Green Building Features required of all Developments Section Four A.8 of the RFA.

**H.** Applicants who select the Elderly (ALF or Non-ALF) Demographic must provide the required following Resident Program:

24 Hour Support to Assist Residents In Handling Urgent Issues

An important aging in place best practice is providing the residents access to property management support 24 hours per day, 7 days a week to assist them to appropriately and efficiently handle urgent issues or incidents that may arise. These issues may include, but are not limited to, an apartment maintenance emergency, security or safety concern, or a health risk incident in their apartment or on the property. The management's assistance will include a 24/7 approach to receiving residents' requests for assistance that will include a formal written process for relevant property management staff to effectively assess and provide assistance for each request.

This assistance may include staff:

- visiting or coordinating a visit to a resident's apartment to address an urgent maintenance issue;
- responding to a resident being locked out of their apartment;
- contacting on-site security or the police to address a concern;
- providing contact information to the resident and directing or making calls on a resident's behalf to appropriate community-based emergency services or related resources to address an urgent health risk incident;
- calling the resident's informal emergency contact; or
- addressing a resident's urgent concern about another resident.

Property management staff shall be on site at least 8 hours daily, but the 24- hour support approach may include contracted services or technology to assist the management in meeting this commitment, if these methods adequately address the intent of this service. The Development's owner and/or designated property management entity shall develop and implement policies and procedures for staff to immediately receive and handle a resident's call and assess the call based on a resident's request and/or need.

At a minimum, residents shall be informed by the property management, at move-in and via a written notice(s)/instructions provided to each resident and displayed in the Development's common or public areas, that staff are available to receive resident calls at all times. These notices shall also provide contact information and direction to first contact the community-based emergency services if they have health or safety risk concerns.

**I.** The Applicant must provide the following Resident Programs:

The quality of the Resident Programs committed to by the Applicant is subject to approval of the Board of Directors. The availability of the Resident Programs must be publicized on an ongoing basis such as through community newsletters, bulletin board posts, or flyers.

1. Resident Assurance Check-In Program

   Provide and use an established system for checking in with each resident on a pre-determined basis not less than once per day, at no cost to the resident. Residents may opt out of this program with a written certification that they choose not to participate.

2. Computer Training

   The Applicant or its Management Company shall make available computer and internet training classes (basic and/or advanced level depending on the needs and requests of the residents). The training classes must be provided at least once a week, at no cost to the resident, in a dedicated space on site. Training must be held between the hours of 8:00 a.m. and 7:00 p.m., and electronic media, if used, must be used in conjunction with live instruction. If the Development consists of Scattered Sites, this resident program must be provided on the Scattered Site with the most units.

3. Assistance with Light Housekeeping, Grocery Shopping and/or Laundry

The Applicant or its Management Company must provide residents with a list of qualified service providers for (a) light housekeeping, and/or (b) grocery shopping, and/or (c) laundry and will coordinate, at no cost to the resident, the scheduling of services. The Developer or Management Company shall verify that the services referral information is accurate and up-to-date at least once every six months.

**DEVELOPMENT**
**NAME: St. Mary Towers**
**DATE: December 4, 2023**

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In accordance with the applicable Program Rule(s), the applicant is required to submit the information required to evaluate, complete, and determine its sufficiency in satisfying the requirements for Credit Underwriting to the Credit Underwriter in accordance with the schedule established by the Florida Housing Finance Corporation ("FHFC"). The following items must be satisfactorily addressed. "Satisfactorily" means that the Credit Underwriter has received assurances from third parties unrelated to the applicant that the transaction can close within the allowed time frame. Unsatisfactory items, if any, are noted below in the "Issues and Concerns" section of the Executive Summary.

| **FINAL REVIEW**<br>**REQUIRED ITEMS:** | **STATUS**<br>**Satis. / Unsatis.** | **NOTE** |
|---|---|---|
| 1. The development's final "as submitted for permitting" plans and specifications.<br>Note: Final "signed, sealed, and approved for construction" plans and specifications will be required thirty days before closing. | Satis. | 1. |
| 2. Final site plan and/or status of site plan approval. | Satis. | |
| 3. Permit Status. | Satis. | 2. |
| 4. Pre-construction analysis ("PCA").<br>a. No construction costs exceeding 20% is subcontracted to any one entity with the exception of a subcontractor contracted to deliver the building shell of a building of at least 5 stories which may not have more than 31% of the construction cost in a subcontract.<br>b. No construction costs is subcontracted to any entity that has common ownership or is an affiliate of the general contractor of the developer. | Unsatis.<br>Satis.<br>Satis. | 3. |
| 5. Survey. | Satis. | 4. |
| 6. Complete, thorough soil test reports. | N/A | |
| 7. Full or self-contained appraisal as defined by the Uniform Standards of Professional Appraisal Practice. | Satis. | |
| 8. Market Study separate from the Appraisal. | Satis. | |
| 9. Environmental Site Assessment – Phase I and/or the Phase II if applicable (If Phase I and/or II disclosed environmental problems requiring remediation, a plan, including time frame and cost, for the remediation is required). If the report is not dated within one year of the application date, an update from the assessor must be provided indicating the current environmental status. | Satis. | |
| 10. Audited financial statements for the most recent fiscal year ended or acceptable alternative as stated in Rule for credit enhancers, applicant, general partner, principals, guarantors and general contractor. | Satis. | |
| 11. Resumes and experience of applicant, general contractor and management agent.<br>Confirmed active status on Sunbiz for Applicant, Developer, and GC entities. | Satis. | |
| 12. Credit authorizations; verifications of deposits and mortgage loans. | Satis. | |
| 13. Management Agreement and Management Plan. | Unsatis. | 5. |
| 14. Firm commitment from the credit enhancer or private placement purchaser, if any. | Satis. | 6. |
| 15. Firm commitment letter from the syndicator, if any. | Satis. | 7. |

| | | |
|---|---|---|
| 16. Firm commitment letter(s) for any other financing sources. | Unsatis. | 8. |
| 17. Updated sources and uses of funds. | Satis. | |
| 18. Draft construction draw schedule showing sources of funds during each month of the construction and lease-up period. | Satis. | 9. |
| 19. Fifteen-year income, expense, and occupancy projection. | Satis. | |
| 20. Executed general construction contract with "not to exceed" costs. | Satis. | |
| 21. HC ONLY: 15% of the total equity to be provided prior to or simultaneously with the closing of the construction financing. | Satis. | |
| 22. Any additional items required by the credit underwriter. | Unatis. | 10 -15. |
| 23. Receipt of executed Florida Housing Fair Housing, Section 504 and ADA Design Certification Forms 121, 126, and 128. | Satis. | |
| 24. If the owner has a HAP Contract or ACC with HUD, then receipt of HUD approval for an owner-adopted preference or limited preference specifically for individuals or families who are referred by a designated Referral Agency serving the county where the Development is located. | Unsatis. | 16. |
| 25. Receipt of Tenant Eligibility and Selection Plan | Unsatis. | 17. |
| 26. Receipt of GC Certification | Satis. | |
| 27. Reliance for FHDC as agent for FHFC is include in all applicable third party reports: Appraisal, Market Study, PCA, CNA, and Phase I. | Satis. | |

1. Closing is conditioned upon receipt of final plans and specifications.

2. Acceptable permits or a permit ready letter is a condition to closing.

3. Closing is conditioned upon receipt of a final Plan and Cost Analysis.

4. Closing is conditioned upon receipt of final Survey.

5. Closing is conditioned upon receipt and satisfactory review of an executed Management Agreement and Final Management Plan.

6. Closing is conditioned upon receipt of a firm commitment from TD Bank (construction financing) and Berkadia/Freddie Mac (permanent financing) for the MMRB, with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

7. Closing is conditioned upon receipt of an Amended Limited Partnership Agreement.

8. Closing is conditioned upon receipt of final loan documents from St. Mary Towers, Inc. for the Seller Financing, with terms and conditions that are not substantially different than those utilized in this credit underwriting report.

9. Closing is conditioned upon receipt of a final construction draw schedule.

10. FHFC's staff approval of an MOU.

11. Closing is conditioned upon receipt of a HAP Contract.

12. Closing is conditioned upon receipt of an executed First Amendment to Ground Lease.

13. Closing is conditioned upon receipt of FHFC Asset Management Department's approval of the Applicant's selection of management company.

14. Closing is conditioned upon approval of a grab bar FHFC approved alternative by staff.

15. Closing is conditioned upon receipt of satisfactory trade references for Darren Smith, Timothy Henzy, and Catholic Health Services, Inc.

16. Closing is conditioned upon HUD approval of the Tenant Selection Plan.

17. Closing is conditioned upon FHFC's staff approval the Tenant Selection Plan.

October 11, 2023

Ms. Lisa Nickerson
Multifamily Tax Credit Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, Florida 32301-3291

Re: Coco Vista ("Development") – State Apartment Incentive Loan Program ("SAIL") and Competitive 9% Housing Credits ("HC") RFA 2021-208 (2021-320CS) / Invitation to Participate ("ITP") 2022 Construction Housing Inflation Response Program ("CHIRP") / RFA 2023-212 (2024-065C)

Credit Underwriting Report Update Letter ("CUL") – Changes to the Final Credit Underwriting Report, dated April 20, 2022 ("Final CUR") and Credit Underwriting Report Update Letter, dated June 7, 2022 ("CUR Update Letter") to include additional annual HC Allocation.

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") received an invitation to credit underwriting, dated September 26, 2023, from Florida Housing Finance Corporation ("FHFC" or "Florida Housing") for additional HC allocation issued under RFA 2023-212. Coco Vista Community, Ltd. ("Borrower") will be returning the Active Award of HC under RFA 2021-208 ($2,683,503) in exchange for HC under RFA 2023-212. First Housing has prepared this CUL to outline the changes.

On behalf of Florida Housing, First Housing has performed certain due diligence and formulated a recommendation and contingencies which are contained at the end of the CUL. For the purposes of this analysis, First Housing has reviewed the following:

- Final CUR and CUR Update Letter.
- Closing Letter and Final Sources and Uses/Construction Draw Schedule, dated July 1, 2022.
- Updated Sources and Uses, dated September 6, 2023.

- Change Order # 1, dated September 8, 2023.

- Promissory Note Secured by Mortgage, dated July 1, 2022, between Borrower and Wells Fargo Bank, National Association ("Wells Fargo").

- Construction Loan Agreement, dated July 1, 2022, between Borrower and Wells Fargo.

- SAIL Promissory Note, dated July 1, 2022, between Borrower and Florida Housing.

- Commitment Letter, dated June 18, 2022 from Neighborhood Lending Partners of Florida, Inc. ("NLP") and an Interest Rate Lock Request, Notification and Acceptance, dated July 1, 2022.

- Amended and Restated Agreement of Limited Partnership, dated July 1, 2022 ("LPA").

- A letter from Wells Fargo Community Lending & Investment ("Wells Fargo CLI"), dated August 7, 2023, for the additional purchase of tax credits.

- Construction Progress Monitoring Report, dated January 20, 2023 ("CPM Report").

**Background**

The Development is located at 96 Coco Plum Drive, Marathon, Florida 33050. The Development will consist of 109 units within three (3) garden-style apartment buildings. The Demographic Commitment is Workforce Housing, with 15.596% of the units (17 units) set aside at 30% or less of the Area Median Income ("AMI"), 33.945% of the units (37 units) set aside at 60% or less of the AMI, 18.349% of the units (20 units) set aside at 70% or less of the AMI, 4.587% of the units (5 units) set aside at 80% or less of the AMI, and 27.523% of the units (30 units) set aside at 120% or less of the AMI for a period of 50 years.

On July 1, 2022, Coco Vista Community, Ltd. closed on the following financing which is based on the Final Sources & Uses / Construction Draw Schedule. According to the CPM Report, the overall project completion is 3.59%. Vertical construction has not yet begun.

| CONSTRUCTION/PERMANENT SOURCES: | | | |
|---|---|---|---|
| **Source** | **Lender** | **Construction** | **Permanent** |
| Regulated Mortgage | Wells Fargo/NLP | $29,000,000 | $12,500,000 |
| FHFC - SAIL | FHFC | $2,250,000 | $2,250,000 |
| FHFC – SAIL CHIRP | FHFC | $3,000,000 | $3,000,000 |
| HC Equity | Wells Fargo CLI | $8,185,762 | $24,685,762 |
| Deferred Developer Fee | TVC Development, Inc. | $4,213,910 | $4,213,910 |
| **TOTAL** | | $46,649,672 | $46,649,672 |

**Sources Overview:**

| CONSTRUCTION/PERMANENT SOURCES: | | | | |
|---|---|---|---|---|
| **Source** | **Lender** | **Construction** | **Permanent** | **Perm Loan/Unit** |
| Regulated Mortgage Lender | Wells Fargo / NLP | $29,000,000 | $12,500,000 | $114,679 |
| FHFC - SAIL | FHFC | $2,250,000 | $2,250,000 | $20,642 |
| FHFC - SAIL CHIRP | FHFC | $3,000,000 | $3,000,000 | $27,523 |
| HC Equity | Wells Fargo CLI | $11,097,240 | $27,597,240 | $253,186 |
| Deferred Developer Fee | TVC Development, Inc. | $5,596,558 | $5,596,558 | $51,345 |
| **TOTAL** | | $50,943,798 | $50,943,798 | $467,374 |

First Mortgage:

First Housing reviewed a Promissory Note Secured by Mortgage, dated July 1, 2022, where Coco Vista Community, Ltd. promises to pay to the order of Wells Fargo, the principal sum of $29,000,000. Interest shall accrue on the outstanding principal balance at a variable rate equal to the Secured Overnight Financing Rate (“SOFR”), subject to a floor of 0.50%, plus a spread of 2.20%. The outstanding principal balance, together with all accrued and unpaid interest, shall be due and payable in full on July 1, 2024. According to the Construction Loan Agreement, the loan may be extended to January 1, 2025, for an extension fee of 12.5 basis points. According to an email from a representative of the Borrower, dated September 12, 2023, it is anticipated an additional extension will be needed past the January 1, 2025 date and will be addressed at a later time.

First Housing reviewed a Commitment Letter, dated June 18, 2022, from NLP to provide a first mortgage permanent loan to Coco Vista. The maximum loan amount is $12,500,000, not to exceed 80% of the stabilized, rent restricted appraised value. The term of the loan is 16 years after closing of the permanent loan, with a 35-year amortization schedule. According to an Interest Rate Lock Request, Notification and Acceptance, the interest rate is fixed at 5.48% and is in effect until 12/30/2024. According to the Commitment Letter, there is an extension option that gives the Borrower an extra 6 months beyond December 30, 2024.

FHFC SAIL Loans:

First Housing reviewed a Promissory Note, dated July 1, 2022, where Coco Vista Community, Ltd. promises to pay to the order of Florida Housing in the principal sum of $5,250,000 (consisting of an award of SAIL funds in the amount of $2,250,000 and an award of SAIL Construction Housing Inflation Response Program funds in the amount of $3,000,000). The Loan is non-amortizing with an interest rate of 1% over the life of the loan with annual payments based upon available cash flow. The SAIL Loan will have a total term of 18.5 years, of which 2.5 years is for the construction/stabilization period and 16 years is for the permanent period. Any unpaid interest will be deferred until cash flow is available. However, at the maturity of the SAIL Loan, all principal and unpaid interest will be due.

The annual multiple program Compliance Monitoring Fee is $993 for the SAIL Loan. The annual Permanent Loan Servicing Fee is based upon the outstanding loan amount, with a fee of 25 bps of the outstanding loan amount, with a minimum monthly fee of $229, and a maximum monthly fee of $909.

Housing Credit Equity:

According to the LPA, the annual HC allocation is $2,683,503, with a syndication rate of $0.92 for a net capital contribution of $24,685,762. First Housing received a Letter from Wells Fargo CLI, dated August 7, 2023, indicating the LPA will be amended to include the purchase of $316,497 in additional credits. The amount of equity to be paid prior to construction completion remains at $23,051,978 and the total amount of equity provided will now be $27,597,240. According to an email, dated September 11, 2023, the additional equity will be paid as part of the final installment. First Housing included the additional equity of $2,911,478 within the 4th installment.

**Syndication Contributions**

| Capital Contributions | Amount | Percentage of Total | When Due |
|---|---|---|---|
| 1st Installment | $4,937,152 | 17.89% | Investor's admission into the Owner |
| 2nd Installment | $18,114,826 | 65.64% | Latter of i) 95% completion or ii) October 1, 2023 |
| 3rd Installment | $196,113 | 0.71% | Latter of i) final Certificate of Occupancy for 100% of the units ii) lien free construction completion, iii) receipt of estimated of eligible basis, or iv) November 1, 2023 |
| 4th Installment | $4,349,149 | 15.76% | Latter of i) permanent loan closing/conversion, ii) attainment of 1.15 debt service coverage of 90 consecutive days iii) 100% qualified occupancy, iv) cost certification v) GP/MM prepared calculation of Tax Credit Timing and Tax Credit Basis Adjuster, vi) 8609 and receipt of satisfactory Income Qualification/Initial Tenant File Audit of 100% of the LIHTC units, and vii) June 1, 2024 |
| Total | $27,597,240 | 100.00% | |

| | |
|---|---|
| Annual Credit Per Syndication Agreement | $3,000,000 |
| Calculated HC Exchange Rate | $0.92 |
| Limited Partner Ownership Percentage | 99.99% |
| Proceeds Available During Construction | $23,051,978 |

Deferred Developer Fee:

To balance the sources and uses of funds during the permanent funding period, the Developer is required to defer $5,596,558 or approximately 96.45% of the total Developer Fee of $5,802,592. As required under RFA 2023-212, the Applicant will be required to defer at least 30% of the Developer Fee.

## Uses of Funds

| CONSTRUCTION COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| New Rental Units | $19,898,120 | $27,500,000 | $20,247,128 | $185,753 | $66,000 |
| Site Work | $2,670,000 | $0 | $4,054,477 | $37,197 | $750,000 |
| Constr. Contr. Costs subject to GC Fee | $22,568,120 | $27,500,000 | $24,301,605 | $222,951 | $816,000 |
| General Conditions | $1,119,900 | $0 | $1,277,975 | $11,725 | $0 |
| Overhead | $592,000 | $0 | $642,589 | $5,895 | $0 |
| Profit | $592,000 | $0 | $642,589 | $5,895 | $0 |
| General Liability Insurance | $236,880 | $0 | $245,141 | $2,249 | $0 |
| Payment and Performance Bonds | $296,100 | $0 | $296,100 | $2,717 | $0 |
| Contract Costs not subject to GC Fee | $95,000 | $0 | $94,000 | $862 | $0 |
| Total Construction Contract/Costs | $25,500,000 | $27,500,000 | $27,500,000 | $252,294 | $816,000 |
| Hard Cost Contingency | $1,275,000 | $1,375,000 | $1,375,000 | $12,615 | $0 |
| FF&E paid outside Constr. Contr. | $350,000 | $350,000 | $350,000 | $3,211 | $0 |
| **Total Construction Costs:** | **$27,125,000** | **$29,225,000** | **$29,225,000** | **$268,119** | **$816,000** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to the Total Construction Costs:

1. An executed construction contract was provided, dated February 10, 2022, in the amount of $25,500,000. This is a Standard Form of Agreement between Owner, Coco Vista Community, Ltd., and General Contractor (“GC”), Charley Toppino & Sons, Inc., where the basis of payment is the Cost of the Work Plus a Fee with a Guaranteed Maximum Price (“GMP”). Per the contract, substantial completion is to be achieved by no later than 487 days from the date of commencement. The construction contract specifies a 10% retainage until 50% complete, at which time no further retainage will be withheld.

2. The CPM Report indicates a substantial completion date of December 1, 2023. However, according to an email from a representative of the Borrower, dated September 11, 2023, the completion date will be extended to November 4, 2024. The GC is working on a change order to address the additional time needed.

3. First Housing received Change Order #1, dated September 8, 2023, which increased the GMP by $2,000,000, from $25,500,000 to $27,500,000.

4. First Housing utilized the Continuation Sheet contained within Change Order #1 to complete the construction costs.

5. The Continuation Sheet includes Surveying, Layout & Certificates of $35,000 which First Housing has included within General Conditions.

6. The allowances have increased to $368,528, which is 1.34% of the GMP.

| | |
|---|---:|
| Landscaping package | $303,753 |
| Irrigation package | $50,000 |
| Cluster Mailbox | 14,775 |
| **Total** | **368,528** |

7. The Contract Costs not subject to GC Fee of $94,000 includes a Private Provider cost, which First Housing confirmed is to a third party.

8. The Development will offer washer/dryers to the residents at a cost; therefore, the cost to purchase the washer/dryers is ineligible. First Housing has estimated a cost of $66,000 for the washer/dryers.

9. The GC fee is within the maximum 14% of hard costs allowed by the RFA and Rule Chapter 67-48, excluding Payment and Performance Bonds ("P&P Bonds'), General Liability Insurance, and Contract Costs not subject to GC Fee. The GC fee stated herein is for credit underwriting purposes only, and the final GC fee will be determined pursuant to the final cost certification process as per the RFA and Rule Chapter 67-48.

10. The GC has budgeted for P&P Bonds to secure the construction contract.

11. Hard Cost Contingency is 5% of the total construction contract which is within the allowable 5% of total hard costs for new construction developments as allowed by the RFA and Rule Chapter 67-48.

| GENERAL DEVELOPMENT COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Accounting Fees | $15,000 | $15,000 | $15,000 | $138 | $10,000 |
| Appraisal | $11,160 | $11,160 | $11,160 | $102 | $0 |
| Architect's Fee - Site/Building Design | $400,000 | $428,000 | $428,000 | $3,927 | $0 |
| Architect's Fee - Supervision | $40,000 | $40,000 | $40,000 | $367 | $0 |
| Building Permits | $100,000 | $100,000 | $100,000 | $917 | $0 |
| Builder's Risk Insurance | $623,000 | $1,100,000 | $1,100,000 | $10,092 | $0 |
| Engineering Fees | $147,000 | $150,000 | $150,000 | $1,376 | $0 |
| Environmental Report | $15,000 | $7,500 | $7,500 | $69 | $0 |
| FHFC Administrative Fees | $241,515 | $270,000 | $270,000 | $2,477 | $270,000 |
| FHFC Application Fee | $3,000 | $3,500 | $3,500 | $32 | $3,500 |
| FHFC Credit Underwriting Fee | $25,983 | $25,983 | $30,979 | $284 | $30,979 |
| FHFC Compliance Fee | $223,041 | $223,041 | $223,041 | $2,046 | $223,041 |
| FHFC Other Processing Fee(s) | $10,100 | $10,100 | $25,200 | $231 | $25,200 |
| Lender Inspection Fees / Const Admin | $50,000 | $50,000 | $50,000 | $459 | $0 |
| Green Building Cert. (LEED, FGBC, NAHB) | $19,075 | $36,000 | $36,000 | $330 | $0 |
| Insurance | $275,000 | $275,000 | $275,000 | $2,523 | $0 |
| Legal Fees - Organizational Costs | $216,910 | $270,000 | $270,000 | $2,477 | $94,500 |
| Market Study | $8,050 | $8,050 | $8,050 | $74 | $8,050 |
| Marketing and Advertising | $150,000 | $150,000 | $150,000 | $1,376 | $150,000 |
| Plan and Cost Review Analysis | $9,431 | $9,431 | $9,431 | $87 | $0 |
| Property Taxes | $75,000 | $75,000 | $75,000 | $688 | $0 |
| Soil Test | $10,000 | $9,000 | $9,000 | $83 | $0 |
| Survey | $35,000 | $35,000 | $35,000 | $321 | $0 |
| Title Insurance and Recording Fees | $141,172 | $141,172 | $141,172 | $1,295 | $35,293 |
| Utility Connection Fees | $825,000 | $825,000 | $825,000 | $7,569 | $0 |
| Soft Cost Contingency | $157,541 | $160,923 | $160,923 | $1,476 | $0 |
| **Total General Development Costs:** | **$3,826,978** | **$4,428,860** | **$4,448,956** | **$40,816** | **$850,563** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to the General Development Costs:

1. General Development Costs are the Applicant's updated estimates, which appear reasonable.

2. The FHFC Application Fee includes an additional $500 application fee under RFA 2023-212.

3. The FHFC Administrative Fee is based on 9% of the recommended annual Housing Credit allocation of $3,000,000.

4. The FHFC Credit Underwriting Fee includes an original underwriting fee of $20,987, an update underwriting fee of $4,996 and this CUL fee of $4,996.

5. FHFC Compliance Fee of $223,041 is based on the compliance fee calculator spreadsheet provided by FHFC.

6. First Housing included a $15,000 FHFC processing fee for the return of HC allocation in exchange for a new allocation and a Legal Description Change fee of $100.

7. First Housing received a Professional Services Amendment, between Coco Vista Community, Ltd, and PQH Group Design, Inc. ("PQH Group"), dated January 31, 2022.

The agreement is for the development of the NGBS plan, administration and Green verification for 109 units, and the production of all necessary plans, calculation, and documentation related to architecture and engineering for obtaining the NGBS Certification. Further, First Housing received a Professional Services Agreement between Abney + Abney Green Solutions and PQH Group, dated February 22, 2022. The agreement is for the NGBS administration and Green Verification for Coco Vista and is estimated at $175/unit.

8. First Housing adjusted the Soft Cost Contingency to tie to the Developer, which is within 5% of the General Development Costs less the soft cost contingency, as allowed by the RFA and Rule Chapter 67-48 for new construction developments.

| FINANCIAL COSTS: | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Construction Loan Origination Fee | $217,500 | $217,500 | $217,500 | $1,995 | $0 |
| Construction Loan Interest | $1,275,000 | $2,200,000 | $2,200,000 | $20,183 | $637,500 |
| Permanent Loan Application Fee | $10,500 | $10,500 | $10,500 | $96 | $10,500 |
| Permanent Loan Commitment Fee | $93,750 | $93,750 | $93,750 | $860 | $93,750 |
| SAIL Commitment Fee | $52,500 | $0 | $52,500 | $482 | $52,500 |
| SAIL Closing Costs | $18,000 | $70,500 | $18,000 | $165 | $18,000 |
| Other: Third Party Due Diligence | $7,750 | $0 | $0 | $0 | $0 |
| **Total Financial Costs:** | **$1,675,000** | **$2,592,250** | **$2,592,250** | **$23,782** | **$812,250** |
| **Dev. Costs before Acq., Dev. Fee & Reserves** | **$32,626,978** | **$36,246,110** | **$36,266,206** | **$332,717** | **$2,478,813** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to the Financial Costs:

1. Due to the delay in construction, the Construction Loan Interest has increased from $1,275,000 to $2,200,000, which First Housing found to be acceptable.

| NON-LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| **Total Non-Land Acquisition Costs:** | **$0** | **$0** | **$0** | **$0** | **$0** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to the Non-Land Acquisition Costs:

1. As this is new construction, there are no non-land acquisition costs.

| DEVELOPER FEE ON NON-ACQUISTION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Developer Fee - Unapportioned | $5,147,694 | $5,147,694 | $5,802,592 | $53,235 | $0 |
| **Total Other Development Costs:** | **$5,147,694** | **$5,147,694** | **$5,802,592** | **$53,235** | **$0** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to the Developer Fee on Non-Acquisition Costs:

1. The recommended Developer's Fee does not exceed 16% of TDC before Developer Fee, land, and ODR as allowed by the RFA and Rule Chapter 67-48.

| LAND ACQUISITION COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Land | $8,175,000 | $8,175,000 | $8,175,000 | $75,000 | $8,175,000 |
| **Total Acquisition Costs:** | **$8,175,000** | **$8,175,000** | **$8,175,000** | **$75,000** | **$8,175,000** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to Acquisition Costs:

1. According to the Closing Statement, dated July 1, 2022, the purchase price of the land was $8,175,000.

2. The appraiser valued the vacant land at $8,180,000, which supported the purchase price of $8,175,000.

| RESERVE ACCOUNTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| Operating Deficit Reserve (Syndicator) | $700,000 | $700,000 | $700,000 | $6,422 | $700,000 |
| **Total Reserve Accounts:** | **$700,000** | **$700,000** | **$700,000** | **$6,422** | **$700,000** |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to Reserve Accounts:

1. An ODR is required by the LPA and will be funded from the Final Installment. In exchange for receiving funding from the Corporation, the Corporation reserves the authority to restrict the disposition of any funds remaining in any operating deficit reserve(s) after the term of the reserve’s original purpose has terminated or is near termination. Authorized disposition uses are limited to payments towards any outstanding loan balances of the Development funded from the Corporation, any outstanding Corporation fees, any unpaid costs incurred in the completion of the Development (i.e., deferred Developer Fee), the Development’s capital replacement reserve account (provided, however, that any operating deficit reserve funds deposited to the replacement reserve account will not replace, negate, or otherwise be considered an advance payment or pre-funding of the Applicant’s obligation to periodically fund the replacement reserve account), the reimbursement of any loan(s) provided by a partner, member or guarantor as set forth in the Applicant’s organizational agreement (i.e., operating or limited partnership agreement). The actual direction of the disposition is at the Applicant’s discretion so long as it is an option permitted by the Corporation. In no event, shall the payment of amounts to the Applicant or the Developer from any operating deficit reserve

established for the Development cause the Developer Fee or General Contractor fee to exceed the applicable percentage limitations provided for in this RFA.

At the end of the Compliance Period, any remaining balance of the ODR less amounts that may be permitted to be drawn (which includes Deferred Developer Fee and reimbursements for authorized member/partner and guarantor loan(s) pursuant to the operating/partnership agreement), will be used to pay FHFC loan debt; if there is no FHFC loan debt on the proposed Development at the end of the Compliance Period, any remaining balance shall be used to pay any outstanding FHFC fees. If any balance is remaining in the ODR after the payments above, the amount should be placed in a Replacement Reserve account for the Development. In no event shall the payments of amounts to the Applicant or the Developer from the Reserve Account cause the Developer Fee or General Contractor Fee to exceed the applicable percentage limitations provided for in Rule Chapter 67-48. Any and all terms and conditions of the ODR must be acceptable to Florida Housing, its legal counsel, and its Servicer.

| TOTAL DEVELOPMENT COSTS | Applicant Costs | Revised Applicant Costs | Underwriters Total Costs - CUR | Cost Per Unit | HC Ineligible Costs - CUR |
|---|---|---|---|---|---|
| TOTAL DEVELOPMENT COSTS: | $46,649,672 | $50,268,804 | $50,943,798 | $467,374 | $11,353,813 |

*Please note, the Applicant Costs are based on Draw Schedule #2.*

Notes to Total Development Costs:

1. The Total Development Costs have increased a total of $4,294,126 from $46,649,672 to $50,943,798 or 9.21% since closing. The change is mainly due to an increase in construction costs and construction loan interest.

2. Based on the TDC per unit limitations in affect as of the April 1, 2022 FHFC Telephonic Board Meeting, FHFC has set the TDC for RFA 2021-208, exclusive of land costs and ODR, of $791,251 per unit for a new construction, garden-style, enhanced structural systems construction (“ESSC”) development, eligible for the South Florida Keys Area multiplier, and located in Monroe County. The Development’s per unit TDC, less land costs and ODR is $42,068,798 or $385,952 per unit, which meets the TDC requirement.

# Operating Pro Forma: Coco Vista

| FINANCIAL COSTS: | | | | | Year 1 | Year 1 Per Unit |
|---|---|---|---|---|---|---|
| **OPERATING PRO FORMA** | | | | | | |
| INCOME: | Gross Potential Rental Income | | | | **$2,090,964** | **$19,183** |
| | Other Income | | | | | |
| | | Miscellaneous | | | $32,700 | **$300** |
| | | Washer/Dryer Rentals | | | $39,240 | **$360** |
| | Gross Potential Income | | | | **$2,162,904** | **$19,843** |
| | Less: | | | | | |
| | | Physical Vac. Loss | Percentage: | 4.00% | $86,516 | **$794** |
| | | Collection Loss | Percentage: | 1.00% | $21,629 | **$198** |
| **Total Effective Gross Income** | | | | | **$2,054,759** | **$18,851** |
| EXPENSES: | Fixed: | | | | | |
| | | Real Estate Taxes | | | $176,994 | **$1,624** |
| | | Insurance | | | $272,500 | **$2,500** |
| | Variable: | | | | | |
| | | Management Fee | Percentage: | 4.00% | $82,190 | **$754** |
| | | General and Administrative | | | $40,875 | **$375** |
| | | Payroll Expenses | | | $174,400 | **$1,600** |
| | | Utilities | | | $130,800 | **$1,200** |
| | | Marketing and Advertising | | | $10,900 | **$100** |
| | | Maintenance and Repairs/Pest Control | | | $43,600 | **$400** |
| | | Grounds Maintenance and Landscaping | | | $27,250 | **$250** |
| | | Contract Services | | | $21,800 | **$200** |
| | Reserve for Replacements | | | | $32,700 | **$300** |
| **Total Expenses** | | | | | **$1,014,009** | **$9,303** |
| **Net Operating Income** | | | | | **$1,040,750** | **$9,548** |
| **Debt Service Payments** | | | | | | |
| | First Mortgage - NLP | | | | $803,560 | **$7,372** |
| | Second Mortgage - FHFC - SAIL/CHIRP | | | | $52,500 | **$482** |
| | First Mortgage Fees - NLP | | | | $0 | **$0** |
| | Second Mortgage Fees - FHFC - SAIL/CHIRP | | | | $11,901 | **$109** |
| Total Debt Service Payments | | | | | **$867,961** | **$7,963** |
| Cash Flow after Debt Service | | | | | **$172,789** | **$1,585** |
| | | | | | | |
| **Debt Service Coverage Ratios** | | | | | | |
| | DSC - First Mortgage plus Fees | | | | **1.30x** | |
| | DSC - Second Mortgage plus Fees | | | | **1.20x** | |
| **Financial Ratios** | | | | | | |
| | Operating Expense Ratio | | | | **49.35%** | |
| | Break-even Economic Occupancy Ratio (all debt) | | | | **87.21%** | |

Notes to the Operating Pro Forma and Ratios:

1. This Development will be utilizing Housing Credits in conjunction with the SAIL financing which will impose rent restrictions. The rent levels are based on the 2021 maximum LIHTC rents published on FHFC's website for Monroe County less the applicable utility allowance. The utility allowances are based on the Monroe County Housing Authority/North of 7 Mile Bridge Utility Allowance Schedule for a Low Rise. Below is the rent roll for the Development:

Monroe County

| Bed Rooms | Bath Rooms | Units | Square Feet | AMI% | Low HOME Rents | High HOME Rents | Gross HC Rent | Utility Allow. | Net Restricted Rents | PBRA Contr Rents | Applicant Rents | Appraiser Rents | CU Rents | Annual Rental Income |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 1.0 | 4 | 655 | 30% | | | $572 | $78 | $ 494 | | $ 494 | $ 494 | $ 494 | $ 23,712 |
| 1 | 1.0 | 8 | 655 | 60% | | | $1,144 | $78 | $ 1,066 | | $ 1,066 | $ 1,066 | $ 1,066 | $ 102,336 |
| 1 | 1.0 | 4 | 655 | 70% | | | $1,335 | $78 | $ 1,257 | | $ 1,257 | $ 1,257 | $ 1,257 | $ 60,336 |
| 1 | 1.0 | 1 | 655 | 80% | | | $1,526 | $78 | $ 1,448 | | $ 1,448 | $ 1,448 | $ 1,448 | $ 17,376 |
| 1 | 1.0 | 4 | 655 | 120% | | | $2,289 | $78 | $ 2,211 | | $ 2,211 | $ 2,211 | $ 2,211 | $ 106,128 |
| 1 | 1.0 | 2 | 681 | 120% | | | $2,289 | $78 | $ 2,211 | | $ 2,211 | $ 2,211 | $ 2,211 | $ 53,064 |
| 2 | 2.0 | 10 | 952 | 30% | | | $687 | $95 | $ 592 | | $ 592 | $ 592 | $ 592 | $ 71,040 |
| 2 | 2.0 | 23 | 952 | 60% | | | $1,374 | $95 | $ 1,279 | | $ 1,279 | $ 1,279 | $ 1,279 | $ 353,004 |
| 2 | 2.0 | 13 | 952 | 70% | | | $1,603 | $95 | $ 1,508 | | $ 1,508 | $ 1,508 | $ 1,508 | $ 235,248 |
| 2 | 2.0 | 3 | 952 | 80% | | | $1,832 | $95 | $ 1,737 | | $ 1,737 | $ 1,737 | $ 1,737 | $ 62,532 |
| 2 | 2.0 | 19 | 952 | 120% | | | $2,748 | $95 | $ 2,653 | | $ 2,653 | $ 2,653 | $ 2,653 | $ 604,884 |
| 3 | 2.0 | 3 | 1,100 | 30% | | | $793 | $111 | $ 682 | | $ 682 | $ 682 | $ 682 | $ 24,552 |
| 3 | 2.0 | 6 | 1,100 | 60% | | | $1,587 | $111 | $ 1,476 | | $ 1,476 | $ 1,476 | $ 1,476 | $ 106,272 |
| 3 | 2.0 | 3 | 1,100 | 70% | | | $1,851 | $111 | $ 1,740 | | $ 1,740 | $ 1,740 | $ 1,740 | $ 62,640 |
| 3 | 2.0 | 1 | 1,100 | 80% | | | $2,116 | $111 | $ 2,005 | | $ 2,005 | $ 2,005 | $ 2,005 | $ 24,060 |
| 3 | 2.0 | 5 | 1,100 | 120% | | | $3,174 | $111 | $ 3,063 | | $ 3,063 | $ 3,063 | $ 3,063 | $ 183,780 |
| | | 109 | 99,653 | | | | | | | | | | | $ 2,090,964 |

2. The Vacancy and Collection loss rate of 5% is based on First Housing’s estimate, which is more conservative than the appraisal’s 4% vacancy and collection loss.

3. Miscellaneous Income is comprised of revenue from vending machines, late charges, pet deposits, and forfeited security deposits. Total Ancillary Income of $300 per unit/per year is supported by the appraisal.

4. The Development will offer full-size washer/dryer appliances to rent to the residents. The appraiser projected a rate of 60% at a monthly premium of $50, or $360 per unit per year.

5. Based upon operating data from comparable properties, third-party reports (appraisal and market study) and First Housing's independent due diligence, First Housing represents that, in its professional opinion, estimates for Rental Income, Vacancy, Other Income, and Operating Expenses fall within a band of reasonableness.

6. Insurance has increased from $1,600/unit as indicated in the Final CUR, to $2,500/unit. The Developer has provided backup to the increase in insurance and First Housing found this to be acceptable.

7. First Housing received a Management Agreement between Coco Vista Community, Ltd. (“Owner”) and WRH Realty Services, Inc. (“Manager”). The Agreement states the Manager shall receive a monthly fee of $3,750 or 3.75% of the gross revenue of the Development, whichever is greater. First Housing utilized a management fee of 4%, which is consistent with the appraisal.

8. The resident is responsible for electric, cable, phone and internet. The landlord is responsible for water, sewer, common area electric, pest control, and trash expenses.

9. Replacement Reserves of $300 per unit per year are required per Rule Chapter 67-48. According to the LPA, Replacement Reserves will be $300 per unit and increase by 3% per year.

10. Refer to Exhibit I, Page 1 for a 15-Year Pro Forma, which reflects rental income increasing at an annual rate of 2%, and expenses increasing at an annual rate of 3%.

## Recommendation

First Housing recommends a total annual 9% HC Allocation of $3,000,000 to finance the construction and permanent financing of the Development, which consists of the initial recommendation of $2,683,503 and the additional HC Allocation of $316,497 under RFA 2023-212.

Closing of the transaction is subject to the following conditions:

1. Verification from Partner Engineering and Science, Inc. ("Partner") that the increased construction costs are reasonable.

2. All other due diligence required by FHFC, its Legal Counsel and Servicer.

Prepared by:

Stephanie Petty
Senior Credit Underwriter

Reviewed by:

Ed Busansky
Senior Vice President

# HC Allocation Calculation

**Qualified Basis Calculation**

| | |
|---|---|
| Total Development Costs(including land and ineligible Costs) | $50,943,798 |
| Less Land Costs | $8,175,000 |
| Less Federal Grants and Loans | $0 |
| Less Other Ineligible Costs | $3,178,813 |
| Total Eligible Basis | $39,589,985 |
| Applicable Fraction | 72.334% |
| DDA/QCT Basis Credit | 130% |
| Qualified Basis | $37,228,126 |
| Housing Credit Percentage | 9.00% |
| Annual Housing Credit Allocation | $3,350,531 |

Notes to the Qualified Basis Calculation:

1. Other ineligible costs include washer/dryer costs, site work, accounting fees, FHFC Fees, legal fees, market study, advertising/marketing, title and recording fees, financial costs, and Operating Deficit Reserves.

2. The Applicable Fraction is the portion of rental units that are qualified low-income units; determined as the lesser of square footage or number of units. Based on the square footage, the Development has a 72.334% set-aside and based on the number of units the Development has a 72.477% set-aside. Therefore, the applicable fraction is the lesser of the two or 72.334%. Therefore, the Applicable Fraction is 72.334%.

3. For purposes of this analysis, the Development is located in a non-metropolitan Difficult Development Area ("DDA"); therefore, the 130% basis boost was applied.

4. For purposes of this recommendation a HC percentage of 9% was applied based on the 9% floor rate which was permanently extended through the Protecting American from Tax Hikes (PATH) Act of 2015 as part of the Omnibus Consolidated Appropriations Act of 2016.

## GAP Calculation

| | |
|---|---|
| Total Development Costs(including land and ineligible Costs) | $50,943,798 |
| Less Mortgages | $17,750,000 |
| Less Grants | $0 |
| Equity Gap | $33,193,798 |
| HC Syndication Percentage to Investment Partnership | 99.99% |
| HC Syndication Pricing | $0.92 |
| HC Required to meet Equity Gap | $36,083,824 |
| Annual HC Required | $3,608,382 |

Notes to the Gap Calculation:

1. The pricing and syndication percentage was taken from the LPA.

2. FHDC has completed the required minimum first mortgage qualifying test and finds that the proposed first mortgage amount of $12,500,000 exceeds the minimum requirement of $11,589,612.54.

## Summary

| | |
|---|---|
| HC Per Applicant's Request | $3,000,000 |
| HC Per Qualified Basis | $3,350,531 |
| HC Per GAP Calculation | $3,608,382 |
| | |
| Annual HC Recommended | $3,000,000 |
| | |
| Syndication Proceeds based upon Syndication Agreement | $27,597,240 |

1. The Applicant's request is based on the original annual HC request of $2,683,503 plus the additional HC request under RFA 2023-212 of $316,497 for a total request of $3,000,000.

2. The estimated annual Housing Credit allocation is limited to the lesser of the Qualified Basis calculation, the GAP calculation or the Applicant's Request. The recommendation is based on the Applicant's Request.

3. FHFC reserves the right to resize the Housing Credit preliminary awarded to the Applicant. The next opportunity for a feasibility review of this transaction will be at cost certification. If the cost certification indicates a need to resize the HC allocation, FHFC will do so at that time.

## 15 Year Proforma

| | FINANCIAL COSTS: | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | Year 11 | Year 12 | Year 13 | Year 14 | Year 15 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **OPERATING PRO FORMA** | | | | | | | | | | | | | | | |
| | Gross Potential Rental Income | **$2,090,964** | **$2,132,783** | **$2,175,439** | **$2,218,948** | **$2,263,327** | **$2,308,593** | **$2,354,765** | **$2,401,860** | **$2,449,898** | **$2,498,896** | **$2,548,873** | **$2,599,851** | **$2,651,848** | **$2,704,885** | **$2,758,983** |
| | Other Income | | | | | | | | | | | | | | | |
| | Miscellaneous | $32,700 | $33,354 | $34,021 | $34,702 | $35,396 | $36,103 | $36,826 | $37,562 | $38,313 | $39,080 | $39,861 | $40,658 | $41,472 | $42,301 | $43,147 |
| INCOME: | Washer/Dryer Rentals | $39,240 | $40,025 | $40,825 | $41,642 | $42,475 | $43,324 | $44,191 | $45,074 | $45,976 | $46,895 | $47,833 | $48,790 | $49,766 | $50,761 | $51,776 |
| | Gross Potential Income | **$2,162,904** | **$2,206,162** | **$2,250,285** | **$2,295,291** | **$2,341,197** | **$2,388,021** | **$2,435,781** | **$2,484,497** | **$2,534,187** | **$2,584,870** | **$2,636,568** | **$2,689,299** | **$2,743,085** | **$2,797,947** | **$2,853,906** |
| | Less: | | | | | | | | | | | | | | | |
| | Physical Vac. Loss Percentage: 4.00% | $86,516 | $88,246 | $90,011 | $91,812 | $93,648 | $95,521 | $97,431 | $99,380 | $101,367 | $103,395 | $105,463 | $107,572 | $109,723 | $111,918 | $114,156 |
| | Collection Loss Percentage: 1.00% | $21,629 | $22,062 | $22,503 | $22,953 | $23,412 | $23,880 | $24,358 | $24,845 | $25,342 | $25,849 | $26,366 | $26,893 | $27,431 | $27,979 | $28,539 |
| | **Total Effective Gross Income** | **$2,054,759** | **$2,095,854** | **$2,137,771** | **$2,180,526** | **$2,224,137** | **$2,268,620** | **$2,313,992** | **$2,360,272** | **$2,407,477** | **$2,455,627** | **$2,504,740** | **$2,554,834** | **$2,605,931** | **$2,658,050** | **$2,711,211** |
| | Fixed: | | | | | | | | | | | | | | | |
| | Real Estate Taxes | $176,994 | $182,304 | $187,773 | $193,406 | $199,208 | $205,185 | $211,340 | $217,680 | $224,211 | $230,937 | $237,865 | $245,001 | $252,351 | $259,922 | $267,719 |
| | Insurance | $272,500 | $280,675 | $289,095 | $297,768 | $306,701 | $315,902 | $325,379 | $335,141 | $345,195 | $355,551 | $366,217 | $377,204 | $388,520 | $400,175 | $412,181 |
| | Variable: | | | | | | | | | | | | | | | |
| | Management Fee Percentage: 4.00% | $82,190 | $83,834 | $85,510 | $87,221 | $88,965 | $90,744 | $92,559 | $94,410 | $96,299 | $98,225 | $100,189 | $102,193 | $104,237 | $106,322 | $108,448 |
| | General and Administrative | $40,875 | $42,101 | $43,364 | $44,665 | $46,005 | $47,385 | $48,807 | $50,271 | $51,779 | $53,333 | $54,933 | $56,581 | $58,278 | $60,026 | $61,827 |
| EXPENSES: | Payroll Expenses | $174,400 | $179,632 | $185,021 | $190,572 | $196,289 | $202,177 | $208,243 | $214,490 | $220,925 | $227,552 | $234,379 | $241,410 | $248,653 | $256,112 | $263,796 |
| | Utilities | $130,800 | $134,724 | $138,766 | $142,929 | $147,217 | $151,633 | $156,182 | $160,868 | $165,694 | $170,664 | $175,784 | $181,058 | $186,490 | $192,084 | $197,847 |
| | Marketing and Advertising | $10,900 | $11,227 | $11,564 | $11,911 | $12,268 | $12,636 | $13,015 | $13,406 | $13,808 | $14,222 | $14,649 | $15,088 | $15,541 | $16,007 | $16,487 |
| | Maintenance and Repairs/Pest Control | $43,600 | $44,908 | $46,255 | $47,643 | $49,072 | $50,544 | $52,061 | $53,623 | $55,231 | $56,888 | $58,595 | $60,353 | $62,163 | $64,028 | $65,949 |
| | Grounds Maintenance and Landscaping | $27,250 | $28,068 | $28,910 | $29,777 | $30,670 | $31,590 | $32,538 | $33,514 | $34,519 | $35,555 | $36,622 | $37,720 | $38,852 | $40,018 | $41,218 |
| | Contract Services | $21,800 | $22,454 | $23,128 | $23,821 | $24,536 | $25,272 | $26,030 | $26,811 | $27,616 | $28,444 | $29,297 | $30,176 | $31,082 | $32,014 | $32,974 |
| | Reserve for Replacements | $32,700 | $33,681 | $34,691 | $35,732 | $36,804 | $37,908 | $39,046 | $40,217 | $41,423 | $42,666 | $43,946 | $45,264 | $46,622 | $48,021 | $49,462 |
| | **Total Expenses** | **$1,014,009** | **$1,043,607** | **$1,074,077** | **$1,105,444** | **$1,137,736** | **$1,170,978** | **$1,205,200** | **$1,240,430** | **$1,276,699** | **$1,314,037** | **$1,352,476** | **$1,392,048** | **$1,432,788** | **$1,474,729** | **$1,517,908** |
| | **Net Operating Income** | **$1,040,750** | **$1,052,247** | **$1,063,694** | **$1,075,082** | **$1,086,401** | **$1,097,642** | **$1,108,792** | **$1,119,842** | **$1,130,778** | **$1,141,590** | **$1,152,264** | **$1,162,786** | **$1,173,143** | **$1,183,320** | **$1,193,303** |
| | **Debt Service Payments** | | | | | | | | | | | | | | | |
| | First Mortgage - NLP | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 | $803,560 |
| | Second Mortgage - FHFC - SAIL/CHIRP | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 | $52,500 |
| | First Mortgage Fees - NLP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| | Second Mortgage Fees - FHFC - SAIL/CHIRP | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 | $11,901 |
| | Total Debt Service Payments | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** | **$867,961** |
| | Cash Flow after Debt Service | **$172,789** | **$184,286** | **$195,733** | **$207,121** | **$218,441** | **$229,681** | **$240,831** | **$251,881** | **$262,817** | **$273,629** | **$284,303** | **$294,825** | **$305,182** | **$315,360** | **$325,342** |
| | | | | | | | | | | | | | | | | |
| | **Debt Service Coverage Ratios** | | | | | | | | | | | | | | | |
| | DSC - First Mortgage plus Fees | **1.30** | **1.31** | **1.32** | **1.34** | **1.35** | **1.37** | **1.38** | **1.39** | **1.41** | **1.42** | **1.43** | **1.45** | **1.46** | **1.47** | **1.49** |
| | DSC - Second Mortgage plus Fees | **1.20** | **1.21** | **1.23** | **1.24** | **1.25** | **1.26** | **1.28** | **1.29** | **1.30** | **1.32** | **1.33** | **1.34** | **1.35** | **1.36** | **1.37** |
| | **Financial Ratios** | | | | | | | | | | | | | | | |
| | Operating Expense Ratio | **49.35%** | **49.79%** | **50.24%** | **50.70%** | **51.15%** | **51.62%** | **52.08%** | **52.55%** | **53.03%** | **53.51%** | **54.00%** | **54.49%** | **54.98%** | **55.48%** | **55.99%** |
| | Break-even Economic Occupancy Ratio (all debt) | **87.21%** | **86.85%** | **86.50%** | **86.18%** | **85.87%** | **85.58%** | **85.31%** | **85.06%** | **84.83%** | **84.61%** | **84.42%** | **84.24%** | **84.07%** | **83.93%** | **83.80%** |

According to the LPA, Replacement Reserves will be $300 per unit and increase by 3% per year.

THE HOUSING AUTHORITY
OF THE
CITY OF MIAMI BEACH

200 ALTON ROAD
MIAMI BEACH, FL 33139-6742
TEL: 305-532-6401
FAX: 305-674-8001
TDD: 1-800-545-1833 EXT. 773
WWW.HACMB.ORG



November 16, 2023

Tim Kennedy, Multifamily Loans & Bonds Director
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

Re: The Heron (RFA 2020-102/2020-483SA/ITP-2022 CHIRP)

Dear Mr. Kennedy:

The Miami Beach Housing Initiatives, Inc., an instrumentality of the Housing Authority of the City of Miami Beach (HACMB), respectfully requests a waiver of the CHIRP ITP to extend the current September 8, 2023 closing deadline for The Heron, to February 2, 2024, the date of the February Florida Housing Finance Corporation Board meeting.

The Heron is a proposed development of twenty (20) permanent supporting housing units for elderly persons with special needs. The development was originally proposed to consist of sixteen (16) units at 60% of Area Median Income (AMI), and four (4) Extremely Low Income units at 28% AMI. In order to receive additional funding through the CHIRP program, The Heron was required to convert eight of the 60% AMI units to 30% AMI units. The twenty permanent supportive housing units at The Heron are now deeply subsidized with four units at 28% AMI, eight at 30%, and eight at 60%.

The resulting substantial loss in rental revenue required the addition of eight (8) project-based vouchers (PBV) in order to have sufficient income to support the increased debt. However, this triggered a required Subsidy Layering Review (SLR) process to be completed by U.S. HUD. The extension request will allow time for HUD to finalize the review and approval process for the SLR.

The extension request will also allow the HACMB additional time to finalize the review process for the building permit, and for the review and preparation of closing documents from the City of Miami Beach and Miami-Dade County.

Thank you in advance for your consideration of this request.

Sincerely,

Miguell Del Campillo
Executive Director

**Blue Sky Communities**
180 Fountain Parkway N
Suite 100
St. Petersburg, FL 33716

November 27, 2023

Mr. Tim Kennedy
Assistant Director of Multifamily Programs
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Skyway Lofts II/2023-118SN / 2022-536C (the "Property")
Consent to Revise Applicant and Developer Ownership Percentages

Blue Pinellas 2, LLC ("Applicant"), submitted an application in response to RFA 2022-205 SAIL Financing of Affordable Multifamily Housing Developments to be Used in Conjunction with Tax-Exempt Bond Financing and Non-Competitive Housing Credits (the "RFA") to be known as "Skyway Lofts II."

The Applicant entity, Blue Pinellas 2, LLC is a limited liability company comprised of Blue Pinellas 2 M, LLC as manager, and Blue Sky SLP, LLC as Initial Investor Limited Partner. Blue SWL2 Developer, LLC is one of the Developer entities with Blue Sky Communities, LLC as the sole member.

Scott Macdonald is withdrawing as a member of Blue Sky Communities, LLC and Blue Pinellas 2 M, LLC an adding Scott Macdonald Revocable Trust Agreement of 2022 for his ownership structure. Additionally, we are requesting to revise the ownership percentages for Weedon Enterprise, LLC as follows:

| Principals of Applicant & Developer Entity | % of Ownership in Advance Review Form | Change Ownership Percentage |
|---|---|---|
| Harry R. Chadwick and Laurel J. Chadwick Family Trust | 50% | 45% |
| Sembler Provision Fund Generation-Skipping Trust Number Five | 50% | 45% |
| Scott Macdonald Revocable Trust Agreement of 2022 | Not listed | 10% |
| | **100.00%** | **100.00%** |

These changes are being made for estate planning purposes for the principals and are non-material in nature/are not introducing new principals. This change is being requested now as opposed to after closing because waiting until after closing would create a hardship. The main hardship is that due to the rolling nature of the RFA cycle and our level of activity, we have consistently had applications awarded, in CUR, and in closing mode for 10+ years. The proposed changes impact our main principal entities which are in all of our developer and GP entities. In order for us to complete these changes without a waiver, we would need to be in a position where we have no deals with active applications, in credit underwriting or in closing mode. That means we would need to suspend all operations for new sites and applications, which would impact the financial viability of our company.

Section 4. A.3(c) (4) of the RFA provides as follows:

> The name of the Applicant entity or Developer entity stated in the Application may be changed only by written request of an Applicant to Corporation staff and approval of the Corporation after the Applicant has been invited to enter credit underwriting.
>
> The Applicant entity shall be the recipient of the Housing Credits, and the borrowing entity for the SAIL loan(s) and, if applicable, the MMRB loan, and cannot be changed in any way (materially or non-materially*) until after the closing of the loan(s). After loan closing, (i) any material* change will require review and approval of the Credit Underwriter, as well as approval of the Board prior to the change, and (ii) any non- material* change will require review and approval of the Corporation prior to the change. Changes to the Applicant entity (material or non- material*) prior to the loan closing or without Board or Corporation approval, as applicable, after the loan closing may result in disqualification from receiving funding and may be deemed a material misrepresentation. The Applicant must comply with Principal disclosure requirements outlined in Rule Chapter 67-48, F.A.C. for the duration of the Compliance Period. Changes to the investor limited partner of an Applicant limited partnership or the investor-member of an Applicant limited liability company owning the syndicating interest therein will not result in disqualification; however, the Corporation must be notified of the change. Changes to the officers or directors of a Public Housing Authority or a non-profit entity will not result in disqualification; however, the change must be approved by the Corporation.
>
> *A material change shall mean 33.3 percent or more of the Applicant, a general partner of the Applicant, or a non-investor member of the Applicant, and a non-material change shall mean less than 33.3 percent of the Applicant, a general partner of the Applicant, or a non-investor member of the Applicant.
>
> The Principals of each Developer identified in the Application, including all co-Developers, may be changed only by written request of an Applicant to Corporation staff and approval of the Corporation after the Applicant has been invited to enter credit underwriting as outlined in Rule Chapter 67-48, F.A.C.

The Applicant requests a waiver of the provisions of the RFA to allow for a non-material percentage change. This waiver request does not violate the intent of the RFA as no principals are being added or removed, but instead ownership interests shifted within the Applicant and Developer. Additionally, this change will not adversely impact Florida Housing Finance Corporation or any other applicant.

The Applicant requests that this matter be placed on the agenda for the December 15th Board of Directors Meeting. The final credit underwriting report was approved at the October 27th Board meeting and the transaction is expected to close January 2024.

Please see the attached organizational chart as submitted in the application and the proposed changes.

If you have any questions or need further documentation, please contact Scott Macdonald at 813-514-2108.

Sincerely,

BLUE PINELLAS 2, LLC
By: BLUE PINELLAS 2 M, LLC, its manager

By: ______________________________
Shawn Wilson, Manager

Current

# SkyWay Lofts II – Org Chart

- **Applicant: Blue Pinellas 2, LLC**
  - Manager & Member: Blue Pinellas 2 M, LLC (.01%)
    - Manager & Member: Shawn Wilson (30%)
    - Manager & Member: Scott Macdonald (20%)
    - Member: Weedon Enterprises, LLC (50%)
      - Member: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%)
      - Member : Sembler Provision Fund Generation-Skipping Trust Number Five (50%)
  - Initial Investor Limited Partner: Blue Sky SLP, LLC (99.99%)

- **Developer: Blue SWL2 Developer, LLC**
  - Managers: Shawn Wilson, Scott Macdonald
  - Sole Member: Blue Sky Communities LLC (100%)
    - Manager: James Chadwick
    - Manager & Member: Shawn Wilson (30%)
    - Member: Scott Macdonald (20%)
    - Member: Weedon Enterprises, LLC (50%)
      - Member: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%)
      - Member: Sembler Provision Fund Generation- Skipping Trust Number Five (50%)

Current



## Principal Disclosures for the Applicant

*APPROVED for HOUSING CREDITS*
*FHFC Advance Review*
*Received 11.29.22; Approved 12.5.22*

**Select the organizational structure for the Applicant entity:**

The Applicant is a: Limited Liability Company

**Provide the name of the Applicant Limited Liability Company:**

Blue Pinellas 2, LLC

**% Ownership input features will not be made available until invitation to credit underwriting**

### First Principal Disclosure Level:

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for the Applicant

| First Level Entity # | Select Type of Principal of Applicant | Enter Name of First Level Principal | Select organizational structure of First Level Principal identified | % Ownership of Applicant |
|---|---|---|---|---|
| 1. | Manager | Blue Pinellas 2 M, LLC | Limited Liability Company | 0.0000% |
| 2. | Non-Investor Member | Blue Pinellas 2 M, LLC | Limited Liability Company | 0.0100% |
| 3. | Investor Member | Blue Sky SLP, LLC | Limited Liability Company | 99.9900% |

### Second Principal Disclosure Level:

Blue Pinellas 2, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for the Applicant

| Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being | Second Level Entity # | Select the type of Principal being associated with the corresponding First Level Principal Entity | Enter Name of Second Level Principal | Select organizational structure of Second Level Principal identified | Second Level Principal % Ownership of First Level Principal |
|---|---|---|---|---|---|
| 1. (Blue Pinellas 2 M, LLC ) | 1.A. | Manager | Wilson, Shawn | Natural Person | 0.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.B. | Member | Wilson, Shawn | Natural Person | 30.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.C. | Manager | Macdonald, Scott | Natural Person | 0.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.D. | Member | Macdonald, Scott | Natural Person | 20.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.E. | Member | Weedon Enterprises LLC | Limited Liability Company | 50.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.A. | Manager | Wilson, Shawn | Natural Person | 0.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.B. | Member | Wilson, Shawn | Natural Person | 30.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.C. | Manager | Macdonald, Scott | Natural Person | 0.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.D. | Member | Macdonald, Scott | Natural Person | 20.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.E. | Member | Weedon Enterprises LLC | Limited Liability Company | 50.0000% |

### Third Principal Disclosure Level:

Blue Pinellas 2, LLC

Click here for Assistance with Completing the Entries for the Third Level Principal Disclosure for the Applicant

| Select the corresponding Second Level Principal Entity # from above for which the Third Level Principal is being identified | Third Level Entity # | Select the type of Principal being associated with the corresponding Second Level Principal Entity | Enter Name of Third Level Principal who must be either a Natural Person or a Trust | The organizational structure of Third Level Principal identified Must be either a Natural Person or a Trust | 3rd Level Principal % Ownership of 2nd Level Principal |
|---|---|---|---|---|---|
| 1.E. (Weedon Enterprises LLC) | 1.E.(1) | Manager | Chadwick, James M | Natural Person | 0.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(2) | Manager | Sembler, Mark S | Natural Person | 0.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(3) | Member | Harry R. Chadwick and Laurel J. Chadwick Family Trust | Trust | 50.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(4) | Member | Sembler Provision Fund Generation-Skipping Trust Number Five | Trust | 50.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(1) | Manager | Chadwick, James M | Natural Person | 0.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(2) | Manager | Sembler, Mark S | Natural Person | 0.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(3) | Member | Harry R. Chadwick and Laurel J. Chadwick Family Trust | Trust | 50.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(4) | Member | Sembler Provision Fund Generation-Skipping Trust Number Five | Trust | 50.0000% |

### Fourth Principal Disclosure Level:

Blue Pinellas 2, LLC

Click here for Assistance with Completing the Entries for the Fourth Level Principal Disclosure for the Applicant

| Select the corresponding Third Level Principal Entity # from above for which the Fourth Level Principal is being identified | Select the type of Principal being associated with the corresponding Third Level Principal Entity | Enter Name of Fourth Level Principal who must be a Natural Person | The organizational structure of Fourth Level Principal identified Must Be a Natural Person | 4th Level Principal % Ownership of 3rd Level Principal |
|---|---|---|---|---|
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Trustee | Sembler, Martin S | Natural Person | 100.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Beneficiary | Chadwick, James M | Natural Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Beneficiary | Chadwick, Cecile | Natural Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Beneficiary | Macdonald, Laurel | Natural Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Beneficiary | Chadwick, Barbara A | Natural Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Beneficiary | Chadwick, Margaret | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip| | Trustee | Fanelli, Julie | Natural Person | 100.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip| | Beneficiary | Sembler, Martin S | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip| | Beneficiary | Sembler, Stacey M | Natural Person | 0.0000% |

## Principal Disclosures for the Applicant

*APPROVED for HOUSING CREDITS*
*FHFC Advance Review*
*Received 11.29.22; Approved 12.5.22*

| | | | | |
|---|---|---|---|---|
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Eichenbaum, Erin | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Eichenbaum, David | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Mark | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Lauren | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Mariniak, Stephanie F | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Conn, Dona | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Madison L | Natural Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Pitasky, Samuel N | Natural Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Trustee | Sembler, Martin S | Natural Person | 100.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwicl | Beneficiary | Chadwick, James M | Natural Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick I | Beneficiary | Chadwick, Cecile | Natural Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick I | Beneficiary | Macdonald, Laurel | Natural Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick I | Beneficiary | Chadwick, Barbara A | Natural Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick I | Beneficiary | Chadwick, Margaret | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Trustee | Fanelli, Julie | Natural Person | 100.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Martin S | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Stacey M | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Eichenbaum, Erin | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Eichenbaum, David | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Mark | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Lauren | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Mariniak, Stephanie F | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Conn, Dona | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Madison L | Natural Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Pitasky, Samuel N | Natural Person | 0.0000% |

## Principal Disclosures for the Developer

*APPROVED for HOUSING CREDITS*
*FHFC Advance Review*
*Received 11.29.22; Approved 12.5.22*

**How many Developers are part of this Application structure?**

1

**Select the organizational structure for the Developer entity:**

The Developer is a: Limited Liability Company

**Provide the name of the Developer Limited Liability Company:**

Blue SWL2 Developer, LLC

### First Principal Disclosure Level:

Blue SWL2 Developer, LLC

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for a Developer

| First Level Entity # | Select Type of Principal of Developer | Enter Name of First Level Principal | Select organizational structure of First Level Principal identified |
|---|---|---|---|
| 1. | Manager | Wilson, Shawn | Natural Person |
| 2. | Manager | Macdonald, Scott | Natural Person |
| 3. | Sole Member | Blue Sky Communities, LLC | Limited Liability Company |

### Second Principal Disclosure Level:

Blue SWL2 Developer, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for a Developer

| Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being identified | Second Level Entity # | Select the type of Principal being associated with the corresponding First Level Principal Entity | Enter Name of Second Level Principal | Select organizational structure of Second Level Principal identified |
|---|---|---|---|---|
| 3. (Blue Sky Communities, LLC) | 3.A. | Manager | Wilson, Shawn | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.B. | Member | Wilson, Shawn | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.C. | Manager | Chadwick, James M | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.D. | Member | Macdonald, Scott | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.E. | Member | Weedon Enterprises LLC | Limited Liability Company |

Proposed

# SkyWay Lofts II - Org Chart

**Applicant: Blue Pinellas 2, LLC**

- Manager & Member: Blue Pinellas 2 M, LLC (.01%)
  - Manager & Member: Shawn Wilson (30%)
  - Manager: Scott Macdonald
  - Member: Scott Macdonald Revocable Trust Agreement of 2022 (20%)
  - Member: Weedon Enterprises, LLC (50%)
    - Member: Harry R. Chadwick and Laurel J. Chadwick Family Trust (45%)
    - Member : Sembler Provision Fund Generation-Skipping Trust Number Five (45%)
    - Member: Scott Macdonald Revocable Trust Agreement of 2022 (10%)
- Initial Investor Limited Partner: Blue Sky SLP, LLC (99.99%)

**Developer: Blue SWL2 Developer, LLC**

- Managers: Shawn Wilson, Scott Macdonald
- Sole Member: Blue Sky Communities LLC (100%)
  - Manager: James Chadwick
  - Manager & Member: Shawn Wilson (30%)
  - Member: Scott Macdonald Revocable Trust Agreement of 2022 (20%)
  - Member: Weedon Enterprises, LLC (50%)
    - Member: Harry R. Chadwick and Laurel J. Chadwick Family Trust (45%)
    - Member: Sembler Provision Fund Generation- Skipping Trust Number Five (45%)
    - Member: Scott Macdonald Revocable Trust Agreement of 2022 (10%)

Proposed



## Principal Disclosures for the Applicant

**Select the organizational structure for the Applicant entity:**

The Applicant is a: Limited Liability Company

**Provide the name of the Applicant Limited Liability Company:**

Blue Pinellas 2, LLC

**% Ownership input features will not be made available until invitation to credit underwriting**

### First Principal Disclosure Level:

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for the Applicant

| First Level Entity # | Select Type of Principal of Applicant | Enter Name of First Level Principal | Select organizational structure of First Level Principal identified | % Ownership of Applicant |
|---|---|---|---|---|
| 1. | Manager | Blue Pinellas 2 M, LLC | Limited Liability Company | 0.0000% |
| 2. | Non-Investor Member | Blue Pinellas 2 M, LLC | Limited Liability Company | 0.0100% |
| 3. | Investor Member | Blue Sky SLP, LLC | Limited Liability Company | 99.9900% |

### Second Principal Disclosure Level:

Blue Pinellas 2, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for the Applicant

| Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being identified | Second Level Entity # | Select the type of Principal being associated with the corresponding First Level Principal Entity | Enter Name of Second Level Principal | Select organizational structure of Second Level Principal identified | Second Level Principal % Ownership of First Level Principal |
|---|---|---|---|---|---|
| 1. (Blue Pinellas 2 M, LLC ) | 1.A. | Manager | Wilson, Shawn | Natural Person | 0.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.B. | Member | Wilson, Shawn | Natural Person | 30.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.C. | Manager | Macdonald, Scott | Natural Person | 0.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.D. | Member | Scott Macdonald Revocable Trust Agreement of 2022 | Trust | 20.0000% |
| 1. (Blue Pinellas 2 M, LLC ) | 1.E. | Member | Weedon Enterprises LLC | Limited Liability Company | 50.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.A. | Manager | Wilson, Shawn | Natural Person | 0.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.B. | Member | Wilson, Shawn | Natural Person | 30.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.C. | Manager | Macdonald, Scott | Natural Person | 0.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.D. | Member | Scott Macdonald Revocable Trust Agreement of 2022 | Trust | 20.0000% |
| 2. (Blue Pinellas 2 M, LLC ) | 2.E. | Member | Weedon Enterprises LLC | Limited Liability Company | 50.0000% |

### Third Principal Disclosure Level:

Blue Pinellas 2, LLC

Click here for Assistance with Completing the Entries for the Third Level Principal Disclosure for the Applicant

| Select the corresponding Second Level Principal Entity # from above for which the Third Level Principal is being identified | Third Level Entity # | Select the type of Principal being associated with the corresponding Second Level Principal Entity | Enter Name of Third Level Principal who must be either a Natural Person or a Trust | The organizational structure of Third Level Principal identified Must be either a Natural Person or a Trust | 3rd Level Principal % Ownership of 2nd Level Principal |
|---|---|---|---|---|---|
| 1.D. (Scott Macdonald Revocable Trus | 1.D.(1) | Trustee | Macdonald, Scott | Natural Person | 0.0000% |
| 1.D. (Scott Macdonald Revocable Trus | 1.D.(2) | Beneficiary | Macdonald, Scott | Natural Person | 0.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(1) | Manager | Chadwick, James M | Natural Person | 0.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(2) | Manager | Sembler, Mark S | Natural Person | 0.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(3) | Member | Harry R. Chadwick and Laurel J. Chadwick Family Trust | Trust | 45.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(4) | Member | Sembler Provision Fund Generation-Skipping Trust Number Five | Trust | 45.0000% |
| 1.E. (Weedon Enterprises LLC) | 1.E.(5) | Member | Scott Macdonald Revocable Trust Agreement of 2022 | Trust | 10.0000% |
| 2.D. (Scott Macdonald Revocable Trus | 2.D.(1) | Trustee | Macdonald, Scott | Natural Person | 0.0000% |
| 2.D. (Scott Macdonald Revocable Trus | 2.D.(2) | Beneficiary | Macdonald, Scott | Natural Person | 0.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(1) | Manager | Chadwick, James M | Natural Person | 0.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(2) | Manager | Sembler, Mark S | Natural Person | 0.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(3) | Member | Harry R. Chadwick and Laurel J. Chadwick Family Trust | Trust | 45.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(4) | Member | Sembler Provision Fund Generation-Skipping Trust Number Five | Trust | 45.0000% |
| 2.E. (Weedon Enterprises LLC) | 2.E.(5) | Member | Scott Macdonald Revocable Trust Agreement of 2022 | Trust | 10.0000% |

### Fourth Principal Disclosure Level:

Blue Pinellas 2, LLC

Click here for Assistance with Completing the Entries for the Fourth Level Principal Disclosure for the Applicant

| Select the corresponding Third Level Principal Entity # from above for which the Fourth Level Principal is being identified | Select the type of Principal being associated with the corresponding Third Level Principal Entity | Enter Name of Fourth Level Principal who must be a Natural Person | The organizational structure of Fourth Level Principal identified Must Be a Natural Person | 4th Level Principal % Ownership of 3rd Level Principal |
|---|---|---|---|---|
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Trustee | Sembler, Martin S | Natrual Person | 100.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Beneficiary | Chadwick, James M | Natrual Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Beneficiary | Chadwick, Cecile | Natrual Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Beneficiary | Macdonald, Laurel | Natrual Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Beneficiary | Chadwick, Barbara A | Natrual Person | 0.0000% |
| 1.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Beneficiary | Chadwick, Margaret | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Trustee | Fanelli, Julie | Natrual Person | 100.0000% |

| | | | | |
|---|---|---|---|---|
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Martin S | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Eichenbaum, Erin | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Eichenbaum, David | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Mark | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Lauren | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Mariniak, Stephanie F | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Conn, Dona | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Sembler, Madison L | Natrual Person | 0.0000% |
| 1.E.(4) (Sembler Provision Fund Generation-Skip | Beneficiary | Pitasky, Samuel N | Natrual Person | 0.0000% |
| 1.E.(5) (Scott Macdonald Revocable Trust Agree | Trustee | Macdonald, Scott | Natrual Person | 100.0000% |
| 1.E.(5) (Scott Macdonald Revocable Trust Agree | Beneficiary | Macdonald, Scott | Natrual Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwic | Trustee | Sembler, Martin S | Natrual Person | 100.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick | Beneficiary | Chadwick, James M | Natrual Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick | Beneficiary | Chadwick, Cecile | Natrual Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick | Beneficiary | Macdonald, Laurel | Natrual Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick | Beneficiary | Chadwick, Barbara A | Natrual Person | 0.0000% |
| 2.E.(3) (Harry R. Chadwick and Laurel J. Chadwick | Beneficiary | Chadwick, Margaret | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Trustee | Fanelli, Julie | Natrual Person | 100.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Martin S | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Eichenbaum, Erin | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Eichenbaum, David | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Mark | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Lauren | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Mariniak, Stephanie F | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Conn, Dona | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Sembler, Madison L | Natrual Person | 0.0000% |
| 2.E.(4) (Sembler Provision Fund Generation-Skippi | Beneficiary | Pitasky, Samuel N | Natrual Person | 0.0000% |
| 2.E.(5) (Scott Macdonald Revocable Trust Agree | Trustee | Macdonald, Scott | Natrual Person | 100.0000% |
| 2.E.(5) (Scott Macdonald Revocable Trust Agree | Beneficiary | Macdonald, Scott | Natrual Person | 0.0000% |

## Principal Disclosures for the Developer

**How many Developers are part of this Application structure?**

1

**Select the organizational structure for the Developer entity:**

The Developer is a: Limited Liability Company

**Provide the name of the Developer Limited Liability Company:**

Blue SWL2 Developer, LLC

### First Principal Disclosure Level:

Blue SWL2 Developer, LLC

Click here for Assistance with Completing the Entries for the First Level Principal Disclosure for a Developer

| First Level Entity # | Select Type of Principal of Developer | Enter Name of First Level Principal | Select organizational structure of First Level Principal identified |
|---|---|---|---|
| 1. | Manager | Wilson, Shawn | Natural Person |
| 2. | Manager | Macdonald, Scott | Natural Person |
| 3. | Sole Member | Blue Sky Communities, LLC | Limited Liability Company |

### Second Principal Disclosure Level:

Blue SWL2 Developer, LLC

Click here for Assistance with Completing the Entries for the Second Level Principal Disclosure for a Developer

| Select the corresponding First Level Principal Entity # from above for which the Second Level Principal is being identified | Second Level Entity # | Select the type of Principal being associated with the corresponding First Level Principal Entity | Enter Name of Second Level Principal | Select organizational structure of Second Level Principal identified |
|---|---|---|---|---|
| 3. (Blue Sky Communities, LLC) | 3.A. | Manager | Wilson, Shawn | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.B. | Member | Wilson, Shawn | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.C. | Manager | Chadwick, James M | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.D. | Member | Scott Macdonald Revocable Trust Agreement of 2022 | Natural Person |
| 3. (Blue Sky Communities, LLC) | 3.E. | Member | Weedon Enterprises LLC | Limited Liability Company |

**Blue Sky Communities**
180 Fountain Parkway N
Suite 100
St. Petersburg, FL 33716

November 27, 2023

Mr. Tim Kennedy
Assistant Director of Multifamily Programs
Florida Housing Finance Corporation
227 N. Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Jersey Commons/2022-269CHN (the "Property")
Consent to Revise Applicant and Developer Ownership Percentages

Blue Tri CASL Polk, LLC ("Applicant"), submitted an application in response to RFA 2022-210, PSH focusing on High Utilizers of Public Behavioral Systems (the "RFA") to be known as "Jersey Commons."

The Applicant entity, Blue Tri CASL Polk, LLC is a limited liability company comprised of Blue Polk M, LLC as manager, Tri CASL Polk, LLC as a manager, and Blue Sky Communities, LLC as Initial Investor Limited Partner. Blue JC Developer, LLC is one of the Developer entities with Blue Sky Communities, LLC as the sole member.

Scott Macdonald is withdrawing as a member of Blue Sky Communities, LLC and Blue Polk M, LLC an adding Scott Macdonald Revocable Trust Agreement of 2022 for his ownership structure. Additionally, we are requesting to revise the ownership percentages for Weedon Enterprise, LLC as follows:

| Principals of Applicant & Developer Entity | % of Ownership in Advance Review Form | Change Ownership Percentage |
|---|---|---|
| Harry R. Chadwick and Laurel J. Chadwick Family Trust | 50% | 45% |
| Sembler Provision Fund Generation-Skipping Trust Number Five | 50% | 45% |
| Scott Macdonald Revocable Trust Agreement of 2022 | Not listed | 10% |
| | **100.00%** | **100.00%** |

These changes are being made for estate planning purposes for the principals and are non-material in nature/are not introducing new principals. This change is being requested now as opposed to after closing because waiting until after closing would create a hardship. The main hardship is that due to the rolling nature of the RFA cycle and our level of activity, we have consistently had applications awarded, in CUR, and in closing mode for 10+ years. The proposed changes impact our main principal entities which are in all of our developer and GP entities. In order for us to complete these changes without a waiver, we would need to be in a position where we have no deals with active applications, in credit underwriting or in closing mode. That means we would need to suspend all operations for new sites and applications, which would impact the financial viability of our company.

Section 4. A.3(c) (4) of the RFA provides as follows:

> For purposes of the following, a material change shall mean 33.3 percent or more of the Applicant, a general partner of the Applicant, or a non-investor member of the Applicant, and a non-material change shall mean less than 33.3 percent of the Applicant, a general partner of the Applicant, or a non-investor member of the Applicant.
>
> The name of the Applicant entity or Developer entity stated in the Application may be changed only by written request of an Applicant to Corporation staff and approval of the Corporation after the Applicant has been invited to enter credit underwriting.
>
> The Applicant entity shall be the recipient of the Housing Credits, and the borrowing entity for the loan(s) and cannot be changed in any way (materially or non-materially) until after the closing of the loan(s). After loan closing, (i) any material change will require review and approval of the Credit Underwriter, as well as approval of the Board prior to the change, and (ii) any non-material change will require review and approval of the Corporation. Changes to the Applicant entity (material or non-material) prior to the loan closing or without Board approval after the loan closing may result in disqualification from receiving funding and may be deemed a material misrepresentation. The Applicant must comply with Principal disclosure requirements outlined in Rule Chapter 67-48, F.A.C. for the duration of the Compliance Period. Changes to the investor limited partner of an Applicant limited partnership or the investor-member of an Applicant limited liability company owning the syndicating interest therein will not result in disqualification; however, the Corporation must be notified of the change. Changes to the officers or directors of a Public Housing Authority or a non-profit entity will not result in disqualification; however, the change must be approved by the Corporation.
>
> The Principals of each Developer identified in the Application, including all co-Developers, may be changed only by written request of an Applicant to Corporation staff and approval of the Corporation after the Applicant has been invited to enter credit underwriting as outlined in Rule Chapter 67-48, F.A.C. In addition, any allowable replacement of an experienced Principal of a Developer entity must meet the experience requirements that were met by the original Principal.

The Applicant requests a waiver of the provisions of the RFA to allow for a non-material percentage change. This waiver request does not violate the intent of the RFA as no principals are being added or removed, but instead ownership interests shifted within the Applicant and

Developer. Additionally, this change will not adversely impact Florida Housing Finance Corporation or any other applicant.

The Applicant requests that this matter be placed on the agenda for the December 15th Board of Directors Meeting. The final credit underwriting report was approved at the September 8th Board meeting and the transaction is expected to close January 2024.

Please see the attached organizational chart as submitted in the application and the proposed changes.

If you have any questions or need further documentation, please contact Scott Macdonald at 813-514-2108.

Sincerely,

BLUE TRI CASL POLK, LLC
By: Tri CASL Polk, LLC, its manager

By: ______________________________
Julian S. Eller, Manager

Current

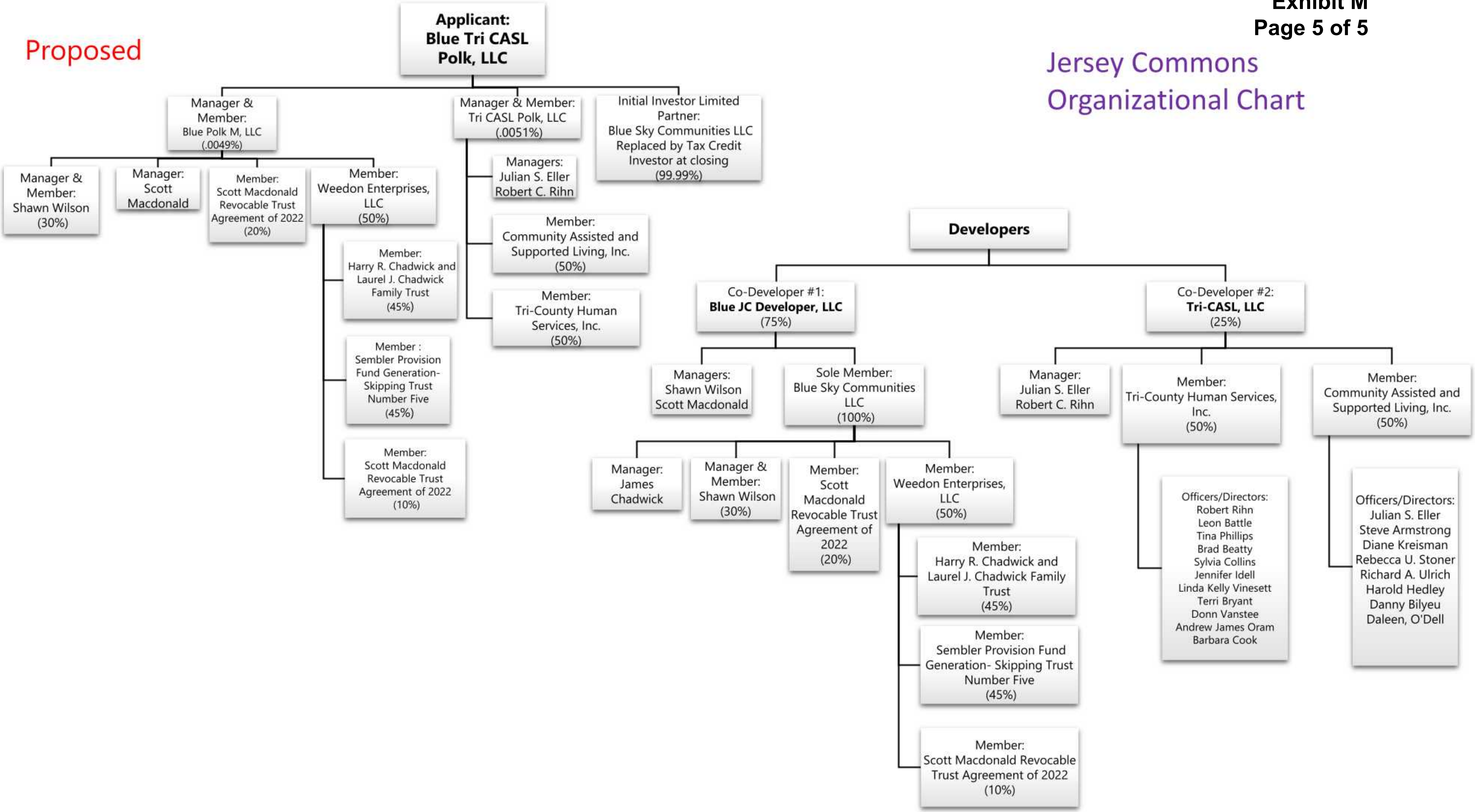
# Jersey Commons Organizational Chart

- **Applicant: Blue Tri CASL Polk, LLC**
  - Manager & Member: Blue Polk M, LLC (.0049%)
    - Manager & Member: Shawn Wilson (30%)
    - Manager & Member: Scott Macdonald (20%)
    - Member: Weedon Enterprises, LLC (50%)
      - Member: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%)
      - Member : Sembler Provision Fund Generation-Skipping Trust Number Five (50%)
  - Manager & Member: Tri CASL Polk, LLC NON-Profit (.0051%)
    - Managers: Julian S. Eller, Robert C. Rihn
    - Member: Community Assisted and Supported Living, Inc. (50%)
    - Member: Tri-County Human Services, Inc. (50%)
  - Initial Investor Limited Partner: Blue Sky Communities LLC Replaced by Tax Credit Investor at closing (99.99%)

- **Developers**
  - Co-Developer #1: **Blue JC Developer, LLC** (75%)
    - Managers: Shawn Wilson, Scott Macdonald
    - Sole Member: Blue Sky Communities LLC (100%)
      - Manager: James Chadwick
      - Manager & Member: Shawn Wilson (30%)
      - Member: Scott Macdonald (20%)
      - Member: Weedon Enterprises, LLC (50%)
        - Member: Harry R. Chadwick and Laurel J. Chadwick Family Trust (50%)
        - Member: Sembler Provision Fund Generation- Skipping Trust Number Five (50%)
  - Co-Developer #2: **Tri-CASL, LLC** (25%)
    - Manager: Julian S. Eller, Robert C. Rihn
    - Member: Tri-County Human Services, Inc. (50%)
      - Officers/Directors: Donn VanStee, Terri Bryant, Susan Benton, Vance Monroe, Sylvia Collins, Linda Kelly Vinesett, Tom L. Barrett, Arlene Venezia May, Brad Beatty, Robert C Rihn, Tina Phillips, Jennifer Idell, David Scoynes, Leon Battle
    - Member: Community Assisted and Supported Living, Inc. (50%)
      - Officers/Directors: Julian S. Eller, Steve Armstrong, Diane Kreisman, Rebecca U. Stoner, Richard A. Ulrich, Harold Hedley, Danny Bilyeu, Daleen, O'Dell

Proposed

# Jersey Commons Organizational Chart



November 20, 2023

Mr. Robert Dearduff
Florida Housing Finance Corporation
227 N. Bronough Street Ste. 5000
Tallahassee, FL 32301-1329

RE: PLP Loan Budget Revision Request for Village of Valor PLP 2022-008P-09

Dear Mr. Dearduff:

This letter provides notice that Village of Valor, LTD has requested a revision to PLP Budget for the Village of Valor 2022-008P-09 PLP Loan. Village of Valor (VOV) is a 54-unit development that will provide rental housing for low-income veteran households in Palm Springs, FL (Palm Beach County). To date, the Borrower has expended $395,607.55 of the $500,000 loan.

The Borrower has a bond allocation from Palm Beach County. The architectural and engineering plans have been completed and submitted for permitting and a General Contractor selected. Construction is anticipated to commence in 2024. The Borrower is currently working with the Village of Palm Springs to finalize the building permits. To use the approved PLP Loan for the most suitable uses, the Borrower is requesting to reallocate PLP funds toward more immediate and timely uses and to allow for higher than anticipated plan review fees and architectural costs through the pre-development stage of the project. The only new line item in the revised budget is an allocation of $82,440 for Permits. Existing line items for approved uses have been reduced to accommodate increased amounts and the new line item to fund relevant activities that best align with the project's timeline and immediate needs.

As TAP for this project, I am recommending this request to revise the PLP Budget to reallocate expenses to allow for the increase cost of permits, architectural, and engineering. To support this request, the adjusted Development Plan submitted with this letter includes a revised PLP budget and an adjusted timeline.

Should you need any further information please feel free to contact me at plancher@flhousing.org or call 850-274-9764.

Elissa Plancher

Elissa Plancher
Technical Advisor

# Village of Valor

Building a Community of Hope for Veterans and Their Families

AN INITIATIVE OF FAITH HOPE LOVE CHARITY, INC.

November 15, 2023

Mr. Robert Dearduff

Florida Housing Finance Corporation

227 N. Bronough Street Ste. 5000

Tallahassee, FL 32301-1329

RE: PLP Loan Increase-Budget Revision Request Village of Valor (2022-008P-09)

Dear Mr. Dearduff:

Village of Valor, LTD is requesting a revision to the PLP Budget of the Village of Valor 2022-008P-09 loan. VOV is developing 54 units for low-income families preferencing Veterans in Palm Springs, FL (Palm Beach County).

We have a bond allocation from Palm Beach County. The architectural and engineering plans have been completed and submitted for permitting. A General Contractor has been selected. Construction is anticipated to commence in 2024. VOV is currently working with the Village of Palm Springs to finalize the building permits.

The project requires a reallocation of some of the original budget items to allow for higher than anticipated plan review fees and architectural costs through the pre-development stage of the project. The original project architect was unable to continue, and a new firm had to be engaged to complete the plans.

We appreciate your consideration of the budget revision.

Respectfully submitted,

Roy J. Foster

Village of Valor, LTD

+1(561) 560-8123
info@villageofvalor.org
villageofvalor.org

# Predevelopment Loan Program

# Development Plan

| | |
|---|---|
| **Development Name** | **Village of Valor** |
| **Development File Number** | 2022-008P-09 |

| **A. General Information** | |
|---|---|
| Applicant Entity Name | Village of Valor LTD |
| Development Name | Village of Valor |
| Development Address | Vacant Parcel north of Second Ave N and West of E4 Canal<br>Palm Springs, Florida 33461 |
| Tax Assessor Parcel Id Number | 70-43-44-20-01-098-0020 |
| Development Co-Developers | Faith, Hope, Love, Charity, Inc.<br>Shelborne Development |
| Primary Contact | Kathy Makino<br>Dr. Casimiro Crockett |
| Development Type | Rental ☒ Homeownership ☐ |
| Number of Buildings | 2 |
| Number of Units | 54 |
| Target Population | Veterans |
| Construction Type | New ☒ Rehab ☐ Both ☐ |
| Applicant Comments: Faith Hope Love Charity, Inc. (FHLC) has provided housing and supportive services to homeless and at-risk veterans and veteran families for over 27 years in Palm Beach County and has established relationships with the VAMC and other systems that provide services to veterans and their families. This development project intends to serve veterans and their families who are at risk of or experiencing homelessness. | |
| TAP Comments: The Village of Valor development project intends to provide rental housing to both specialized demographics and low-income families, paired with opportunities for supportive services, in the Palm Beach County area. | |

| **B. Development Finance Information** | |
|---|---|
| PLP Loan Recommended Amount | $500,000 |
| Total Predevelopment Costs | $2,914,255 |
| PLP Loan Amount for Acquisition | 0 |
| Estimated Total Development Costs | $18,599,507 |
| Will the Development be pursuing Tax Credits or Bonds? Yes ☒ No ☐ | |
| If "Yes" selected above, please state name of entity that will own the property? | Village of Valor LTD |
| Applicant Comments: | |

| |
|---|
| TAP Comments: Applicant is pursuing Bonds through the Palm Beach County HFA, has received a term sheet from Churchill Stateside for construction financing, and will apply for 4% LIHTC. |

| C. Development Team | | |
|---|---|---|
| | **Company/Type** | **Status** |
| Developer | Village of Valor LTD | Formed |
| Contractor | TBD | |
| Architect | Berardi and Associates | Under Contract |
| Engineer | Civil Design Inc. | Under Contract |
| Consultant | Zabik and Associates | Under Contract |
| Property Management | TBD | |
| Other | | |
| Applicant Comments: | | |
| TAP Comments: | | |

| D. Market/Feasibility | | |
|---|---|---|
| **Type of Study** | **Performed By** | **Status** |
| To be determined by the lender | Novogradac | A market study was completed on the project in 2019 prior to it being reduced in size from 161 units to 54 units. Novogradac completed the initial market study and is currently engaged by First Housing to update the study to the current configuration. |
| Provide narrative of anticipated marketing and lease up of property: Through established partnerships developed through being a credible service provider for veterans and their families, FHLC is already working with the targeted population to identify and secure housing for veterans at risk of or currently experiencing homelessness. In partnership with the West Palm Beach VAMC and Palm Beach County Homeless Continuum of Care, FHLC is integrated into the housing crisis response system and has the capability of working with the systems to accept referrals for available housing units that meet the set aside and targeted population criteria.<br><br>FHLC is already working with HUD-VASH vouchers, the CoC's Coordinated Entry System through the HMIS database, and administering the SSVF program. This organization is recognized by the Homeless Coalition as an entry point for veteran housing and supportive services. Currently, | | |

| |
|---|
| FHLC provides utility and security deposits, provides housing navigation services, behavioral health services, and is working in coordination with the VA's housing case managers. Applying the evidence-based Housing First strategy has allowed FHLC to place 300 unhoused veteran families into permanent housing and administer homeless prevention funds to more than 270 at-risk veteran households. These housing focused programs are paired with wrap-around support services that allows the veteran to maintain and sustain permanent housing.<br><br>While FHLC has the experience screening potential tenants for eligibility, the project will conform to lender requirements, and if required will secure a credible property management company to ensure compliance with various funding sources applied to develop Village of Valor. |
| Applicant Comments: |
| TAP Comments: |

| **E. Development Site and Site Control** | |
|---|---|
| A description of the development site is required in order to complete this development plan. Please provide (or attach) a legal description if available; if not, please identify the site by location or some other means such as street address: | |
| **Site Control Questions** | **Applicant Response** |
| Applicant currently owns the site (recorded deed) | ___X___Yes _______ No |
| The Applicant has or will have prior to loan closing, a contract to purchase the site | _______ Yes __X____ No |
| The Applicant has or will have prior to loan closing, a long-term lease on the site | _______ Yes __X____ No |
| Are there existing liens on the property? | ___X___ Yes _______ No |
| If no liens exist, how was that verified? | |
| List all existing mortgages and liens on the property:<br>Forum Architecture in an amount of $492,063.28 (mechanic's lien) | |
| Are there currently any mortgages or liens, or will there be any mortgages or liens at PLP closing, that will prevent the PLP Loan from being in a first mortgage or a second mortgage position? | _______Yes _____X__ No |
| If the PLP will be a second mortgage, please provide details on the first mortgage, including the Lender, amount of mortgage and proposed closing date. | |

| | |
|---|---|
| If the development site will be titled in the name of a special purpose entity (SPE) formed by the Applicant, please provide the name of the SPE. If not yet formed, please advise when the entity will be formed and list as "SPE to be formed" **(*Note: If a SPE will hold title to the development site, the SPE must be owned by the Applicant and it (the SPE) will be required to execute the note and mortgage, as borrower, and the Applicant will be required to act as guarantor of the PLP Loan).*** | Village of Valor LTD |
| Applicant Comments: Village of Valor LTD is in negotiation with the architecture firm that has placed a lien on the property. This lien amount includes the contract for the original 161-unit development including over $160,000 of interest. Following several conversations, we are nearing an agreement to satisfy the work completed to date and allow the drawings to be transferred to Berardi and Assoc. who has been brought in to complete the redesign and reconfiguration, utilizing the building design completed by FORUM, of Village of Valor and finalize architectural drawings for submission for building permits. This lien will be fully satisfied/released either prior or simultaneous with the closing of the PLP loan. | |
| TAP Comments: | |

| **F. Development Readiness** | |
|---|---|
| **Item** | **Status** |
| Current Zoning on Property | Multi-Family Residential, RM |
| Current Use of Property | Vacant |
| Future Land Use Plan | High Density Residential |
| Site Plan Approval | In Process |
| Property Survey | Completed |
| Soil Testing | Completed |
| Permits | In Process |
| Availability of Utilities to property | Completed and Available |
| Availability of Water to property | Completed and Available |
| Availability of Sewer to property | Completed and Available |
| Availability of Road access to property | Completed and Available |
| Environmental Assessments Performed | Completed |
| Appraisal | Completed being updated |
| Financial Statements available for review | Available and submitted |
| Plans, Specs for Development | In process |
| Applicant Comments: | |
| TAP Comments: The developer partners have been working on this project since 2014 and are nearing the end of the predevelopment phase of the project. | |

| **G. Financing Sources** | | |
|---|---|---|
| **Name of Source** | **Amount** | **Status** |
| NSP-Palm Beach County | $2,000,000 | Committed |
| Gap Financing-Palm Beach County | $2,220,502 | Will Apply for in next 12 months |
| Multifamily Bonds-Palm Beach County HFA | $5,461,000 | Will Apply for in next 12 months |
| 4% LIHTC | $7,525,674 | Will Apply for in next 12 months |
| Applicant Comments: Village of Valor has a $100,000 grant committed to the development by Green Tree and a commitment from Palm Beach County for a waiver of impact fees. The Deferred Developer Fee will provide gap financing in the amount of $892,331. During construction, $12,250,000 in tax exempt multifamily bonds from Palm Beach County HFA will be used and $5,461,000 will be used on a permanent basis. | | |

| | |
|---|---|
| Is the Applicant applying for any other FHFC financing? If so, has it been approved? | No |
| Is the Applicant entity under the other FHFC financing the same applicant entity as the PLP applicant entity? If not, provide the name of the Applicant entity. | No |
| Will any of the other financing be closing in conjunction with the PLP loan? | No |
| Will any of the financing closing in conjunction with the PLP loan be permanent or construction financing? | No |
| TAP Comments: The Applicant Entity will submit an application for noncompetitive 4% LIHTC. | |

| **H. Narrative** |
|---|
| Provide Additional narrative not covered in comments above:<br>FHLC is recognized in the community, as the #1 provider of support services. Through our network with our community partners, we have no shortfall in addressing the gap in safe and affordable permanent housing for veterans and veteran families. Palm Beach County is home to approximately 100,000 veterans with over 20% living below the median income and many at risk or living in unimaginable housing conditions, living in communities that are deemed unsafe. In addition, the veterans leaving emergency/transitional housing programs have a grim view of obtaining suitable housing. At the Stand Down House, FHLC provides emergency and transitional |

housing to many veterans through a contract with West Palm Beach VAMC Healthcare for Homeless Veterans (HCHV) and the Grant Per Diem Program (GPD) for veterans transitioning out of homelessness.

Through the proposed development of the Village of Valor, we will be able to assist many veterans and their families in obtaining permanent housing. FHLC's First Stop Empowerment Center will be located at the Village of Valor. The Empowerment Center has been in operation since 2010 and it provides prevention and early intervention for veterans and their families. This one-stop resource center assists displaced and at-risk veterans and their families by providing case management services to assist veterans with housing navigation services, temporary financial assistance for rent, deposits, utilities, childcare, etc. In addition, case managers assist veteran in providing employment opportunities and job training through Career Source and other local employers.

Since FHLC's initial SSVF grant award, 87% of the veterans placed into permanent housing have retained housing and improved their financial stability.

## I. Predevelopment Loan Request Budget

| Item | ORIGINAL Amount | Revised NOV 2023 AMOUNT |
|---|---:|---:|
| Appraisal | 10,000 | 7,375 |
| Architect/Engineer | 235,000 | 290,577 |
| Property Tax /land carrying cost | 67,313 | 38,313 |
| Consultant | 20,440 | 0 |
| Credit Underwriting Fees | 45,000 | 8,461 |
| Environmental Testing | 5,000 | 4,000 |
| Legal Fees | 58,000 | 14,622 |
| Market Study | 8,000 | 7,375 |
| Survey | 7,000 | 2,590 |
| Application Fee | 15,000 | No change |
| Contingency | 29,247 | No change |
| Permits | 0 | 82,440 |
| **PLP Loan Total** | **$500,000** | **$500,000** |

**NOV 2023 Revised PLP Budget TAP Comments**

**Appraisal:** The Borrower is requesting a reduction in the line item for Appraisal, as the Appraisal is complete and paid as a reimbursement in Draw 2. The line item is being reduced by $2,626 from $10,000 to $7,375.

**Architect/Engineer**: The Borrower had to change architects because the original architect could not finish the job. This line item is being revised to increase this use by $55,577, from $235,000 to $290,577.

**Property Tax/Land Carrying Cost:** The Borrower expended $21,937.25 of this line item at the time of the PLP Loan closing and will utilize the remaining funds for future land carrying costs throughout the predevelopment process. The Borrower has reduced the line item by $29,000, from $67,313 to $38,313.

**Consultant:** The Borrower has reallocated the full $20,440, reducing the line item to $0.

**Credit Underwriting Fees:** The Borrower has expended $8,461 for this use to date. This project's application was not selected for funding in FHFC's competitive solicitation process during this cycle and intends to reallocate the remaining funds toward Permitting. This line item is being reduced from $45,000 to $8,461.

**Environmental Testing:** The Borrower has completed environmental testing activities and has expended $4,000 for this line item as of Draw 2. This request includes reducing this use by $1,000 from $5,000 to $4,000.

**Legal Fees:** Legal expenses were incurred during the PLP Loan closing, and the Borrower no longer intends to use PLP for legal expenses. In Draw 1 and Draw 2, the Borrower expended $14,622.30. This PLP Budget revision is requesting that the remaining $43,378 be reallocated for other more pertinent uses, reducing this line item from $58,000 to $14,622.

**Market Study:** In Draw 2, the Borrower drew $7,375 of the PLP Loan for market study expenses and does not anticipate utilizing the remaining funds in this line item. The Borrower is requesting to reduce the line item from $8,000 to $7,375, which is a reduction of $625 that will be reallocated for other uses.

**Survey:** The Borrower is requesting to reduce the Survey line item from $7,000 to $2,590, which is a difference of $7,375 which was been expended as of Draw 2 and Draw 3.

**Permits (New Line Item):** The Borrower is requesting approval to reallocate $82,440 of PLP funds for Permits. This is a new line item. Architectural and engineering plans are completed and submitted for permitting and the Borrower is engaged with the local government and in process of finalizing building permits.

| J. Total Development Costs | |
|---|---|
| Acquisition costs not covered by PLP | 1,100,000 |
| Acquisition closing costs not covered by PLP | 64,567 |
| Other Predevelopment costs not covered by PLP | 2,349,688 |
| Rehabilitation | 0 |
| Hard Construction | 11,273,200 |
| Construction Contingency | 739,200 |
| Developer Fees | 2,631,600 |
| Other construction costs | |
| **Total Development Cost** | **$18,599,507** |

**K. Timeline**

| Timeline Item | ORIGINAL Date | ORIGINAL Status | ADJUSTED NOV 2023 DATE | ADJUSTED NOV 2023 STATUS |
|---|---|---|---|---|
| PLP Loan Approval | 11/2022 | Anticipated | 11/2022 | Complete |
| Site Acquisition | 11/2014 | Complete | 11/2014 | Complete |
| Survey | 12/2022 | Complete | 12/2022 | Complete |
| Zoning Approval | 11/2014 | Complete | 11/2014 | Complete |
| PLP Loan Closing | 02/2023 | Anticipated | 04/2023 | Complete |
| Applying for Construction Financing | 9/2022 | Anticipated | 12/2023 | Anticipated |
| Construction Start | 06/2023 | Anticipated | 12/2024 | Anticipated |
| Construction Completion | 08/2024 | Anticipated | 12/2025 | Anticipated |
| Lease-up/Sale | 12/2024 | Anticipated | 04/2026 | Anticipated |

November 20, 2023

Mr. Robert Dearduff
Florida Housing Finance Corporation
227 N. Bronough Street Ste. 5000
Tallahassee, FL 32301-1329

RE: PLP Loan 2nd Extension Request Sweetwater Apartments PLP 2017-001P-09, Reduction to the Final Number of Units, Revision to the PLP Budget

Dear Mr. Dearduff:

This letter provides notice that Greater Lake City CDC has requested a second one-year extension of the Sweetwater Apartments PLP Loan 2017-001P-09. The Sweetwater Apartments PLP Loan of $500,000 matures on February 11, 2024, with a principal amount owed of $59,994.59. Located in Lake City, FL (Columbia County), this PLP development project will produce 2 buildings, totaling 48 rental units for low-income families. The project will also include a third building for a leasing office/club house.

The PLP Borrower originally entered into a MOU with HTG as their codeveloper partner and was selected for financing under FHFC RFA 2020-205. The project entered credit underwriting, but the construction costs escalated at that time, resulting financial infeasibility. HTG then withdrew the project from credit underwriting. The PLP Borrower engaged legal services to ensure the MOU was terminated prior to engaging another co-developer partner. Upon release from the MOU, the PLP Borrower interviewed several potential co-developers and selected ReVital Development Group and DDER Development. Under this new partnership, an application was submitted for RFA 2023-201 and was selected for a preliminary financing award. The project is awaiting entering credit underwriting which is anticipated to begin in January 2024.

The application submitted in response to RFA 2023-201 will reduce the final number of units as originally approved in the initial Development Plan. As part of this request, the Borrower is requesting to reduce the final number of units from 56 to 48 units. There will also be a reduction from six to two residential buildings.

Additionally, the Borrower is requesting that the Board approve a revision to the PLP Budget. The Borrower and their co-developer partners have identified more appropriate uses for the PLP Loan based on the current project status and have requested a reallocation from line items that are no longer relevant. The revised PLP Budget includes removing Accounting, Insurance, and Title Search, Recording, and Escrow from the approved uses and the addition of new line items allowing the PLP to be used for Permits, Geotech/Soil Testing, Green Building Certification expenses, Plan and Cost Review, Utility Allowance Study, FHFC Admin Fee, and Construction/Permanent Financing Application Fees.

As TAP for this project, I am recommending that the request for a one-year extension, the reduction of the final number of units, and the revisions to the PLP Budget all be approved. Based on the credit underwriting and construction commencement timeline, it appears that the Borrower will have the ability to repay the PLP Loan within the one-year extension period. The adjusted Development Plan that includes the revised PLP Budget is included with this request.

Should you need any further information please feel free to contact me at plancher@flhousing.org or call 850-274-9764.

Elissa Plancher

Elissa Plancher
Technical Advisor

THE GREATER LAKE CITY
COMMUNITY DEVELOPMENT CORPORATION

(386) 752-9785
greaterlakecitycdc@hotmail.com
363 NW Bascom Norris Dr
Lake City, FL 32055

November 15, 2023

Mr. Rob Dearduff
Assistant Director of Special Programs
Florida Housing Finance Corporation
227 S. Bronough St., Suite 500
Tallahassee, FL 32301

RE: Request for 2nd One Year Extension to the Sweetwater Apartments PLP 2017-001P-09 Loan Maturity Date

Mr. Dearduff,

The Greater Lake City CDC (GLCDC) is requesting a second one-year extension of the Sweetwater Apartments PLP 2017-001P-09 loan maturity date for the Sweetwater Apartments development project. The PLP Borrower, Greater Lake City CDC, has expended a principal amount of $59,994.59 from the approved $500,000 PLP loan.

Initially, GLCDC partnered with HTG as our co-developer and the project was awarded funding from RFA 2020-205 but did not complete credit underwriting due to the escalation of construction costs. HTG then did not renew the Memorandum of Understanding for continuation of the project. The project is ready to proceed and has new co-developer partners, ReVital Development Group and DDER Development. Under this partnership, the project received a preliminary funding award under FHFC RFA 2023-201 (Application #2024-128C).

The final number of units has decreased from 56 to 48 units. The development team has pivoted to a phased approach, with this being Phase II, changing the total number of buildings from six to two buildings and one additional non-residential building for a leasing office and clubhouse. In addition to the 9% tax credits, the project has support from both the City of Lake City and Columbia County.

With this request letter, we are also requesting a revision to the PLP Budget that will allow us to reallocate originally approved line items to apply funds to the most appropriate uses and support the immediate needs as we progress with our new co-developer partners. These newly requested uses include soil testing, Green Building

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Certification costs, FHFC fees, plan and cost review, utility allowance study, permitting, and application fees.

In accordance with the timeline for FHFC financing, we anticipate entering credit underwriting by January 2024 and construction commencing by December 2024. Therefore, we expect to repay the PLP loan within the one-year extension period.

With this information and the demonstrated ability to proceed, we are requesting that the FHFC Board approve a one-year extension to the PLP Loan maturity date.

Best Regards,

Lester McKellum

Lester McKellum
Founder/Executive Director

**Predevelopment Loan Program**
**Development Plan**

| | |
|---|---|
| **Development Name** | **Sweetwater Apartments** |
| **Development File Number** | 2017-001P-09 |

| A. **General Information** | | |
|---|---|---|
| | **ORIGINAL** | **ADJUSTED NOV 2023** |
| Applicant Entity Name | Greater Lake City Community Development Corporation Inc. (GLCCDC) | No Change |
| Development Name | Sweetwater Apartments | Sweetwater Apartments Phase II |
| Development Address | NE Martin Luther King Jr St., at the intersection of NE Martin Luther King Jr St. and NE Joe Coney Ter., Lake City, FL 32055 | NEC of Martin Luther King Jr St. and Davis Avenue, Lake City, FL 32055 |
| Tax Assessor Parcel Id Number | 00-00-00-10845-000 | No Change |
| Development Co-Developers | Co-developer needed | ReVital Development Group and DDER Development |
| Primary Contact | Lester McKellum | No Change |
| Development Type | Rental ☒ Homeownership ☐ | No Change |
| Number of Buildings | 6 | 2 |
| Number of Units | 56 | 48 |
| Target Population | Family | No Change |
| Construction Type | New ☒ Rehab ☐ Both ☐ | No Change |

Applicant Comments: GLCCDC has identified ReVital Development Group, LLC ("ReVital") and DDER Development, LLC ("DDER") to be the co-developers. ReVital and DDER are both highly experienced and knowledgeable multifamily developers, and possess expertise in Local, State and Federal regulatory funding and compliance, including the requirements of the Florida Housing Finance Corporation, HUD and IRS.

As this project has evolved since the initial PLP Application, the Applicant intends to work with the Corporation to amend the current LURA so only this phase is encumbered. This will leave the remainder of the site available for subsequent phases of affordable housing development, and possibly encumbering the remainder of the parcel with future PLP Loans.

TAP Comments: Applicant's mission is to assist low to moderate income families and individuals to become homeowners of decent sanitary and safe affordable housing. Applicant wants to provide rental housing for members of the community who need to improve their credit, save money, and obtain better employment on the path to homeownership. The Greater Lake City Community Development Corporation was formed in 2002. There are 7

| |
|---|
| directors and Mr. Lester McKellum is the Executive Director. The CDC has budgeted revenue of \$46,000 and expenses of \$33,460. They have limited development experience building two single family homes to date. |

B. **Development Finance Information**

| | ORIGINAL | ADJUSTED NOV 2023 |
|---|---|---|
| PLP Loan Recommended Amount | 500,000 | No Change |
| Total Predevelopment Costs | 500,000 | 693,000 |
| PLP Loan Amount for Acquisition | 0 | No Change |
| Estimated Total Development Costs | \$7,461,711 | \$15,917,400 |
| Will the Development be pursuing Tax Credits or Bonds? Yes ☐ No ☒ | | Yes – Application selected for funding under RFA 2023-201 |
| If "Yes" selected above, please state name of entity that will own the property? | N/A | Greater Lake City CDC will retain ownership of the site and will execute a ground lease with Sweetwater Housing II, LLC (Applicant Entity for RFA 2023-201), who will own the improvements. |
| Applicant Comments: | | |
| TAP Comments: The Development received a preliminary funding award through FHFC RFA 2023-201; Application # 2024-128C | | |

C. **Development Team**

| | ORIGINAL VENDOR | ORIGINAL STATUS | ADJUSTED VENDOR NOV. 2023 | ADJUSTED STATUS NOV. 2023 |
|---|---|---|---|---|
| Developer | TBD | Seeking co-development partner | ReVital Development Group, LLC; DDER Development, LLC; GLCCDC | Under contract |
| Contractor | TBD | Contractor provided construction budget item | TBD | TBD |

| | | | | |
|---|---|---|---|---|
| Architect | Jennifer Langford, Sustainable Design | In negotiation | PDS Architecture | Pending contract |
| Engineer | TBD | TBD by architect | Boral Engineering | Pending contract |
| Consultant | N/A | | N/A | N/A |
| Property Management | | | Professional Management, Inc. | Under contract |
| Other | | | | |
| Applicant Comments: The applicant has selected ReVital Development Group, LLC and DDER Development, LLC as the co-developer partners. The development team is in discussions with a couple of well-qualified general contractors who both have significant Florida Housing experience. The applicant has received proposals from PDS Architecture and Boral Engineering. Professional Management, Inc. ("PMI") has been identified as the property management firm. Formed in 1969, PMI, is well qualified with a vast amount compliance experience through numerous affordable housing funding programs and Florida Housing Finance Corporation. Since its founding, PMI has owned and managed more than 10,000 apartment units. | | | | |
| TAP Comments: Applicant has interest from strong co-developers and is actively working to secure a developer partner in the near future. Whiddon Construction, the contractor for the applicant's previous single-family development, provided the estimate in the budget; however, they will not serve as the project's Contractor. The applicant is seeking estimates from other contractors. Applicant is negotiating a contract with Jennifer Langford of Sustainable design to serve as the Project Architect. Jennifer prepared the schematic drawings from which Whiddon provided its estimate.<br><br>The applicant has entered into a co-development agreement with Revital Development Group and DDER Development who both have substantial experience with affordable housing development and helped submit and win 9% credits in RFA 2023-201. | | | | |

| D. **Market/Feasibility** | | |
|---|---|---|
| **ORIGINAL Type of Study** | **ORIGINALLY Performed By** | **ORIGINAL Status** |
| Market and Feasibility | TBD | To be provided per underwriting requirements |
| Environmental Study | Phase I Environmental Analysis and Noise Analysis | To be provided per underwriting requirements |
| **ADJUSTED NOV 2023** | **ADJUSTED NOV 2023** | **ADJUSTED NOV 2023** |

| Type of Study | Performed By | Status |
|---|---|---|
| Market and Feasibility | Provided by Meridian dated 12/2/2021, will be updated in underwriting | Will be updated in underwriting |
| Environmental Study | ESA Phase I dated 10/30/2020; will be updated | Will be updated in underwriting |
| Provide narrative of anticipated marketing and lease up of property: Based upon market research, Applicant is anticipating an absorption rate of 20 units per month. Pre-leasing will begin approximately 90 days prior to the first unit being available for occupancy. Stabilization is anticipated to be achieved within 90 days of completion of the first available unit. | | |
| Applicant Comments: The applicant has surveyed local rental communities to find very few vacancies overall. The largest LIHTC development only has 1 vacancy. | | |
| TAP Comments: The market study and appraisal are expected to be updated during the credit underwriting process. | | |

| E. **Development Site and Site Control** | | |
|---|---|---|
| A description of the development site is required to complete this development plan. Please provide (or attach) a legal description if available; if not, please identify the site by location or some other means such as street address: | | |
| **Site Control Questions** | **ORIGINAL Applicant Response** | **ADJUSTED NOV. 2023** |
| Applicant currently owns the site (recorded deed) | ______Yes __X____ No | Yes |
| The Applicant has or will have prior to loan closing, a contract to purchase the site | _X____ Yes _______ No | No |
| The Applicant has or will have prior to loan closing, a long-term lease on the site | ______ Yes __X____ No | No. There is a long-term land lease is between the PLP Applicant/Borrower (Lessor) and the RFA 2023-201 Applicant (Lessee). |
| Are there existing liens on the property? | ______ Yes __X____ No | Yes |

| | | |
|---|---|---|
| If no liens exist, how was that verified? | N/A | Closing transaction of the PLP Loan in 2020. |
| List all existing mortgages and liens on the property: N/A | | FHFC PLP #2017-001P-09 |
| Are there currently any mortgages or liens, or will there be any mortgages or liens at PLP closing, that will prevent the PLP Loan from being in a first mortgage or a second mortgage position? | __X__Yes _______ No | No. PLP Loan is currently in first mortgage position |
| If the PLP will be a second mortgage, please provide details on the first mortgage, including the Lender, amount of mortgage and proposed closing date. | N/A | N/A |
| If the development site will be titled in the name of a special purpose entity (SPE) formed by the Applicant, please provide the name of the SPE. If not yet formed, please advise when the entity will be formed and list as "SPE to be formed" (***Note: If a SPE will hold title to the development site, the SPE must be owned by the Applicant and it (the SPE) will be required to execute the note and mortgage, as borrower, and the Applicant will be required to act as guarantor of the PLP Loan).*** | N/A | N/A |
| Applicant Comments: Applicant acquired the land on 9/25/2019 for $55,000. PLP Applicant/Borrower owns the site and has entered a Ground Lease, as Landlord, with Sweetwater Housing II, LLC, as Tenant. The Effective Date of the Ground Lease is 9/12/2023, with a Commencement Date as of the date the Tenant closes on the construction financing for the development. | | |
| TAP Comments: The PLP Applicant/Borrower has completed the site acquisition transaction and owns the land. It is encumbered by the PLP Loan. | | |

| F. **Development Readiness** | | |
|---|---|---|
| **Item** | **ORIGINAL STATUS** | **ADJUSTED NOV 2023 STATUS** |
| Current Zoning on Property | RSF-3 | No Change |
| Current Use of Property | Unimproved Vacant Land | No Change |

| | | |
|---|---|---|
| Future Land Use Plan | FLU map from City of Lake City; confirming with Planning and Zoning | No Change |
| Site Plan Approval | No | To be completed |
| Property Survey | To be ordered | Boundary, Topography and tree survey dated 1/17/2022 |
| Soil Testing | To be ordered | No Change |
| Permits | | To be completed |
| Availability of Utilities to property | Yes | Yes |
| Availability of Water to property | Yes | Yes, Lake City Utilities |
| Availability of Sewer to property | Yes | Yes, Lake City Utilities |
| Availability of Road access to property | Yes | Yes |
| Environmental Assessments Performed | To be ordered | To be updated |
| Appraisal | To be ordered | No Change |
| Financial Statements available for review | Provided in PLP application package | Updates provided |
| Plans, Specs for Development | Schematic drawings available; full set to be developed by Project Architect | In process |
| Applicant Comments: | | |
| TAP Comments: Resolution Number 2020-079 was adopted by the City of Lake City on 9/14/2020, approving the development of multifamily based upon a maximum density of 20 dwelling units per acre. | | |

| **Financing Sources COMMITTED** | | | | |
|---|---|---|---|---|
| **ORIGINAL** | | | **ADJUSTED NOV. 2023** | |
| **Name of Source** | **ORIGINAL Amount** | **ORIGINAL STATUS** | **ADJUSTED AMOUNT** | **ADJUSTED STATUS** |
| USDA 538 Loan | 3,275,000 | Will need co-guarantor | 0 | N/A |
| FHFC HOME Loan | 1,315,888 | Will apply in 2018 | 0 | N/A |
| Lake City Grant | 451,820 | Have LOI | 200,000 | Applied For |

| | | | | |
|---|---|---|---|---|
| Columbia County Grant | 500,000 | Verbal interest | 500,000 | Applied For |
| Lake City CRA Grant | 500,000 | Verbal interest | 0 | N/A |
| FHLB Grant | 500,000 | Will re-apply | 0 | N/A |
| Peoples State Bank | 600,000 | Consideration Letter | 0 | N/A |
| Deferred Developer Fee | 319,003 | Deferring 35% of fee | 183 | Committed |
| First Mortgage Financing | | | 970,000 | Will Apply for in next 12 months |
| Low Income Housing Tax Credits (9%) | | | 14,206,717 | Applied For |
| **TOTAL** | **7,461,711** | | **$15,876,900** | |

Applicant Comments: The costs increased because of the substantial increase in costs from the original application and a change in the style of the development.

| | ORIGINAL | ADJUSTED NOV 2023 |
|---|---|---|
| Is the Applicant applying for any other FHFC financing? If so, has it been approved? | No | Yes, preliminary funding awarded in RFA 2023-201 and approved by FHFC Board on 10/27/2023; Application # 2024-128C, under the Applicant Sweetwater Housing II, LLC |
| Is the Applicant entity under the other FHFC financing the same applicant entity as the PLP applicant entity? If not, provide the name of the Applicant entity. | No | No. Sweetwater Housing II, LLC |
| Will any of the other financing be closing in | N/A | No. |

| | | |
|---|---|---|
| conjunction with the PLP loan? | | |
| Will any of the financing closing in conjunction with the PLP loan be permanent or construction financing? | N/A | No. |
| TAP Comments: Sweetwater Housing II, LLC ("Sweetwater") has received an LOI from Neighborhood Lending Partners to provide the construction and permanent first mortgage financing. Due to the tax credit investor often influencing the construction and/or permanent debt lender, Sweetwater is awaiting a tax credit investor commitment to proceed with the debt LOI. Sweetwater is currently negotiating with several tax credit investors. Final tax credit equity amount will be determined by tax credit pricing. Through FHFC RFA 2023-201, Sweetwater has been preliminarily awarded a 9% annual tax credit allocation in the amount of $1,596,240. | | |

| G. **Narrative** |
|---|
| Provide Additional narrative not covered in comments above: Applicant is no longer considering financing through USDA 538 program for the initial phase and will be seeking other construction and permanent debt options to finance the development in conjunction with 9% tax credits, local contributions, and deferred developer fee. |

H. **Predevelopment Loan Request Budget**

| Item | ORIGINAL Amount | REVISED NOV 2023 |
|---|---|---|
| Appraisal | 6,500 | 9,000 |
| Architectural/Engineering Fees | 300,000 | 183,832 |
| Accounting | 5,500 | 0 |
| FHFC Application Fee | 3,000 | 6,000 |
| Credit Underwriting Fees | 14,082 | 41,861 |
| Impact Fees | | 0 |
| Environmental Testing | 15,000 | 11,850 |
| Insurance | 70,000 | 0 |
| Legal Fees | 50,000 | 25,968 |
| Market Study | 6,500 | 6,500 |
| Title Search, Recording and Escrow | 15,000 | 0 |
| Surveys | 7,500 | 11,925 |
| Closing costs | 5,000 | 5,060 |
| Contingency | 4,918 | 7,094 |
| Permits | 0 | 12,500 |
| Geotech/Soil Testing | 0 | 10,000 |
| Green Building Certification (Retainer Only) | 0 | 5,000 |
| Plan and Cost Review | 0 | 3,500 |
| Utility Allowance Study | 0 | 2,800 |
| FHFC Admin Fee (9% of Annual Tax Credit Allocation + Compliance Fee) | 0 | 147,110 |
| Construction/Perm Lender Application Fee | 0 | 10,000 |
| **PLP Loan Total** | **$500,000** | **$500,000** |

The PLP Borrower has requested the following revisions to the original PLP Budget.

**Appraisal:** Increase for the Appraisal line item is due to the new RFA 2023-201 application. The project was selected for financing and the Borrower is preparing, with the new co-development partners, to enter credit underwriting and pay for an updated appraisal. This revision will increase the Appraisal budget by $2,500 from $6,500 to $9,000.

**Architectural/Engineering Fees:** This revision will reduce the A/E Fees by $116,168, allowing the Borrower to reallocate funds to other necessary expenses. The project is not starting from the beginning and has already incurred some A/E costs and does not anticipate needing the full amount originally approved for this line item. The Borrower is requesting that the A/E line item be reduced from $300,000 to $183,832.

**Accounting:** The Borrower is requesting that the line item for Accounting expenses be fully reduced to zero, as this use is not necessary for the project at this time. This is a reduction from $5,500 to $0.

**FHFC Application Fee:** Under RFA 2020-205, the Borrower expended the original amount allocated to this use. The project was infeasible due to the escalation of construction costs and did not complete credit underwriting. Recently, the Borrower and co-development partners applied for RFA 2023-201 and were selected for financing, requiring the payment of the FHFC Application Fee. Therefore, the Borrower is requesting to increase the original amount from $3,000 to $6,000 to pay for the new application.

**Credit Underwriting Fees:** To support the newly selected application under RFA 2023-201, the Borrower is requesting to increase the budget for Credit Underwriting Fees by $27,779- increasing from $14,082 to $41,861. In partnership with their co-developer, HTG, the Borrower originally expended $26,243 in the originally approved PLP Budget to cover these fees for the 2020-205 Application, and without this reallocation to increase this line item, the Borrower will not have funds for this use.

**Environmental Testing:** The original budget allocated $15,000 for this use, and the Borrower has completed the initial Environmental Assessments. To fund the updated assessments, the Borrower is requesting to reduce this line item by $3,150, leaving $11,850 to fund the remaining activities.

**Insurance:** The Borrower is requesting to reduce the Insurance line item from $70,000 to $0 and reallocate the full amount to other uses that meet their current, more immediate needs.

**Legal Fees:** Having closed on the PLP Loan, utilized legal services to navigate termination of their MOU with the previous co-developer, and assisted with the creation of the LLC and new partnerships, the Borrower is requesting to reduce the Legal line item from $50,000 to $25,968. This is a reduction of $24,032 to be reallocated to other uses.

**Title Search, Recording and Escrow:** The Borrower is requesting to reduce this line item from $15,000 to $0 because the PLP Loan has closed.

**Surveys:** The project will require updated surveys, and the Borrower is requesting to increase this line item from $7,500 to $11,925, which is an increase of $4,425 for this use.

**Closing Costs:** The line item for Closing Costs has already been fully expended at an amount of $5,060. Therefore, the PLP Budget revision incorporates the already expended increase of $60- from $5,000 to $5,060.

**Contingency:** The Borrower is requesting to increase the Contingency line item by $2,176, from $4,918 to $7,094.

**Permits (NEW LINE ITEM):** The Borrower has demonstrated project readiness and is partnered with an experienced co-developer. As the Borrower is anticipated to quickly progress to permitting, they have requested approval for $12,500 in this line item for this new use.

**Geotech/Soil Testing (NEW LINE ITEM):** The Borrower is requesting to allocate PLP funds to this new use in the amount of $10,000, as it is a necessary activity at this point in the development process.

**Green Building Certification (Retainer Only) (NEW LINE ITEM):** To support their funding applications, the Borrower is requesting to dedicated $5,000 to the retainer for the completion of the Green Building Certification.

**Plan and Cost Review (NEW LINE ITEM):** This is an anticipated expenses to occur during the credit underwriting process and the Borrower is requesting to allocate $3,500 for this anticipated use.

**Utility Allowance Study (NEW LINE ITEM):** The Borrower is anticipating the requirement of completing the Utility Allowance study and is requesting to use $2,800 of the PLP Loan for this expense.

**FHFC Admin Fee (9% of Annual Tax Credit Allocation + Compliance Fee) (NEW LINE ITEM):** The project has been selected for financing, and with this preliminary award, is preparing for the FHFC Admin Fees. In preparation, the Borrower is requesting to allocate $147,110 toward this use.

**Construction/Perm Lender Application Fee (NEW LINE ITEM):** The Borrower is preparing for the costs associated with construction and permanent financing by allocating $10,000 of the PLP Loan toward this estimated expense.

| I. **Total Development Costs** | | |
|---|---|---|
| | **ORIGINAL** | **ADJUSTED NOV. 2023** |
| Acquisition costs not covered by PLP | 40,000 | 40,000 |
| Acquisition closing costs not covered by PLP | 500 | 500 |
| Other Predevelopment costs not covered by PLP | Financing Costs - 81,100<br>Soft Cost Contingency – 12,735 | 693,000 |

| | | |
|---|---|---|
| Rehabilitation | N/A | 0 |
| Hard Construction | 5,415,000 | 9,121,785 |
| Construction Contingency | 541,500 | 450,370 |
| Developer Fees | 911,438 | 2,112,245 |
| Other construction costs | Const Interest – 165,000 | 3,499,500 |
| **Total Development Cost** | **$7,461,711** | **$15,917,400** |

J. **Timeline**

| Timeline Item | ORIGINAL Date | ORIGINAL Status | ADJUSTED NOV 2023 DATE | ADJUSTED NOV 2023 STATUS |
|---|---|---|---|---|
| PLP Loan Approval | 6/16/2017 | Anticipated | 12/15/2023 | Complete |
| Identify and Select Partner | 10/31/2018 | Anticipated | 5/25/2023 | Complete |
| Line up funding commitments from USDA, County, CRA | 11/2018 | Anticipated | 12/1/2023 | Anticipated |
| Complete RFA for HOME funds | 1/2019 | Anticipated | 9/12/2023 (9% tax credits RFA 2023-201) | Complete |
| Submit information to credit underwriting | 3/2019 | Anticipated | 1/31/2024 | Anticipated |
| Permitting and site planning | 4/2019 | Anticipated | 6/1/2024 | Anticipated |
| Construction Start | 6/1/2019 | Anticipated | 12/1/2024 | Anticipated |
| Construction Completion | 2/2021 | Anticipated | 2/1/2026 | Anticipated |
| Lease-up/Sale | 5/2021 | Anticipated | 5/1/2026 | Anticipated |

FLORIDA HOUSING COALITION



November 17, 2023

Mr. Robert Dearduff
Florida Housing Finance Corporation
227 N. Bronough Street Ste. 5000
Tallahassee, FL 32301-1329

RE: 2nd PLP Loan Extension Request Townhomes at West Lakes PLP 2019-007P-09 and Request to Move the PLP to 3rd Lien Position

Dear Mr. Dearduff:

This letter provides notice that Hannibal Square Community Land Trust, Inc. has requested a second one-year extension of PLP loan 2019-007P-09. The Townhomes at West Lakes PLP loan of $750,000 matures on March 31, 2024, with a principal amount owed of $750,000. The project will consist of 30 townhomes for low-income families in the City of Orlando.

The project is now progressing through the construction phase, under the direction of the Borrower and their Construction Manager, Davis Consulting and Management. Although the project experienced several delays due to in part to COVID-19, financing challenges, supply chain challenges, and increased construction costs, since closing on the PLP loan the Borrower has acquired the site, the project has received permits, all 30 homes are pre-sold and under contract, and the Borrower has secured financing to fill all gaps caused by escalating construction costs. As part of the financing plan, the Borrower has secured a bridge loan with SELF CDFI, as the $3 million grant from the City of Orlando will not be disbursed until after project completion. Without this bridge loan, the expenses cannot be paid, and construction will halt further delaying the project. The TAP is requesting the approval from the FHFC Board to move the PLP Loan to 3rd lien position so the Borrower can obtain and utilize the funds from the SELF bridge loan and repay the bridge loan with the City of Orlando grant money upon sale of the units. The current financing plan is available for review in the adjusted Development Plan submitted with this request letter.

Now that the Borrower has hired an experienced Construction Manager and the project is fully funded, pre-sold, and under construction with an estimated construction completion date of May 2024, there is demonstrated progress and it is expected that with this new timeline, the PLP Loan can be repaid by the next extended maturity date. As TAP for this project, I am recommending that the request for a second one-year extension be approved.

Should you need any further information please feel free to contact me at plancher@flhousing.org or call 850-274-9764.

Elissa Plancher

Elissa Plancher
Technical Advisor

HANNIBAL SQUARE
COMMUNITY LAND TRUST

November 15, 2023

Robert Dearduff, Special Programs Administrator
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: Townhomes at West Lakes PLP Loan (PLP 2019-007P-09)
2nd Extension Request and Request for FHFC PLP Loan to Move to 3rd Lien Position

Dear Mr. Dearduff:

This letter includes two separate requests: one-year extension of the PLP Loan maturity date and approval to move the PLP Loan to the 3rd lien position so a bridge loan can replace the local government funds providing construction financing for the Townhomes at West Lakes affordable housing development project.

Hannibal Square Community Land Trust, Inc. (HSCLT) is the Borrower for the Townhomes at West Lakes PLP loan, which is secured by the Properties at 2026, 2074, 2106, 2170Orange Center Blvd. (4 contiguous parcels, formerly addressed as: 2126, 2100, 2040, and 2026, Orange Center Blvd). The development project, Townhomes at West Lakes, is Phase 1 of the Orange Center Blvd. Redevelopment Plan that will provide 30 townhomes for homeownership for low-income families in Orlando (Orange County, Florida). This is a bifurcated loan in the amount of $750,000, of which $250,000 was made available for non-site acquisition costs and up to $500,000 was made available to finance land acquisition, and it is maturing on March 31, 2024. To date, the entire PLP loan has been expended, with a principal amount of $750,000 owed on the loan.

HSCLT is requesting an extension to the PLP maturity date to finish construction of the townhomes. Construction is underway with the first two buildings (12 units) expected to be completed in the2024 and the additional three buildings anticipated to be completed by the summer of 2024. The construction schedule has been supplied to the PLP TAP for review and the project timeline was updated in the Development Plan submitted with this request. All 30 townhome units are pre-sold and under contract with escrow deposits paid and secured with a private title agency. HSCLT is asking for an extension of the PLP loan because the entire development is not completed. However, we anticipate completion and all units sold before the maturity date.

In addition to the request for a 2nd extension of the PLP loan maturity date, we are also asking FHFC to consider taking 3rd lien position, allowing the bridge loan to take a superior position. The development is funded by LISC-BEDF as the primary construction lender and the City of Orlando is providing a $3,000,000 grant toward construction costs. The City of Orlando would ideally prefer to provide the grant as incremental reimbursements for townhomes sold to families with incomes at or below 80% of AMI. HSCLT has been negotiating the agreement based on construction draws, which has been challenging. HSCLT has now secured an LOI from SELF CDFI for a bridge loan which is instrumental in continued progress toward project completion. This bridge loan will be repaid with the grant funds and can be repaid incrementally as all units are sold—thus simplifying the process for the City and HSCLT. A condition of the agreement is that SELF CDFI take 2nd position in the financing and so we are asking FHFC to consider moving to 3rd position. A copy of the LOI has been supplied to the PLP TAP for review.

Thank you for considering our request.

Sincerely,

Camille Reynolds Lewis
Executive Director

**PO Box 364 | Winter Park | FL 32790**
**407 643.9111 | 407 643.9053 fax**
info@HannibalSquareCLT.org | www.hannibalsquareclt.org

we make housing affordable™

Florida Housing
Finance Corporation

## Predevelopment Loan Program

## Development Plan

| | |
|---|---|
| **Development Name** | **The Townhomes at West Lakes** |
| **Development File Number** | **2019-007P-09** |

| A. General Information | | |
|---|---|---|
| | **ORIGINAL** | **ADJUSTED NOV 2023** |
| Applicant Entity Name | Hannibal Square Community Land Trust, Inc. | Hannibal Square Community Land Trust, Inc. |
| Development Name | The Townhomes at West Lakes | The Townhomes at West Lakes |
| Development Address | 2016-2126 Orange Center Blvd. Orlando 32805 | 2026, 2074, 2106, 2170 Orange Center Blvd. Orlando 32805 |
| Development Co-Developers | | |
| Primary Contact | Camille Reynolds | Camille Reynolds Lewis |
| Development Type | Rental ☐ Homeownership ☒ | Rental ☐ Homeownership ☒ |
| Number of Buildings | 5 | 5 |
| Number of Units | 30 | 30 |
| Target Population | Family | Family |
| Construction Type | New ☒ Rehab ☐ Both ☐ | New ☒ Rehab ☐ Both ☐ |

Applicant Comments:
**ADJUSTED NOV 2023**
HSCLT is requesting an extension to the PLP maturity date to finish construction of the townhomes. Construction is underway with the first two buildings (12 units) expected to be completed in January 2024 and the additional three buildings anticipated to be completed by late-Spring 2024. The construction schedule has been supplied to the PLP TAP for review and the project timeline was updated in the Development Plan submitted with this request. All 30 townhome units are pre-sold and under contract with escrow deposits paid and secured with a private title agency. HSCLT is asking for an extension of the PLP loan because the entire development is not completed. However, we anticipate completion and all units sold by late-May 2024.

TAP Comments: The project is now under construction with completion expected next year. All of the units are under contract to be sold.

| B. Development Finance Information | | |
|---|---|---|
| | **ORIGINAL** | **ADJUSTED NOV 2023** |
| PLP Loan Recommended Amount | $750,000 | $750,000 |
| Total Predevelopment Costs | 770,000 | $1,100,000 |
| PLP Loan Amount for Acquisition | $500,000 | $500,000 |
| Estimated Total Development Costs | $7,394,644 | $11,098,445 |

| |
|---|
| Applicant Comments: Construction costs have increased significantly since the original application. |
| TAP Comments: Construction costs increased by almost $4,000,000 over the past four years. |

| **C. Development Team** | | | | |
|---|---|---|---|---|
| | **ORIGINAL VENDOR** | **ORIGINAL STATUS** | **ADJUSTED NOV 2023 VENDOR** | **ADJUSTED NOV 2023 STATUS** |
| Developer | Hannibal Square CLT | | Hannibal Square CLT | Owner |
| Contractor | Construct Two Group | Contract pending | Davis Consulting and Management | Under Contract |
| Architect | Scott + Cormia | Under contract | Scott + Cormia | Under contract |
| Engineer | Florida Engineering Group Inc. | Under contract | Florida Engineering Group Inc. | Under contract |
| Consultant | Owners Representative | TBD | Owners Representative | Under contract |
| Other | | | | |
| Applicant Comments: We engaged a new CM/GC team in January 2023 due to non-performance of the previous GC. | | | | |
| TAP Comments: Davis Consulting and Management was hired to manage the construction replacing Construct Two. | | | | |

| **D. Market/Feasibility** | | |
|---|---|---|
| **ORIGINAL Type of Study** | **ORIGINAL Performed By** | **ORIGINAL Status** |
| Market | Per Credit Underwriting Requirements | Part of PLP process |
| **ADJUSTED NOV 2023 Type of Study** | **ADJUSTED NOV 2023 Performed By** | **ADJUSTED NOV 2023 Status** |
| N/A | N/A | N/A |
| Provide narrative of anticipated marketing and lease up of property: All 30 townhome units are pre-sold and under contract and we have an extensive wait list of mortgage-approved applicants. | | |
| Applicant Comments: | | |
| TAP Comments: The PLP loan is part of the due diligence process required by the City. The applicant is a long standing Community Land Trust. The townhomes will be permanently affordable through a 99-year ground lease. | | |

| E. Site Control | | |
|---|---|---|
| | **ORIGINAL** | **ADJUSTED NOV 2023** |
| Is the property owned by the Applicant Entity? | No | Yes |
| Are there existing liens on the property? If no, how was that verified? | None per appraisal | No. Verified via title search with each construction draw. |
| List all existing liens | | |
| Will the property be owned by a single purpose entity other than the Applicant Entity? | No | No |
| If the property is going to be acquired, is there an executed contract for sale or lease agreement? | Yes, with City of Orlando | Property acquired. |
| Applicant Comments: | | |
| TAP Comments: The Applicant was the successful respondent to a City of Orlando solicitation for the redevelopment of the subject property. This is for a mixed use project to include townhomes in the community land trust model, rental units and retail space. The calculations in the PLP application do not include any costs for the retail portion. | | |

| F. Development Readiness | | |
|---|---|---|
| **Item** | **ORIGINAL Status** | **ADJUSTED NOV 2023 STATUS** |
| Current Zoning on Property | R-3B | No change |
| Current Use of Property | Vacant | Under construction |
| Future Land Use Plan | Medium Density Residential | No change |
| Site Plan Approval | No | Yes |
| Property Survey | Completed, to be updated | Completed |
| Soil Testing | Completed | Completed |
| Permits | No | Completed |
| Availability of Utilities to property | Yes | Yes |
| Availability of Water to property | City of Orlando Utilities | Yes, Orlando Utilities Commission |
| Availability of Sewer to property | City of Orlando Utilities | Yes, Orlando Utilities Commission |
| Availability of Road access to property | Yes | Yes, Orange Center Blvd. |

| | | |
|---|---|---|
| Environmental Assessments Performed | Completed, to be updated | Completed |
| Appraisal | Completed by City in March 2019 to be updated | Completed |
| Financial Statements available for review | Yes | Yes |
| Plans, Specs for Development | Site plan and renderings completed | Construction documents submitted; permits issued |
| Applicant Comments: Construction underway. Site inspections conducted at benchmark intervals. | | |
| TAP Comments: The applicant is anticipating Master Plan approval by the City January 21, 2020. | | |

| **G. Financing Sources Committed** | | | | |
|---|---|---|---|---|
| Name of Source | **ORIGINAL Amount** | **ORIGINAL Status** | **ADJUSTED NOV 2023 AMOUNT** | **ADJUSTED NOV 2023 STATUS** |
| First Mortgage | $6,285,447 | Will Apply for in next 12 months | $5,750,000 | Awarded |
| Community Support/OCHFA | $609,197 | Will Apply for in next 12 months | $ 600,000 | Awarded |
| Federal Home Loan Bank Atlanta | $500,000 | Will Apply for in next 12 months | 0 | Applied For |
| City of Orlando | | Choose an item. | $ 350,000 | Awarded |
| SELF Bridge Loan | | Choose an item. | $3,000,000 | Committed |
| FHFC PLP | $750,000 | | $750,000 | |
| Equity | | | $848,445 | Committed |
| **TOTAL** | **$8,144,944** | | **$11,298,445** | |
| Applicant Comments: | | | | |
| TAP Comments: The Borrower is requesting that the PLP loan take the 3rd lien position. The SELF CDFI bridge loan is requiring second position. The Borrower needs this bridge loan as the $3 million City of Orlando grant will not be available to the project until completion. The PLP Loan is listed as a financing source due to the project being homeownership, and without PLP listed in this table, it will illustrate a gap. | | | | |

| **H. Narrative** |
|---|
| Provide Additional narrative not covered in comments above: |

| **I. Predevelopment Loan Request Budget** | | |
|---|---|---|
| **Item** | **ORIGINAL Amount** | **ADJUSTED NOV 2023 AMOUNT** |
| Accounting | $7,500 | No change |
| Acquisition | 500,000 | No change |
| Closing Costs | 12,000 | No change |
| Appraisal | 4,500 | No change |
| Architect/Engineer | 115,000 | No change |
| Consultant | 25,000 | No change |
| Credit Underwriting Fees | 4,500 | No change |
| Environmental Testing (soil and EIS) | 10,000 | No change |
| Legal Fees | 35,000 | No change |
| Market Study | 4,500 | No change |
| Survey | 6,000 | No change |
| Contingency | 16,000 | No change |
| Platting and HOA Documents | 10,000 | No change |
| **PLP Loan Total** | **$750,000** | **No change** |

| **J. Total Development Costs** | | |
|---|---|---|
| | **ORIGINAL** | **ADJUSTED NOV 2023** |
| Acquisition costs not covered by PLP | 20,000 | 10,000 |
| Acquisition closing costs not covered by PLP | | 43,227 |
| Other Predevelopment costs not covered by PLP | 0 | 0 |
| Hard Construction | 5,145,377 | 8,937,769 |
| Construction Contingency | 224,200 | 509,096 |
| Developer Fees | 1,035,052 | 0 |
| Other construction costs | 990,015 | 1,651,580 |
| **Total Development Cost** | **$7,394,644** | **$11,098,445** |

## K. Timeline

| Timeline Item | **ORIGINAL Date** | **ORIGINAL Status** | **ADJUSTED NOV 2023 DATE** | **ADJUSTED NOV 2023 STATUS** |
|---|---|---|---|---|
| PLP Loan Approval | Dec 2019 | Anticipated | | Complete |
| Site Acquisition | Feb 2020 | Anticipated | Sep 2021 | Complete |
| Survey | Oct 2019 | Complete | | Complete |
| Zoning Approval | Feb 2020 | Scheduled | Feb 2020 | Complete |
| PLP Loan Closing | Jan 2020 | Anticipated | Mar 2021 | Complete |
| Applying for Construction Financing | Mar 2020 | Anticipated | Sep 2021 | Complete |
| Construction Start | Oct 2020 | Anticipated | Dec 2022 | Complete |
| Construction Completion | Jun 2021 | Anticipated | May 2024 | Anticipated |
| Lease-up/Sale | Aug 2021 | Anticipated | May/June 2024 | Anticipated |

December 1, 2023

Mr. Todd Fowler
Special Assets Director
Florida Housing Finance Corporation
City Centre Building
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: The Allen Apartments
Elderly Housing Community Loan ("EHCL") Program (2008-002E)
Transfer of Ownership, Release of Guarantors, and Assumption of the EHCL Loan and EHCL Land Use Restriction Agreement ("LURA")

Meridian Place
Florida Housing Finance Corporation ("Florida Housing" or "FHFC") Demonstration ("Demo") Loan 2001/08-006HL
Transfer of Ownership, Release of Guarantors, and Assumption of the Demo Loan and Demo Loan LURA

Dear Mr. Fowler:

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") has reviewed a letter, dated October 19, 2023, from a representative of Miami Beach Community Development Corporation ("MBCDC") on behalf of The Allen, LLC and Meridian Place, LLC ("Assets"), requesting that FHFC approve the transfer of the Assets to Miami Dade County. First Housing has been requested to determine if Miami Dade County has the prerequisite financial strength and experience to successfully own, operate, and manage the Assets.

On behalf of FHFC, First Housing has reviewed the request, performed certain due diligence, and formulated recommendations and conditions which are contained at the end of this report. For the purposes of this analysis, First Housing has reviewed the following:

- Request Letter, dated October 19, 2023.
- Memorandum of Understanding, dated May 23, 2023, between Miami-Dade County and Department of Public Housing and Community Development and Miami Beach Community Development Corporation, Inc. ("MBCDC").
- Credit Underwriting Report ("CUR"), dated April 9, 2009. (The Allen Apartments).
- EHCL LURA, dated November 10, 2009 (The Allen Apartments).
- Promissory Note, dated November 10, 2009 (The Allen Apartments).
- Transfer of Ownership CUR, dated November 29, 2006 (Meridian Place).
- Subordination Request CUR, dated August 17, 2012 (Meridian Place).
- Demo Loan Extension CUR, dated February 24, 2023 (Meridian Place).
- Demo Loan LURA, dated April 4, 2005. (Meridian Place).
- Second Amendment to LURA and Global Modification to Mortgage and Security Agreement, dated April 24, 2023. (Meridian Place).
- Second Amendment and Restated Promissory Note, dated April 24, 2023. (Meridian Place).
- Miami-Dade Public Housing and Community Development Department (A Department of Miami-Dade County, Florida) Financial Statements, dated September 30, 2022.
- FHFC Past Due Report, dated October 18, 2023.
- FHFC Asset Management Noncompliance Report, dated October 18, 2023.

**Background: The Allen Apartments**

The Allen Apartments is an existing 39-unit affordable multifamily development for the elderly, consisting of one (1) three-story garden style building with an elevator, located at 2001 Washington Avenue, Miami Beach, Miami-Dade County, Florida 33139. The Development was originally constructed in 1934 and consists of thirty-six (36) zero-bedroom/one-bathroom units and three (3) one-bedroom/one-bathroom units.

The Development is financed with a loan from Great Florida Bank (now Synovous) in the amount of $263,300, a Florida Housing EHCL loan in the amount of $750,000, a Miami-Dade County ("MDC") Surtax Loan in the amount of $500,000, a forgivable City of Miami Beach ("CMB") Loan in the amount of $1,024,708, and a forgivable Miami Beach Redevelopment Agency Loan in the amount of $3,469,348.

The EHCL LURA, requires the following set-asides for a period of thirty (30) years:

- 25% of the units (10 units) set aside at or below 33% of the Area Median Income ("AMI")
- 75% of the units (29 units) set aside at or below 50% of the AMI

**Background: Meridian Place**

Meridian Place is an existing 34-unit affordable multifamily development for the elderly homeless, consisting of one (1) three-story garden style building with an elevator, located at 530 Meridian Avenue, Miami Beach, Miami-Dade County, Florida 33139. The Development was originally constructed in 1940 as a hotel but later renovated into an apartment complex and consists of twenty-three (23) zero-bedroom/one-bathroom units and eleven (11) one-bedroom/one-bathroom units.

The Development is financed with a First Mortgage from National Housing Trust Community Development Fund ("NHTCDF") in the amount of $635,012, a Demo Loan from FHFC in the amount of $1,000,000, a forgivable Miami-Dade County ("MDC") Surtax Loan in the amount of $1,000,000, a forgivable CMB Redevelopment Agency Loan in the amount of $1,500,000, a forgivable CMB Community Development Block Grant ("CDBG") and HOME Loan in the amount of $2,864,642, a forgivable MDC Surtax State Housing Initiatives Partnership Program ("SHIP") Loan in the amount of $775,000, and a forgivable MDC General Obligation Bonds ("GOB") in the amount of $440,431.

The Second Amendment to LURA and Global Modification to Mortgage and Security Agreement, dated April 24, 2023, extended the set-aside period from 16 years to 21 years and requires the following:

- 34 units shall be rented to Homeless persons whose income is less than or equal to 50% of the AMI.

**Transfer:**

The Memorandum of Understanding, dated May 8, 2023, indicates MBCDC will convey Meridian Place and The Allen Apartments to Miami-Dade County to preserve the long-term affordability of the Assets. MBCDC believe Miami-Dade County is best equipped not only to preserve the long-term affordability but also able to make necessary repairs and renovations to the Assets. MBCDC is no longer financially able to maintain the Assets due to rising insurance and utility costs, age of the Assets, and lack of government subsidy to support the Assets. The transfer of the Assets shall occur no later than December 30, 2023, subject to a six-month extension.

**Experience and Financial Strength of Miami-Dade County:**

Based on conversations with a representative of MBCDC, the Assets will be overseen by Maimi-Dade County Public Housing and Community Development ("PHCD"). PHCD manages more than 8,000 public housing apartments and provide financial help through the federal Section 8 program to more than 18,000 families. Their support services include assisted living facilities for the elderly and self-sufficiency programs for their tenants. PHCD relies on federal and state grant programs to fund their programs. They work closely with the U.S. Department of Housing and Urban Development's ("HUD") on their public housing and with the State of Florida on affordable housing.

First Housing received a copy of the audited Financial Statements for PHCD, dated September 30, 2022. According to the financials, the assets of PHCD exceeded its liabilities as of September 30, 2022, by $1,376,991,000 (net position) in the government-wide financial statements.

**Management Company:**

The existing management company for the Assets is Royal American Management, Inc. ("RAM") and there is no plan to change the management company. RAM will continue to partner with PHCD on the Assets. Continued approval is subject to ongoing satisfactory performance.

**Status of Development Noncompliance/Past Due:**

The Development Team was reported on Florida Housing's October 18, 2023 Past Due Report:

- Villa Maria – Failure to provide proof of adequate replacement reserves.

The Development Team was reported on Florida Housing's October 18, 2023 Noncompliance Report:

- Ward Towers Assisted Living Facility – 1) Failure to provide required resident programs and amenities, ELIHA. 2) Vacant unit preparation, ELIHA. 3) Failure to meet Uniform Physical Inspection Standards (UPCS) for Units. 4) Failure to meet UPCS: Building Systems. 5) Failure to meet UPCS: Common Areas

**Recommendation:**

First Housing's review indicates that the Miami-Dade County or an affiliate has the financial strength and experience to successfully own and operate the Development. First Housing believe the transfer will allow the Assets to continue to successfully operate. First Housing recommends approval of the transfer of ownership to Miami-Dade County, the assumption of the EHCL Loan, EHCL LURA, Demo Loan, Demo Loan LURA, release of Guarantors, and the modification of any other loan documents required to effectuate the transfer, subject to the following:

1. Miami-Dade County and its entities and principals (if applicable) shall agree that through the regulatory period, Florida Housing and their compliance monitoring agent shall have access to the Development to perform their annual management review and physical inspection during the remaining affordability period.

2. Miami-Dade County and its entities and principals and any other parties, as well as withdrawing entities, to execute any assignment and assumption documents FHFC deems necessary to effectuate the ownership change including, but not limited to, new and other existing guarantees as determined by FHFC.

3. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025(5) and 67-48.0075(5) F.A.C., of an Applicant or a Developer).

4. Satisfactory resolution of any outstanding noncompliance and/or past due items.

5. Verification that all Insurance Certificates are current and acceptable to Servicer and FHFC.

6. Receipt of a non-refundable transfer and assumption fee equal to one-tenth of one percent of the outstanding principal balance of the EHCL Loan and Demo Loan on the date of closing.

7. Confirmation of FHFC Asset Management's approval of the selection of the management company, if applicable.

8. Confirmation of approval of the transfer of ownership by all other lenders, if applicable.

9. Transfer of existing tax, insurance, replacement reserve, and debt service escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing.

10. Payment of all costs and fees to Florida Housing, its Legal Counsel and Servicer, as applicable.

11. All other requirements by FHFC, its Legal Counsel and Servicer.

| Prepared by: | Reviewed by: |
|---|---|
| Stephanie Petty | Ed Busansky |
| Senior Credit Underwriter | Senior Vice President |

FIRST HOUSING
SERVICE • FINANCE • COMPLIANCE

December 1, 2023

Mr. Todd Fowler
Special Assets Director
Florida Housing Finance Corporation
City Centre Building 227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Heritage Park at Crane Creek ("Development" or "Phase I")
State Apartment Incentive Loan ("SAIL"), Extremely Low-Income Loan ("ELI"), and Competitive 9% Housing Credits ("HC") RFA 2018-103 (2018-344CS) Partial Release of Land from an existing SAIL and ELI Loan Documents and Extended Low-Income Housing Agreement ("ELIHA")

Dear Mr. Fowler:

First Housing Development Corporation of Florida ("First Housing" or "FHDC" or "Servicer") reviewed a letter, dated October 3, 2023, from a representative of Rosemary Village Apartments, LLLP ("Owner"), requesting Florida Housing Finance Corporation ("FHFC" or "Florida Housing") release vacant land currently encumbered by a SAIL/ELI Land Use Restriction Agreement ("LURA") and ELIHA. The Developer, Carrfour Supportive Housing, Inc. ("Carrfour") is requesting for the release of land for the development of Phase II (Parcel 2). First Housing has reviewed the following documentation in conjunction with this request:

1. Credit Underwriting Report, dated October 17, 2019.
2. Rule Chapter 67-48.
3. Land Use Restriction Agreement ("LURA"), dated November 26, 2019.
4. Extended Low-Income Housing Agreement ("ELIHA"), dated December 13, 2022.
5. Parking Analysis, dated June 9, 2023.
6. A Proposed Site Plan showing the division of Parcel 1 and Parcel 2.
7. SAIL Loan Promissory Note, dated November 26, 2019.

8. ELI Loan Promissory Note, dated November 26, 2019.

9. FHFC's Past Due Report, dated October 18, 2023.

10. FHFC's Asset Management Noncompliance Report, dated October 18, 2023.

11. FHFC's Occupancy Reports.

12. Vacancy Report, dated October 25, 2023.

13. Annual Management Review conducted on January 31, 2023 and a Closeout Letter, dated March 2, 2023.

On behalf of FHFC, First Housing has reviewed the request and performed certain due diligence. Our findings are as follows:

**Background**

The Development is an existing 108-unit multifamily development located at 2550 Grant Street, Melbourne, FL 32901 and consists of one (1) four-story apartment building. The Development contains forty-nine (49) one bedroom/one bath units, fifty-one (51) two bedroom/two bath units, and eight (8) three bedroom/two bath units. The original vacant land was purchased for $1,100,000 or $10,185 per unit.

The Development is financed with a first mortgage SAIL Loan from Florida Housing in the amount of $4,228,900 and a second mortgage ELI Loan in the amount of $240,600. According to the Promissory Note, dated November 26, 2019, the SAIL Loan is non-amortizing, bears interest at 0.48%, and requires payments of interest based on cash flow. The entire unpaid principal together with all accrued and unpaid interest shall be payable on May 26, 2037. According to the Promissory Note, dated November 26, 2019, the ELI Loan is non-amortizing and bears interest at 0%. The entire unpaid principal amount shall be due and payable on May 26, 2037. So long as the Development maintains its required ELI set-asides for the first 15 years of the 50 year compliance period, the principal amount of the Note may be forgiven in the sole discretion of FHFC.

The SAIL/ELI LURA, dated November 26, 2019, requires the following set asides for a term of fifty (50) years:

- 15.7% of units (17 units) at 35% Area Median Income ("AMI")
- 58.4% of units (63units) at 60% AMI

Based on FHFC's occupancy reports, the Development's occupancy averaged 95.78% for the first 9-months of 2023 and 96.99% in 2022. According to the Vacancy Report, dated October 25, 2023, provided by a representative of the Applicant, the Development was 7.41% vacant or 92.59% occupied.

The Annual Management Review, conducted on January 31, 2023, found the Development in compliance and a Closeout Letter was issued on March 2, 2023.

The FHFC Past Due Report, dated October 18, 2023, indicated the following issues with the Owner's development team:

1. Royalton - SAIL- Loan matured 10/11/23. On 9/8/23, FHFC's Board approved 1-year extension. Documents to be prepared by counsel.

The FHFC Asset Management Noncompliance Report, dated October 18, 2023, indicated the following issues with the Owner's development team:

1. Amistad - 1) Failure to meet Uniform Physical Condition Standards for common area 2) Failure to meet Uniform Physical Condition Standards for units.
2. Liberty Village - Failure to meet Uniform Physical Inspection Standards (UPCS) for Building Exterior.

**<u>Partial Release of Land Overview</u>**

According to the Development's Application under RFA 2018-103, the Applicant selected the Development as the first phase of a multiphase development. The Development currently consists of approximately 15.07 acres. Carrfour is requesting that approximately 6.82 acres of the Development's site be released for the development of Phase II, which is anticipated to consist of 84 affordable housing units. First Housing received a draft site plan showing the division between Parcel 1 and Parcel 2, which shows Phase II will be accessed through Phase I. First Housing does not anticipate this will negatively impact the access of Phase I.

Phase I currently contains 205 parking spaces. Of the total parking spaces, 81 parking spaces are within Parcel 2. These parking spaces will be removed from Phase I for the construction of Phase II. First Housing received a Parking Analysis for Appollo Gardens, which is located in Titusville. The Parking Analysis references Heritage Park at Crane Creek as a similar site for data evaluation. According to the Parking Analysis, the maximum number of occupied spots during the peak demand period at Heritage at Crane Creek was 64 or 0.59 spaces per unit. The remaining 124 parking spaces would meet the demand. According to an email from a representative of the Owner, dated October 23, 2023, a request to reduce the number of parking spaces along with the Parking Analysis was presented to the City of Melbourne. The City of Melbourne's staff verbally confirmed that they could approve the reduction administrative with a formal site plan.

Verification from the City of Melbourne that the reduction in parking is approved, is a condition to this letter.

Other than parking being removed, no other amenities will be affected. First Housing does not anticipate the construction of Phase II will have a negative impact to the residents of Phase I.

According to an email from a representative of the Developer, dated November 3, 2023, it is anticipated that the land will be sold for $300,000. The amount of the purchase price will be required to pay down the SAIL Loan.

<u>Recommendation</u>:

First Housing recommends that FHFC approve the release of the approximately 6.82 acres and the modification of the legal description to the SAIL and ELI Loan Documents and ELIHA. The partial release of land will not negatively impact the continued operation and success of the Development.

<u>Closing of the transaction is subject to the following conditions</u>:

1. Review and approval of all documents needed to effectuate the release of land consistent with the terms outlined above by Florida Housing, its Counsel, and Servicer.

2. Satisfactory resolution of any outstanding past due and/or noncompliance items.

3. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Borrower or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 (5) F.A.C of a Borrower or a Developer).

4. Verification from the City of Melbourne that the reduction in parking is approved.

5. Receipt and satisfactory review of final signed/sealed surveys for Parcel 1 and Parcel 2 by Florida Housing, its Counsel, and Servicer.

6. Surveyor Affidavit.

7. Paydown of the SAIL Loan in the amount of the purchase price.

8. Approval of the release of land by the equity provider, as applicable.

9. All other due diligence required by FHFC, its Counsel, and Servicer.

Prepared by:

Stephanie Petty
Senior Credit Underwriter

Reviewed By:

Edward Busansky
Senior Vice President

November 30, 2023

Mr. Todd Fowler
Director of Special Assets
Florida Housing Finance Corporation
City Centre Building
227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Joseph L. Lee Gardens ("Development") Florida Housing Finance Corporation ("Florida Housing" or "FHFC") HOME Loan (99HR-009)
Extension of the HOME Loan and HOME Loan Land Use Restriction Agreement ("LURA")

Dear Mr. Fowler:

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") has reviewed a letter, dated October 11, 2023, from a representative of Indiantown Homes RRH, Ltd. ("Borrower") requesting that FHFC approve the extension of the HOME Loan maturity date to August 31, 2049, which is coterminous with the First Mortgage, and to Paydown the HOME Loan from "sinking fund" reserves in the amount of $360,518 to refinance the Development. First Housing has been requested to determine if the proposed extension will negatively affect the Development. Based on the letter, it is the intent of the Borrower to extend the HOME Loan maturity to August 31, 2049, when the USDA Rural Development Loan matures. If not, the Borrower is requesting an extension of the HOME Loan maturity for 10-years to February 1, 2034. First Housing recommends extending the HOME Loan maturity for 10-years to February 1, 2034.

On behalf of FHFC, First Housing has reviewed the request, performed certain due diligence, and formulated recommendations and conditions which are contained at the end of this report. For the purposes of this analysis, First Housing has reviewed the following:

- Development's audited financials dated, December 31, 2022.
- Rural Neighborhoods, Inc. and its affiliates audited consolidated financial statements, dated August 18, 2023, and unaudited balance sheet, dated October 16, 2023 for the period ending September 30, 2023.

- HOME Loan LURA, dated February 16, 2000. First Amendment to HOME Loan LURA, dated February 1, 2020.

- Promissory Note, dated February 16, 2000. Allonge to Promissory Note, dated February 1, 2020.

- Credit Underwriting Report ("CUR"), dated October 20, 2020.

- First Global Modification and Amendment to FHFC HOME Mortgage and Loan Documents, dated February 1, 2020.

- Construction Loan Agreement ("CLA"), dated February 16, 2000.

- FHFC Past Due Report, dated October 18, 2023.

- FHFC Asset Management Noncompliance Report, dated October 18, 2023.

**Background**

Joseph Lee Gardens is an existing 33-unit affordable multifamily development for the family, including one manager unit, consisting of eight residential buildings and one clubhouse, located at 14757 SW Andalucia Court in Indiantown, Martin County. The Development consists of six (6) one-bedroom/one-bathroom units, seventeen (17) two-bedroom/one-bathroom units and ten (10) three-bedroom/two-bathroom units. Of the 33 total units, only 32 of the units are "HOME Assisted Units".

The Development is financed with a First Mortgage from USDA Rural Development ("RD") in the amount of $1,285,851, a HOME Loan from FHFC in the amount of $926,827, an Affordable Housing Grant in the amount of $198,000 and a SHIP grant in the amount of $160,000.

The HOME Loan LURA, requires the following set-asides for a period of fifty-four (54) years:

- 44% of the HOME Assisted Units (14 units) set aside at or below 50% of the Area Median Income ("AMI")
- 56% of the HOME Assisted Units (18 units) set aside at or below 60% of the AMI
- 30% of the units (10 units) as three-bedroom HOME Assisted Units for larger families.

**Status of Development Noncompliance/Past Due:**

The Development Team was reported on Florida Housing's October 18, 2023 Past Due Report:

- New Hope Community II – Borrower stopped making deposits to T&I account (held by Sr. lien holder). Last deposit received was for May 2022. Borrower stopped making deposits to RR account (held by Sr. lien holder). Last deposit was made for June 2023

The Development Team was not reported on Florida Housing's October 18, 2023 Noncompliance Report.

**Experience and Financial Information of the Current Ownership Entities:**

The Borrower's experience is solely from the operation of the Development itself. The actual development and experience lie with Indiantown Non-Profit Housing, Inc. ("Indiantown Non-Profit"), and its controlling entity Rural Neighborhoods, Incorporated ("Rural Neighborhoods"). First Housing is relying on the experience and financials of Indiantown Non-Profit and Rural Neighborhoods, Incorporated to provide the necessary experience to effectively operate the Development.

Indiantown Non-Profit is an IRS 501(c)(3) tax-exempt nonprofit corporation and was established in 1979 to meet the housing needs of rural Martin County. Indiantown Non-Profit has served as a Developer of both rental and homeownership housing in the rural Indiantown and Okeechobee communities. Their portfolio consists of 165 units across four projects. Separately, Indiantown Non-Profit also operates 25 scatter-site Neighborhood Stabilization Program rental units. Beginning in December 2022, Indiantown Non-Profit Housing became a controlled corporation of Rural Neighborhoods.

Rural Neighborhoods is a 501(c)(3), tax-exempt charitable organization. Founded in 2004, Rural Neighborhoods is the successor corporation to Everglades Community Association, Incorporated, founded in 1982. Rural Neighborhoods is led by Steve Kirk, President, an experienced developer of affordable housing and is guided by a 10-person board of community leaders and persons with housing expertise. Rural Neighborhoods services include real estate development, asset and property management, community-building, resident services and disaster response. Today Rural Neighborhoods owns more than 2,140 rental units and 50,000 square feet of commercial space, provides work for more than 50 staff and has served 100,000 individuals since its inception. Rural Neighborhoods communities earn high marks, not only from satisfied residents, but from the housing sector as well.

First Housing has been provided with a Balance Sheet and Profit & Loss Budget for Indiantown Homes RRH, Ltd., as of December 31, 2022. First Housing has been provided with Rural Neighborhoods, Inc. and its affiliates audited consolidated financial statements, dated August 18, 2023, and unaudited balance sheet, dated October 16, 2023, for the period ending September 30, 2023. The statements reflected sufficient liquidity and net worth for a project of this scope.

**Management Company:**

The existing management company is Everglades Housing Group, Incorporated ("EHG") and there is no plan to change management for the Development.

**Proposed Extension of the HOME Loan**

In order to induce FHFC to consider an extension, the Borrower proposes the release of the $360,518 balance of the Development's Debt Service Reserve to FHFC for the purpose of reducing the unpaid principal balance of the HOME Loan. If approved, the HOME Loan will have an unpaid principal balance of $566,309. Additionally, the Borrower agrees to extend the affordability period to a period commensurate with the HOME Loan extension of February 1, 2034.

**Recommendations:**

First Housing's review indicates that the Borrower has the prerequisite financial strength and experience to successfully own and operate the Development. First Housing recommends approval of the 10-year extension of the HOME Loan to February 1, 2034, and principal payment of the HOME Loan in the amount of $360,518.

The extension of the loan will be beneficial to the Development as it will allow the Borrower the ability to retain the availability of housing for the target population, which is a benefit to the community.

1. The Borrower and its entities and principals (if applicable), to execute any and all extension documents and any other loan documents FHFC and its Legal Counsel deemed necessary to effectuate the transaction.

2. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025(5) and 67-48.0075(5) F.A.C., of an Applicant or a Developer).

3. Satisfactory resolution of any outstanding noncompliance and/or past due items.

4. Verification that all Insurance Certificates are current and acceptable to Servicer and FHFC.

5. Review and approval of all loan documents consistent with the terms outlined above by FHFC, its Legal Counsel and Servicer.

6. Retention of existing tax, insurance, replacement reserve and operating reserve escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing, if applicable.

7. Principal payment of HOME Loan in the amount of $360,518.

8. Receipt of a non-refundable extension fee, equal to 1/10 of 1% of outstanding principal balance of the HOME Loan on the date of closing.

9. Payment of all costs and fees to Florida Housing, its Legal Counsel and Servicer, as applicable.

10. Extension of the HOME Loan LURA for 10 years.

11. All other requirements by FHFC, its Legal Counsel and Servicer.

Prepared by:

Thomas Wright

Thomas Wright
Credit Underwriter

Reviewed by:

Edward Busansky

Ed Busansky
Senior Vice President

AMERINAT®

November 30, 2023

Mr. Todd Fowler
Florida Housing Finance Corporation
227 North Bronough Street, Suite 5000
Tallahassee, FL 32301

RE: New Hope Community, Phase II (HOME #95HR-011)
Extension of the HOME Loan recommendation

Dear Mr. Fowler,

AmeriNat® ("AmeriNat" or "Servicer") has reviewed a letter ("Request letter") dated October 12, 2023, from representatives of Indiantown Non-Profit Housing, Incorporated ("INPH" or "Borrower"), requesting that Florida Housing Finance Corporation ("Florida Housing" or "FHFC") approve the extension of the HOME Loan maturity date for ten years in order to mature concomitant with the existing U.S. Department of Agriculture ("USDA") Rural Development ("RD") First Mortgage Loan. Florida Housing requested that AmeriNat determine if the proposed extension will affect New Hope Community, Phase II (the "Development") negatively and provide a recommendation on the proposed extension.

On behalf of Florida Housing, AmeriNat has reviewed certain due diligence and formulated a recommendation and closing conditions which are contained at the end of this report. For the purposes of this analysis, AmeriNat has reviewed the following:

- Request letter to FHFC for extension of the HOME Loan dated October 12, 2023
- New Hope Community II Financial Statements, dated December 31, 2022
- Fourth Allonge to Promissory Note, dated January 26, 2019
- Sixth Amendment to Land Use Restriction Agreement ("LURA"), dated January 26, 2019
- Amended and Restated Bylaws of Indiantown Non-Profit Housing, Inc., dated December 15, 2022
- FHFC Board Consent Item I. Special Assets C., dated January 27, 2023
- FHFC Past Due Report, dated October 18, 2023
- FHFC Asset Management Noncompliance Report, dated October 18, 2023

**Background**

During the 1995 funding cycle, Florida Housing awarded a HOME loan in the amount of $1,910,814 to the Borrower for the development of the 57-unit affordable multifamily development. The HOME loan closed on January 26, 1996, and originally matured on January 26, 2016. The FHFC Board has previously approved extensions to January 26, 2024.

The Development was additionally financed with a First Mortgage Loan from USDA RD in an amount of $1,716,000 (current balance of $522,627 as of December 31, 2022). The Borrower requests an extension to January 26, 2034, which would be concomitant with the maturity of the USDA RD 1st mortgage since participation in the RD program is required until such date and the Development possesses no prepayment ability before loan maturity.

The Development consists of twenty (20) one-story garden-style buildings located at 17451 SW Lincoln Street, Indiantown, Martin County, Florida 34956. The Development consists of seventeen (17) two-bedroom and one-bathroom units, twenty-two (22) three-bedroom and one-bathroom units, and eighteen (18) four-bedroom and two-bathroom units. The HOME LURA requires the following set-asides for a period of fifty-eight (58) years, as amended by the Sixth Amendment to the LURA:

- 63.8% of the units (36 units) are set aside for tenants earning 50% or less of the Area Median Income ("AMI")
- 27.7% of the units (16 units) are set aside for tenants earning 60% or less of the AMI; and,
- 8.5% of the units (5 units) are set aside for tenants earning 80% or less of the AMI.

**Status of Development Noncompliance / Past Due:**

According to the October 18, 2023 Asset Management Noncompliance Report, the following noncompliance items were found for the Development Team:

- New Hope Community II - HOME 95HR-011
    - Failure to meet uniform physical condition standards for buildings - Casualty loss; fire on September 8,2021
    - Failure to meet Uniform Physical Inspection Standards for units
    - Failure to meet the minimum set-aside requirements - LURA

According to the October 18, 2023 Florida Housing Past Due Report, the following past due items were found for the Development Team:

- New Hope Community II - HOME 95HR-011
    - Borrower stopped making deposits to T&I account (held by Sr. lien holder). Last deposit received was for May 2022. The Borrower stopped making deposits to RR account (held by Sr. lien holder). Last deposit was made for June 2023.

**Experience and Financial Information of the Ownership Entities:**

The Borrower is a nonprofit corporation formed on October 17, 1979, under the laws of the State of Florida for the purpose of general operations, construction, expansion or any other activity connected with providing low-income housing to farm workers in Martin County, Florida. According to the Amended and Restated Bylaws of Indiantown Non-Profit Housing, Inc., dated December 15, 2022, the Members of the Corporation shall consist of those persons serving as directors of Rural Neighborhoods, Inc. ("RNI"). AmeriNat is relying in part on the experience and financial capacity of RNI to provide the necessary experience to effectively operate the Development. The Board previously approved the merger of INPH and RNI.

RNI is a Florida nonprofit corporation formed on December 23, 2004, for the purpose of planning, acquiring land, producing, developing and managing construction of projects and sites remaining in the Everglades Farmworker Village parcels and elsewhere. However, RNI's roots extend back to 1982 through Everglades Community Association, Inc., which transferred its assets and liabilities to RNI on December 31, 2004. RNI has built, acquired, and operated over 2,200 units in Florida.

AmeriNat was provided with Audited Financial Statements, dated as of December 31, 2022. These Audited Financials reflect sufficient liquidity and net worth for a development of this scope. AmeriNat was provided with Consolidated Financial Statements, dated as of December 31, 2022, for RNI. RNI provides sufficient liquidity and financial strength to operate the Development.

**Management Company:**

According to the Management Agreement for New Hope Community II, dated June 1, 2023, Everglades Housing Group, Inc. ("EHG") is the property management of the Development. EHG is an affiliate entity of RNI.

**Proposed Extension of the HOME Loan**

In order to induce FHFC to consider an extension, the Borrower proposes the release of the $243,375 balance of the Development's Debt Service Reserve to FHFC for the purpose of reducing the unpaid principal balance ("UPB") of the HOME loan. If approved by FHFC Board, the HOME loan will have an UPB of $1,667,439. The Debt Service Reserve was created for the sole purpose of paying off the HOME loan. Utilizing funds from the Debt Service Reserve and reducing the HOME loan principal will not negatively affect the financial position of the Development. Additionally, the Borrower agrees to extend the affordability period to a period commensurate with the HOME loan extension.

**Recommendation**

AmeriNat's review indicates that the Borrower (through) and RNI have the prerequisite financial strength and experience to successfully own and operate the Development. AmeriNat recommends approval of the extension of the HOME loan, pay down of the HOME loan by $243,375, and HOME loan LURA for an additional ten years to January 26, 2034, subject to the following:

1. The Borrower and its entities and principals (if applicable), to execute any and all extension documents and any other loan documents FHFC and its Legal Counsel deemed necessary to effectuate the transaction.
2. Payment of any outstanding arrearages to the Corporation, its Legal Counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-21.0025(5) and 67-48.0075(5) F.A.C., of an Applicant or a Developer).
3. Satisfactory resolution of any outstanding noncompliance and/or past due items.
4. Verification that all Insurance Certificates are current and acceptable to Servicer and FHFC.
5. Review and approval of all loan documents consistent with the terms outlined above by FHFC, its Legal Counsel and Servicer.
6. Retention of existing tax, insurance, replacement reserve and operating reserve escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing, if applicable.
7. Receipt of a non-refundable extension fee, equal to 1/10 of 1% of outstanding principal balance of the HOME loan on the date of closing.
8. Receipt of payment by FHFC in the amount of $243,375 for the purpose of principal reduction to the HOME loan.
9. Extension of the HOME Loan LURA for 10 years.
10. Payment of all costs and fees to Florida Housing, its Legal Counsel and Servicer, as applicable.
11. All other requirements by FHFC, its Legal Counsel and Servicer.

Please do not hesitate to contact me if I can be of further assistance.

Sincerely,

Kyle Kuenn
Multifamily Chief Credit Underwriter

December 1, 2023

Mr. Todd Fowler
Special Assets Director
Florida Housing Finance Corporation
City Centre Building 227 North Bronough Street, Suite 5000
Tallahassee, Florida 32301-1329

Re: Nassau Bay Apartments ("Development") 4% Housing Credits (2011-533C)
Nassau Bay Apartments I f/k/a Brittany of Rosemont Apartments I ("Nassau Bay I") FHFC MMRB 1995 Series C1 & C2 / SAIL ELI RFP 2010-16-12 / GUAR 067-98002 / HC 1996L-506 / SMI-05
Nassau Bay Apartments II f/k/a Brittany of Rosemont Apartments II ("Nassau Bay II") FHFC MMRB 1995 Series G1 & G2 / SAIL ELI RFP 2010-16-11 / GUAR 067-98005 / HC 1997L-518 / SMI-06

First Mortgage Refinance / Renegotiation of the Existing State Apartment Incentive Loan ("SAIL") Extreme Low Income ("ELI") Loan(s) / Subordination of the Existing SAIL/ELI Loan Documents and Extended Low-Income Housing Agreements ("ELIHA")

Dear Mr. Fowler:

First Housing Development Corporation of Florida ("FHDC", "First Housing", or "Servicer") has reviewed a letter regarding Nassau Bay I, dated November 10, 2023, from a representative of Orlando Leased Housing Associates I, Limited Partnership ("Borrower") and a letter regarding Nassau Bay II, dated November 10, 2023, from a representative of the Borrower. The letters notify Florida Housing Finance Corporation ("Florida Housing" or "FHFC") of the intention to refinance the first mortgage and requests that the existing SAIL ELI Loans ($3,825,000 for Nassau Bay I and $3,600,000 for Nassau Bay II) and existing ELIHAs be subordinate to the new first mortgage.

On behalf of FHFC, First Housing has reviewed the request, performed certain due diligence, and formulated recommendations and conditions which are contained at the end of this report. For the purposes of this analysis, First Housing has reviewed the following:

- Credit Underwriting Report ("CUR"), dated January 12, 2011, for the SAIL ELI Loan on Nassau Bay I.

- CUR, dated January 12, 2011, for the SAIL ELI Loan on Nassau Bay II.
- CUR, dated March 1, 2013, for the Transfer of Ownership and First Mortgage Refinance of Nassau Bay I and Nassau Bay II.
- CUR, dated July 25, 2013, for the recommendation of 4% HC Allocation for Nassau Bay Apartments.
- Draft Appraisal, dated October 9, 2023, prepared by BBG, Inc., Miami Office.
- Draft Phase I Environmental Site Assessment ("ESA"), dated October 11, 2023, prepared by GRS Group.
- Draft Property Condition Assessment ("PCA"), dated October 10, 2023, prepared by GRS Group.
- Development's Audited Financial Statement for year ended December 31, 2022 and December 31, 2021.
- Assignment and Assumption of and Second Amendment to ELIHA, dated August 27, 2013 for Nassau Bay I (1996L-506).
- Assignment and Assumption of and Second Amendment to ELIHA, dated August 27, 2013 for Nassau Bay II (1997L-518).
- Allonge to Promissory Note, dated August 27, 2013, for Nassau Bay I.
- Allonge to Promissory Note, dated August 27, 2013, for Nassau Bay II.
- First Amendment to mortgage and Security Agreement and Restrictive Covenants, dated March 28, 2011, for Nassau Bay I.
- First Amendment to Mortgage and Security Agreement and Restrictive Covenants, dated March 28, 2011, for Nassau Bay II.
- First Global Modification and Amendment to and Subordination of Florda Housing Finance Corporation, dated August 27, 2013, for Nassau Bay I.
- First Global Modification and Amendment to and Subordination of Florda Housing Finance Corporation, dated August 27, 2013, for Nassau Bay II.
- ELIHA, dated August 21, 2014 (2011-533C).

- Rent Roll, dated November 1, 2023.
- FHFC's Occupancy Reports.
- Sources and Uses of Funds Schedule.
- Letter from Greystone Servicing Company, dated October 10, 2023.
- FHFC Past Due Report, dated October 18, 2023.
- FHFC Asset Management Noncompliance Report, dated October 18, 2023.
- Annual Management Review for Nassau Bay I, dated January 19, 2023 and Closeout Letter, dated March 10, 2023.
- Annual Management Review for Nassau Bay II, dated January 20, 2023 and Closeout Letter, dated March 10, 2023.

## Background

The Development was originally constructed in two phases: Nassau Bay I, consisting of 252-units and Nassau Bay II, consisting of 240-units. The two phases were combined into one development in 2013 with the issuance of county bonds. The Development is located at 5200 North Orange Blossom Trail, Orlando, FL 32810 and consists of twenty-two (22) garden apartment buildings, plus one clubhouse and 2 maintenance buildings. The Development was built in 1995 and 1996 and contains one-hundred twenty (120) one-bedroom/one-bath units, one-hundred ninety-six (196) two-bedroom/two-bath units, one-hundred forty-eight (148) three-bedroom/two-bath units, and twenty-eight (28) four-bedroom/two-bath units. The demographic commitment is Family.

The Development was financed in 2013 with bonds issued in two series by Orange County Housing Finance Authority ("OCHFA") totaling $36,425,000 (2013 Series A bonds in the amount of $15,725,000 and 2013 Series B bonds in the amount of $20,700,000). As of December 31, 2022, the outstanding principal balance on the 2023 Series A bonds was $14,333,597 and the outstanding principal balance on the 2023 Series B bonds was $20,700,000.

The Development will be refinanced with a Freddie Mac Loan through Greystone and the 2013 Series A bonds will be repaid in full.

The 2013 Series B Bond currently bears interest at 2.47% per annum, compounding annually. The note is payable from available cash flow and all outstanding principal and accrued interest is due at maturity on August 1, 2048. As of December 31, 2022, the accrued outstanding interest was $5,302,807.

Nassau I received a SAIL ELI from FHFC is the amount of $3,825,000. According to the Allonge to Promissory Note, the principal is non-amortizing and has a maturity date of March 10, 2030. So long as the Development maintains its required ELI set asides for the first 15 years of the 30-year SAIL ELI compliance period, the principal amount of the note shall be reduced at a rate of 6.67% per year for the first 15 years. On the maturity date, if compliance conditions have been met the full amount of the SAIL ELI Loan shall be forgiven and discharged in full. The current outstanding loan balance is $763,470.

Nassau II received a SAIL ELI from FHFC is the amount of $3,600,000. According to the Allonge to Promissory Note, the principal is non-amortizing and has a maturity date of March 10, 2030. So long as the Development maintains its required ELI set asides for the first 15 years of the 30-year SAIL ELI compliance period, the principal amount of the note shall be reduced at a rate of 6.67% per year for the first 15 years. On the maturity date, if compliance conditions have been met the full amount of the SAIL ELI Loan shall be forgiven and discharged in full. The current outstanding loan balance is $718,560.

The Development also received allocations of 4% HC's.

The OCHFA Bond LURA on the Development requires the following set-asides for a total term of fifteen (15) years:

- 40% of the units (197 units) set-aside at or below 60% Area Median Income ("AMI").

The SAIL ELI (Nassau I) requires the following set-asides for a total term of thirty (30) years:

- 20% of the units (51 units) set aside at or below 33% AMI;
- 80% of the units (remaining units) set aside at or below 60% AMI;
- 50% of the ELI Set-Aside Units (26 units) shall be set aside for Special Needs Households.

The SAIL ELI (Nassau II) requires the following set-asides for a total term of thirty (30) years:

- 20% of the units (48 units) set aside at or below 33% AMI;
- 80% of the units (remaining units) set aside at or below 60% AMI;
- 50% of the ELI Set-Aside Units (24 units) shall be set aside for Special Needs Households.

The ELIHA (Nassau I, 1996L-506 & Nassau II, 1997L-518) require the following set-asides for a term of thirty (30) years:

- 100% of the units set aside at or below 60% AMI.

The ELIHA (2011-533C) on the Development requires the following set-asides for a term of thirty (30) years:

- 100% of the units set aside at or below 60% AMI.

Based on the November 1, 2023 rent roll, provided by a representative of the Borrower, the Development was 98.7% occupied. Based on FHFC's Occupancy Reports, the property's occupancy averaged 98.1% for January through September of 2023 and 98.2% for January through December of 2022.

The Annual Management Review for Nassau Bay I was conducted on January 19, 2023 and found the Development to be in non-compliance. A Closeout Letter was issued on March 10, 2023. The Annual Management Review for Nassau Bay II was conducted on January 20, 2023 and found the Development to be in non-compliance. A Closeout Letter was issued on March 10, 2023.

**Status of the Development Team Noncompliance/Past Due**

The proposed development team was reported on Florida Housing's October 18, 2023 Past Due Report for the following:

- None

The proposed development team was reported on Florida Housing's October 18, 2023 Asset Management Noncompliance Report for the following:

- Aria Landings – Failure to meet uniform physical condition standards (UPCS): Building (which is still in the correction period)

**First Mortgage Refinance**

First Housing received a term sheet, dated October 10, 2023, from Greystone, for a Freddie Mac Fixed Rate Capital Markets Execution Loan in the amount of $33,098,000. The term of the loan is 5 years, with interest only payments for 3 years followed by a 35-year amortization period. The interest rate will be based on a spread of 2.33% over the current 5-year treasury rate. First Housing has estimated the interest rate based on the 5-year treasury rate of 4.65%, as of November 13, 2023, plus a spread of 2.33% for an all-in rate of 6.98%. Review and confirmation of final first mortgage loan terms are a condition to close.

According to a conversation with a representative of the Borrower, it is anticipated the 2013 Series B Bond will be amended to an 8% interest rate. Payments will still be payable from available cash flow.

## Sources and Uses of Funds

| | |
|---|---|
| **Sources** | |
| Greystone- First Mortgage | $33,098,000 |
| Existing Real Estate Tax Escrow | $225,766 |
| Existing Insurance Escrow | $79,165 |
| Existing Replacement Reserves | $241,038 |
| Existing Bond Interest Fund | $76,366 |
| Total Souces | $33,720,335 |
| | |
| **Uses** | |
| Repayment of Series A Tax Exempt Bonds | $14,086,052 |
| Oridination Fee | $250,993 |
| Lender Leagal | $19,999 |
| Borrower Legal | $24,999 |
| Other Legal Fees | $9,999 |
| Due Dilligience | $19,999 |
| Survey Cost | $4,999 |
| Real Estate Tax Escrow | $225,766 |
| Insurance Escrow | $79,165 |
| Replacement Reserve Escrow | $241,038 |
| FHFC Fees | $5,000 |
| FHFC Renegotiation Fee | $7,410 |
| Title Recording Fees | $49,999 |
| Total Uses | $15,025,418 |
| | |
| **Cash out** | **$18,694,917** |

## Third-Pary Reports

According to the draft Appraisal, the Leased Fee Market Value – As Is, Encumbered, as of September 29, 2023, is $56,900,000.

According to the draft Phase I ESA, the assessment revealed no evidence of Recognized Environmental Conditions in connection with the Development. No additional action or assessment is recommended as a result of the assessment.

According to the draft PCA, the assessment recommended inflated replacement reserves of $504.11 per unit per year.

## Management Company

The management company is Dominium Management Services, LLC and there is no plan to change the management company. Continued approval is subject to ongoing satisfactory performance.

**Recommendation**:

First Housing recommends approval of the renegotiation, subordination of SAIL ELI Loan Documents and ELIHA documents (as applicable) to the new first mortgage loan and the modification of any other loan documents required to effectuate the transaction, subject to the following conditions:

1. Payment of any outstanding arrearages to the Corporation, its legal counsel, Servicer or any agent or assignee of the Corporation for past due issues applicable to the development team (Applicant or Developer or Principal, Affiliate or Financial Beneficiary, as described in 67-48.0075 F.A.C., of an Applicant or a Developer).

2. Receipt of a final Appraisal, Phase I ESA, and PCA.

3. The Borrower will be required to waive the Qualified Contract.

4. Confirmation of refinancing fees and closing costs prior to closing.

5. Satisfactory resolution of any outstanding FHFC noncompliance and/or past due items.

6. Verification that all Insurance Certificates are current and acceptable to Servicer and FHFC.

7. Receipt of a non-refundable SAIL ELI Loan Documents and ELIHA subordination fees of $1,000 each, as applicable.

8. Receipt of a renegotiation fee of one-half of one percent of the SAIL ELI Loans principal amount.

9. Review and approval of all loan documents consistent with the terms outlined above by FHFC, its legal counsel and Servicer.

10. Consent of the HC Equity Provider, if applicable.

11. Transfer of existing tax, insurance, replacement reserve, and debt service escrow accounts or establishment of new accounts in like or greater amounts satisfactory to FHFC prior to closing.

12. Review and confirmation of the final first mortgage loan terms and amount.

13. Prepayment of any required compliance monitoring fees and servicing fees.

14. All other due diligence required by FHFC, its legal counsel and Servicer.

Prepared by: Reviewed By:

Stephanie Petty

Stephanie Petty
Senior Credit Underwriter

Edward Busansky
Senior Vice President

## Operating Proforma

| FINANCIAL COSTS: | 2021 AFS | Per Unit/ Per Year | 2022 AFS | Per Unit/ Per Year | Deceloper projected Proforma | Per Unit/ Per Year | Appraisal projections | Per Unit/ Per Year | First Housing pojected proforma (interest only payments) | Per Unit/ Per Year | First Housing projected proforma (2027) | Per Unit/ Per Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **OPERATING PRO FORMA** | | | | | | | | | | | | |
| INCOME: | | | | | | | | | | | | |
| Gross Potential Rental Income | **$4,597,808** | **$9,345** | **$4,878,099** | **$9,915** | **$5,630,244** | **$11,444** | **$5,339,172** | **$10,852** | **$5,630,244** | **$11,444** | **$5,974,860** | **$12,144** |
| Other Income | | | | | | | | | | | | |
| Ancillary Income | $161,606 | **$328** | $161,608 | **$328** | $166,302 | **$338** | $196,800 | **$400** | $166,302 | **$338** | $176,481 | **$359** |
| Miscellaneous | $179 | **$0** | $541 | **$1** | $0 | **$0** | $0 | **$0** | $0 | **$0** | $0 | **$0** |
| Gross Potential Income | **$4,759,593** | **$9,674** | **$5,040,248** | | **$5,796,546** | | **$5,535,972** | **$11,252** | **$5,796,546** | **$11,782** | **$6,151,341** | **$12,503** |
| Less: | | | | | | | | | | | | |
| Physical Vac. Loss Percentage: 0.00% | $0 | **$0** | $0 | **$0** | $140,760 | **$286** | $106,783 | **$217** | $173,896 | **$353** | $246,054 | **$500** |
| Collection Loss Percentage: 0.87% | $41,392 | **$84** | $48,853 | **$99** | $161,748 | **$329** | $53,392 | **$109** | $173,896 | **$353** | $61,513 | **$125** |
| Rent Concessions | $0 | | $0 | | $34,752 | **$71** | $0 | **$0** | $0 | **$0** | $0 | **$0** |
| Non-Revenue Units | $0 | | $0 | | $24,180 | **$49** | $0 | **$0** | $0 | **$0** | $0 | **$0** |
| **Total Effective Gross Income** | **$4,718,201** | **$9,590** | **$4,991,395** | **$10,145** | **$5,435,106** | **$11,047** | **$5,375,797** | **$10,926** | **$5,448,754** | **$11,075** | **$5,843,774** | **$11,878** |
| EXPENSES: | | | | | | | | | | | | |
| Fixed: | | | | | | | | | | | | |
| Real Estate Taxes | $444,527 | **$904** | $411,392 | **$836** | $14,544 | **$30** | $16,750 | **$34** | $16,750 | **$34** | $18,303 | **$37** |
| Insurance | Included | | Included | | $556,453 | **$1,131** | $420,660 | **$855** | $556,453 | **$1,131** | $608,051 | **$1,236** |
| Variable: | | | | | | | | | | | | |
| Management Fee Percentage: 4.00% | $118,670 | **$241** | $125,843 | **$256** | $135,878 | **$276** | $161,274 | **$328** | $217,950 | **$443** | $233,751 | **$475** |
| General and Administrative | $95,241 | **$194** | $114,910 | **$234** | $90,809 | **$185** | $123,000 | **$250** | $123,000 | **$250** | $134,405 | **$273** |
| Payroll Expenses | $525,963 | **$1,069** | $487,581 | **$991** | $613,711 | **$1,247** | $541,200 | **$1,100** | $613,711 | **$1,247** | $670,619 | **$1,363** |
| Utilities | $209,390 | **$426** | $275,981 | **$561** | $242,956 | **$494** | $260,760 | **$530** | $260,760 | **$530** | $284,939 | **$579** |
| Marketing and Advertising | $2,989 | **$6** | $5,889 | **$12** | $5,388 | **$11** | $12,300 | **$25** | $12,300 | **$25** | $13,441 | **$27** |
| Maintenance and Repairs/Ground Maintenance | $453,761 | **$922** | $542,804 | **$1,103** | $545,857 | **$1,109** | $442,800 | **$900** | $545,857 | **$1,109** | $596,473 | **$1,212** |
| Other | $1,451 | **$3** | $4,532 | **$9** | $0 | **$0** | $0 | **$0** | $0 | **$0** | $0 | **$0** |
| Reserve for Replacements | $238,959 | **$486** | $217,882 | **$443** | $248,002 | **$504** | $123,000 | **$250** | $248,022 | **$504** | $248,022 | **$504** |
| **Total Expenses** | **$2,090,951** | **$4,250** | **$2,186,814** | **$4,445** | **$2,453,598** | **$4,987** | **$2,101,744** | **$4,272** | **$2,594,803** | **$5,274** | **$2,808,004** | **$5,707** |
| **Net Operating Income** | **$2,627,250** | **$5,340** | **$2,804,581** | **$5,700** | **$2,981,508** | **$6,060** | **$3,274,053** | **$6,655** | **$2,853,951** | **$5,801** | **$3,035,770** | **$6,170** |
| **Debt Service Payments** | | | | | | | | | | | | |
| First Mortgage | $1,031,964 | **$2,097** | $1,031,964 | **$2,097** | $2,310,240 | **$4,696** | $2,310,240 | **$4,696** | $2,310,240 | **$4,696** | $2,531,817 | **$5,146** |
| Second Mortgage | $611,679 | **$1,243** | $626,788 | **$1,274** | $0 | **$0** | $0 | **$0** | $1,656,000 | **$3,366** | $1,656,000 | **$3,366** |
| Fees | $0 | **$0** | $0 | **$0** | $0 | | $0 | **$0** | $0 | **$0** | $0 | **$0** |
| Total Debt Service Payments | **$1,643,643** | **$3,341** | **$1,658,752** | **$3,371** | **$2,310,240** | **$4,696** | **$2,310,240** | **$4,696** | **$3,966,240** | **$8,061** | **$4,187,817** | **$8,512** |
| Cash Flow after Debt Service | **$983,607** | **$1,999** | **$1,145,829** | **$2,329** | **$671,268** | **$1,364** | **$963,813** | **$1,959** | **-$1,112,289** | **-$2,261** | **-$1,152,047** | **-$2,342** |
| | | | | | | | | | | | | |
| **Debt Service Coverage Ratios** | | | | | | | | | | | | |
| DSC - First Mortgage plus Fees | **2.55** | | **2.72** | | **1.29** | | **1.42** | | **1.24** | | **1.20** | |
| DSC - Second Mortgage plus Fees | **1.60** | | **1.69** | | **1.29** | | **1.42** | | **0.72** | | **0.72** | |
| **Financial Ratios** | | | | | | | | | | | | |
| Operating Expense Ratio | **44%** | | **44%** | | **45%** | | **39%** | | **48%** | | **48%** | |
| Break-even Economic Occupancy Ratio (all debt) | **80%** | | **78%** | | **84%** | | **81%** | | **113%** | | **114%** | |

Gross Potential Rental Income of $5,630,244 is based on the gross 2023 rents for Orange County less applicable utility allowances. The Appraisal reflected the gross potential rental income based on the rent roll. First Housing projected income increasing at 2% and expenses increasing at 3% until 2027 when principal payments are expected to begin.